

# Capital Market Development in Bangladesh



August, 2022

**Research Department**  
**Division-4**  
**(Special Studies and Fiscal Affairs Wing)**

*Comments on any aspect of the report are highly welcomed and can be sent to the e-mail address: [mokhlesur.rahman2@bb.org.bd](mailto:mokhlesur.rahman2@bb.org.bd), [rupok.chad@bb.org.bd](mailto:rupok.chad@bb.org.bd) and [nurnabi.miah@bb.org.bd](mailto:nurnabi.miah@bb.org.bd)*

## Highlights in August 2022

- *Total number of listed securities of DSE and CSE stood at 625 and 364 respectively at the end of August 2022.*
- *Broad Index of DSE and All Share Price Index of CSE stood at 6457.22 and 19005.93 respectively at the end of August 2022, which were 6133.96 and 17976.66 respectively at the end of July 2022.*
- *DSEX Shariah Index (DSES) and CSE Shariah Index (CSI) stood at 1398.67 and 1208.54 respectively at the end of August 2022, which were 1339.48 and 1132.58 respectively at the end of July 2022.*
- *Total turnover value of traded securities of DSE and CSE stood at BDT 254.72 billion and BDT 5.79 billion respectively during August 2022, which were BDT 122.84 billion and BDT 3.61 billion respectively during July 2022.*
- *The market capitalization of DSE and CSE stood at BDT 5188.23 billion and BDT 4360.21 billion respectively at the end of August 2022, which were BDT 5028.78 billion and BDT 4187.29 billion respectively at the end of July 2022.*
- *The Price-Earning (P/E) ratio of DSE and CSE stood at 14.42 and 15.88 respectively at the end of August 2022 which were 13.83 and 17.02 respectively at the end of July 2022.*

## Capital Market Development in Bangladesh

August, 2022

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

At the end of August 2022, Broad Index of the DSE and all share price index of the CSE were 5.27 percent and 5.73 percent higher respectively than that of the previous month. During August 2022, total turnover value of traded securities of DSE and CSE were 107.36 percent and 60.39 percent higher respectively than that of July 2022. The position of some of the important indicators of DSE and CSE for the month of August 2021 to onward is given in the table-1.

**Table-1: Position of Important Indicators of DSE and CSE**

End of Month	Enlisted Securities		Issued capital and Debentures (Billion BDT)		Market Capitalization (Billion BDT)		Total Turnover (Billion BDT)		Major Indices				Price/Earning Ratio <sup>2</sup>		Yield <sup>3</sup>	
	DSE	CSE	DSE	CSE	DSE <sup>1</sup>	CSE	DSE	CSE	DSE		CSE		DSE	CSE	DSE	CSE
									Broad Index	Shariah index	All Share Price Index	Shariah index				
Aug-22	625	364	1526.41	911.53	5188.23	4360.21	254.72	5.79	6457.22	1398.67	19005.93	1208.54	14.42	15.88	3.86	3.61
Jul-22	625	364	1523.44	911.23	5028.78	4187.29	122.84	3.61	6133.96	1339.48	17976.66	1132.58	13.83	17.02	4.00	3.72
Jun-22	625	364	1521.59	910.64	5177.82	4333.69	179.40	8.13	6376.94	1386.78	18727.51	1183.43	14.44	15.61	3.88	3.60
May-22	623	363	1514.01	907.65	5167.65	4310.83	144.65	4.59	6392.86	1403.53	18667.50	1186.20	14.45	18.21	3.85	3.44
Apr-22	623	363	1510.68	904.39	5369.61	4509.40	121.05	4.56	6655.67	1446.98	19474.45	1218.27	15.40	19.20	3.68	3.43
Mar-22	623	363	1506.79	896.80	5394.15	4546.00	185.43	6.64	6757.84	1468.11	19748.83	1245.39	15.63	16.80	3.77	3.43
Feb-22	622	361	1505.36	891.35	5437.19	4587.74	221.00	8.27	6739.45	1453.48	19641.26	1225.85	16.15	17.09	4.08	3.76
Jan-22	622	361	1505.10	891.12	5569.82	4745.74	312.61	9.41	6926.29	1481.89	20298.59	1265.70	16.58	17.66	3.97	3.63
Dec-21	617	356	1463.66	850.09	5421.96	4585.54	193.65	11.07	6756.66	1431.12	19666.07	1211.44	16.29	17.29	4.07	3.71
Nov-21	614	353	1458.53	847.86	5364.95	4552.33	266.83	9.56	6703.26	1405.55	19614.38	1197.96	17.79	18.01	3.93	3.51
Oct-21	612	351	1456.74	847.20	5595.79	4782.45	370.17	13.77	7000.95	1470.50	20480.31	1266.48	18.75	18.94	3.72	3.35
Sep-21	611	351	1411.06	847.04	5815.43	5037.43	507.06	18.42	7329.04	1592.10	21377.07	1367.49	20.12	19.97	3.49	3.16
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

Note: BDT= Bangladeshi Currency (Taka)

<sup>1</sup> Total market capitalization of all listed securities includes companies, mutual funds, corporate bonds, treasury bonds and debentures.

<sup>2</sup>  $P/E = \frac{\text{closing price}}{\text{earning per share}}$ ;

<sup>3</sup>  $\text{Yield} = \frac{\text{dividend per share}}{\text{closing price}} \times 100$

