

**Monthly Report on
Capital Market Development in Bangladesh***



August, 2021

**Research Department
Special Studies and Fiscal Affairs Division
Bangladesh Bank**

** Comments on any aspect of the report are highly welcomed and can be sent to the e-mail address: mokhlesur.rahman2@bb.org.bd and nurnabi.miah@bb.org.bd*

Capital Market Highlights in August 2021

- *At the end of August 2021, both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) exhibited upward trend in terms of index and turnover compared to that of the end of July 2021.*
- *Broad index of DSE and all share price index of CSE rose to 6869.25 points and 19997.45 points respectively at the end of August 2021, which were 6425.26 points and 18635.40 points respectively at the end of July 2021.*
- *Total turnover value of traded shares of DSE and CSE were BDT 451.19 billion and BDT 17.09 billion respectively at the end of August 2021, which were 93.61 percent and 88.85 percent higher respectively than that of July 2021.*

Capital Market Development in Bangladesh

August, 2021

Capital market acts as a bridge of long term financing for the industrial development of a country through the selling and purchasing of shares, debentures, bonds, mutual funds, treasury bills, certificates etc and the turn-over of capital market contributes to the GDP of the country. Capital market in Bangladesh consists of two full-fledged automated stock exchanges- the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE). Bangladesh Securities and Exchange Commission (BSEC), as the watchdog regulates the stock exchanges of the country.

Capital Market Activities during the Month

At the end of August 2021, both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) exhibited upward trend in terms of index and turnover as compared to the end of July 2021. Broad index of DSE and all share price index of CSE rose to 6869.25 points and 19997.45 points at the end of August 2021 which were 6425.26 points and 18635.40 points at the end of July 2021. Total turnover value of traded shares of DSE and CSE were BDT 451.19 billion and BDT 17.09 billion at the end of August 2021, which were 93.61 percent and 88.85 percent higher than that of July 2021.

Table-1: Monthly Trends in Important Indicators of DSE and CSE

(BDT in billions)

End Month	Enlisted issues (Incl. Mutual Funds/Deb.)		Issued capital and Debentures (Billion Taka)		Market Capitalization (Billion Taka)		Turnover during the month (Billion Taka)		Indices		Price/Earning Ratio		Yield	
	DSE	CSE	DSE	CSE	DSE#	CSE	DSE	CSE	DSE Broad Index (DSEX Shariah Index)	CSE All Share Price Index (CSE Shariah Index)	DSE	CSE	DSE	CSE
Aug-21	611	351	1410.72	846.96	5579.72	4804.20	451.19	17.09	6869.25 (1490.30)	19997.45 (1277.18)	20.02	19.23	3.64	3.31
July-21	610	349	1400.36	837.15	5344.05	4576.75	233.03	9.05	6425.26 (1401.05)	18635.40 (1177.70)	19.17	18.32	3.79	3.88
Jun-21	609	348	1397.34	833.65	5142.82	4383.65	435.09	21.30	6150.48 (1314.76)	17795.0 (1091.85)	18.50	17.68	3.98	3.63
May-21	604	345	1392.44	827.92	5038.69	4288.28	310.10	15.46	5990.99 (1286.20)	17359.57 (1044.59)	18.31	17.40	4.06	3.70
Apr-21	604	345	1387.28	824.31	4707.13	3973.52	143.77	8.69	5479.62 (1249.82)	15844.80 (1003.67)	16.91	16.44	4.26	3.59
Mar-21	603	344	1384.62	820.22	4589.02	3861.42	144.80	9.44	5278.16 (1204.18)	15264.62 (982.59)	16.89	17.27	3.85	3.61
Feb-21	600	341	1371.79	806.75	4657.37	3919.44	144.49	7.71	5404.80 (1222.84)	15603.80 (983.85)	17.41	16.70	3.09	2.99
Jan-21	597	338	1368.94	803.28	4790.29	4072.72	339.59	17.28	5649.86 (1265.37)	16474.97 (1031.29)	18.00	18.19	3.01	2.95
Dec-20	597	338	1375.28	809.29	4482.30	3754.95	215.88	9.18	5402.07 (1242.11)	15592.92 (1018.85)	16.53	14.98	3.16	3.11
Nov-20	593	335	1316.10	754.02	3899.79	3212.33	174.07	5.80	4866.84 (1113.98)	13991.43 (919.67)	12.98	12.82	3.73	3.46
Oct-20	593	335	1315.83	750.21	3912.52	3227.92	170.40	5.41	4846.10 (1098.80)	13824.13 (888.06)	13.21	12.89	3.70	3.43
Sep-20	592	334	1311.98	748.25	3996.42	3300.77	222.58	7.19	4963.29 (1120.39)	14167.23 (912.64)	13.51	13.97	3.61	3.36
Aug-20	591	333	1306.01	744.83	3698.34	2997.00	186.18	5.94	4879.15 (1132.85)	13908.14 (902.97)	13.06	12.68	3.69	3.87

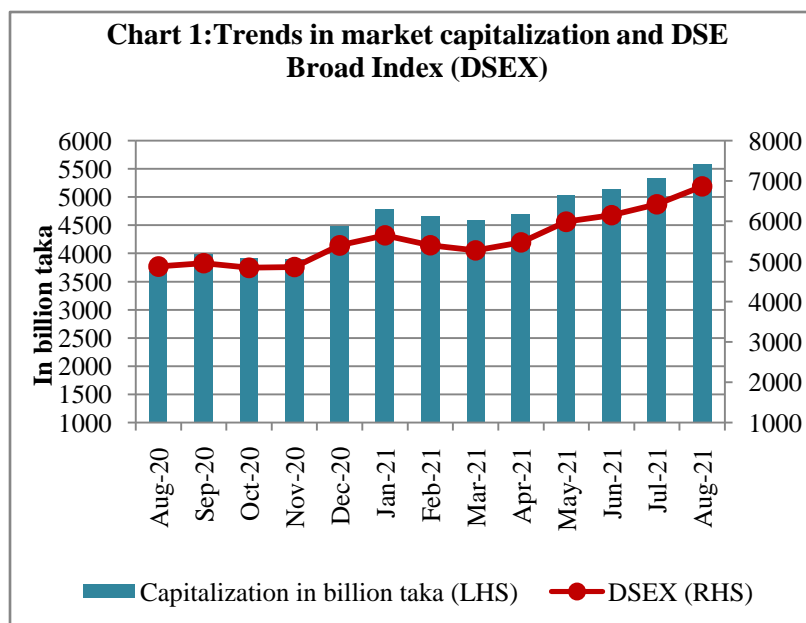
Source: Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE) Note: BDT= Bangladeshi Currency (Taka)

#Total Market Capitalization of all listed securities includes companies, mutual funds, corporate bonds, treasury bonds and debentures.

Dhaka Stock Exchange (DSE)

The total number of listed securities stood at 611 at the end of August 2021. Among listed securities, there were 343 companies, 37 mutual funds, 221 government bonds, 8 debentures, and 2 corporate bonds. The number of companies consists of 32 banks, 23 financial Institutions, 51 insurance companies and 237 others companies.

Total turnover value of traded shares was BDT 451.19 billion during August 2021 which was 93.61 percent higher than that of July 2021 and 142.34 percent higher than that of the same month of the last year (Table-1).



DSE Broad Index (DSEX) stood at 6869.25 points at the end of August 2021, which was 6.91 percent higher than 6425.26 points at the end of July 2021 and 40.79 percent higher than 4879.15 points at the end of the same month of the previous year (Chart-1).

The market capitalization of DSE stood at BDT 5579.72 billion at the end of August 2021 which was 4.41 percent higher than BDT 5344.05 billion at the end of July 2021 and 50.87 percent higher than that of BDT 3698.34 billion at the end of August 2020 (Chart-1). The ratio of market capitalization to GDP (at current market price) stood higher at 18.53 percent* at the end of August 2021 which was 17.75 percent at the end of July 2021.

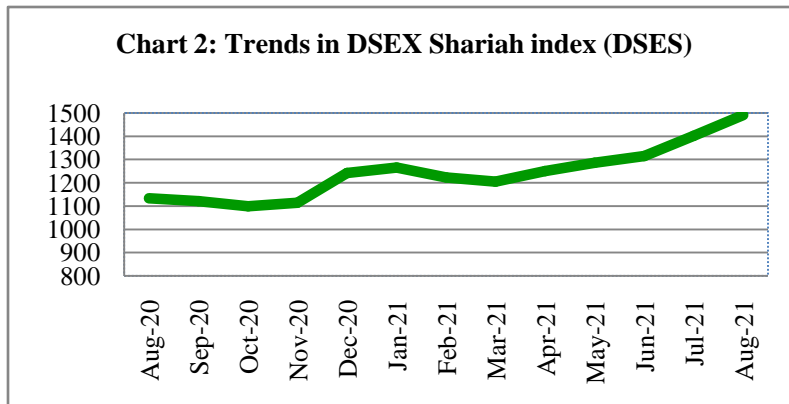
Table-2: Market Capitalization to GDP ratio

Month	Market Cap. to GDP ratio
Aug-21	18.53
July-21	17.75
Jun-21	18.39
May-21	18.02
Apr-21	16.83
Mar-21	16.41
Feb-21	16.65
Jan-21	17.13
Dec-20	16.03
Nov-20	13.95
Oct-20	13.99
Sep-20	14.29
Aug-20	13.23

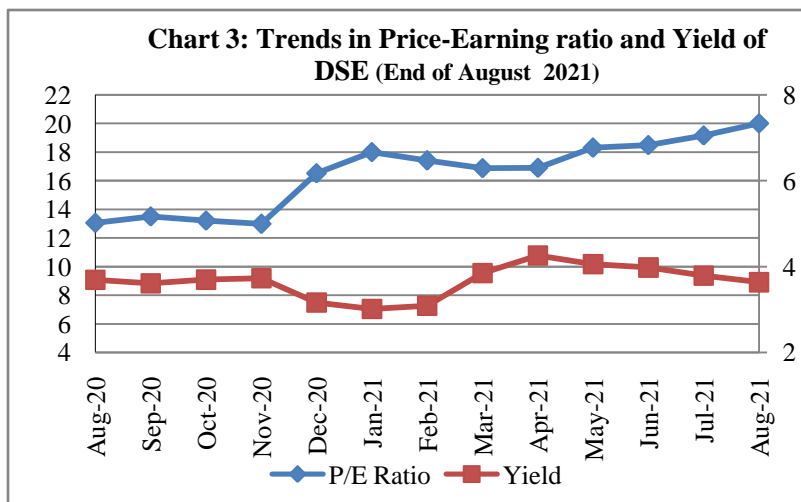
Source: RD own calculation

*The ratio of market capitalization to GDP is calculated as market capitalization divided by GDP of FY21^P at current market price multiplied by 100 which is 18.53 [(5579.72/30110.65) x100 = 18.53]

Sharia'h Compliant index named DSES went up to 1490.30 points at the end of August 2021 which was 1401.05 points at the end of July 2021 and 1132.85 points at the end of August 2020 (Chart -2).

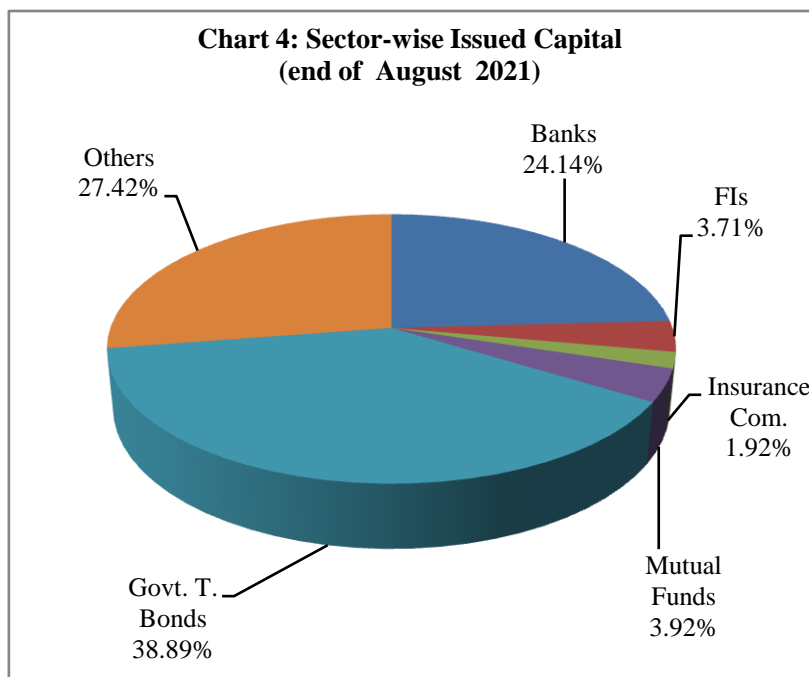


The price-earning (P/E) ratio increased to 20.02 at the end of August 2021 which was 19.17 at the end of July 2021. The ratio was 13.06 at the end of August 2020. On the other hand, the yield of all share decreased to 3.64 at the end of August 2021 which was 3.79 at the end of July 2021 and 3.69 at the end of August 2020. Trends of price-earnings ratio and yield are shown in the Chart-3.

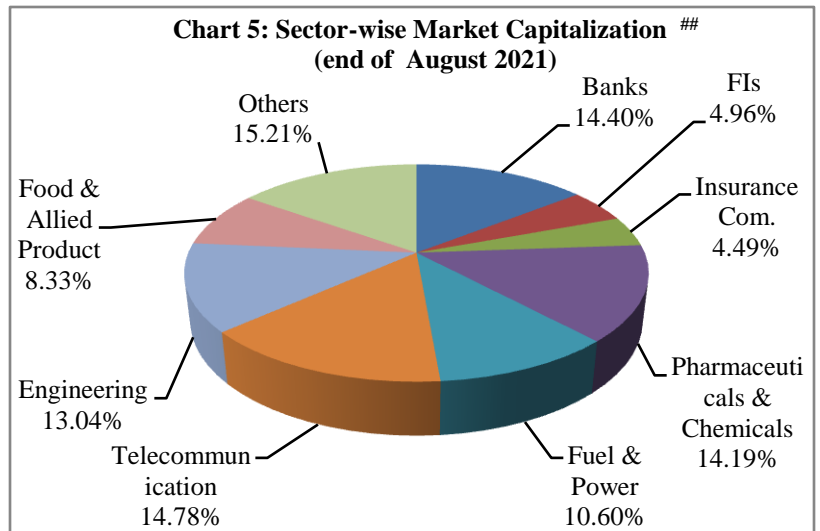


Sector wise Issued capital and market capitalization of DSE

The total amount of issued capital was BDT 1410.72 billion at the end of August 2021, which were BDT 1400.36 billion at the end of July 2021 and BDT 1306.01 billion at the end of August 2020. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominate the market in terms of issued capital at the end of August 2021. This sector issued around 38.89 percent of the capital followed by Banks 24.14 percent, Mutual Funds 3.92 percent, Financial Institutions (FIs) 3.71 percent, Insurance Companies 1.92 percent and others 27.42 percent (Chart-4).

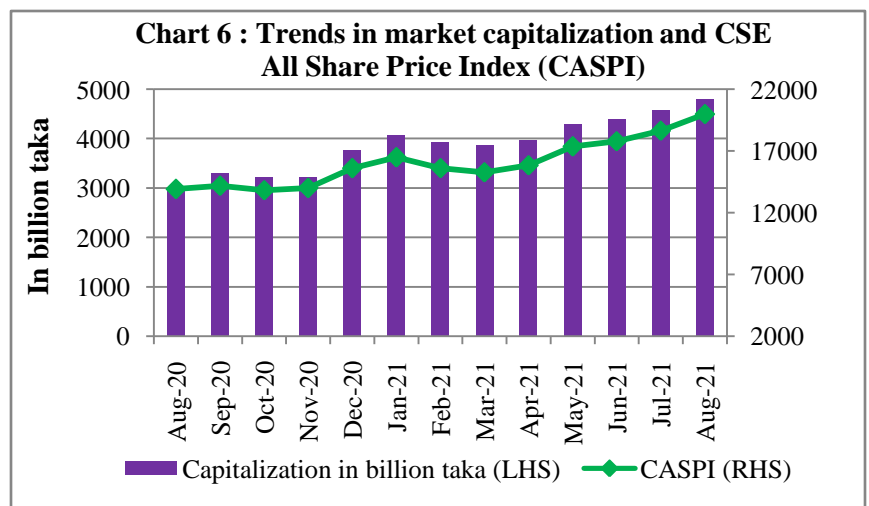


At the end of August 2021, Telecommunication recorded as the highest contributor of market capitalization which was 14.78 percent followed by Banks 14.40 percent, Pharmaceuticals & Chemicals 14.19 percent, Engineering 13.04 percent, Fuel & Power 10.60 percent, Food & Allied Product 8.33 percent, Financial Institutions 4.96 percent, Insurance Companies 4.49 percent and Others 15.21 percent (Chart-5).



Chittagong Stock Exchange (CSE)

The total number of listed securities in Chittagong Stock Exchange (CSE) stood at 351 at the end of August 2021. Total turnover value of traded shares was BDT 17.09 billion during August 2021, which were 88.85 percent higher than that of July 2021 and 187.57 percent higher than that of the same month of the previous year. The market capitalization of CSE stood at BDT 4804.20 billion at the end of August 2021, which were 4.97 percent higher than that of July 2021 and 60.30 percent higher than that of August 2020. All Share Price Index of CSE stood at 19997.45 points at the end of August 2021 which was 7.31 percent higher than 18635.40 points at the end of July 2021 and 43.78 percent higher than 13908.14 points at the end of August 2020 (Chart-6).



The Shariah Compliant index 'CSES' went up to 1277.18 points at the end of August 2021 which was 1177.70 points at the end of July 2021 and 902.97 points at the end of August 2020. The total amount of issued capital increased to BDT 846.96 billion at the end of August 2021 which were BDT 837.15 billion at the end of July 2021 and BDT 744.83 billion at the end of August 2020. Price Earnings (P/E) ratio in CSE increased to 19.23 at the end of August 2021 which was 18.32 at the end of July 2021. The ratio was 12.68 at the end of August 2020. In Chittagong Stock Exchange, the yield slightly decreased to 3.31 at the end of August 2021 which was 3.88 at the end of July 2021 and it was 3.87 at the end of August 2020.

Sector-wise Market Capitalization of all listed securities excluding Bangladesh Govt. Treasury Bonds (BGTBs) and debentures since these two types of products are not taking part in trading in the market.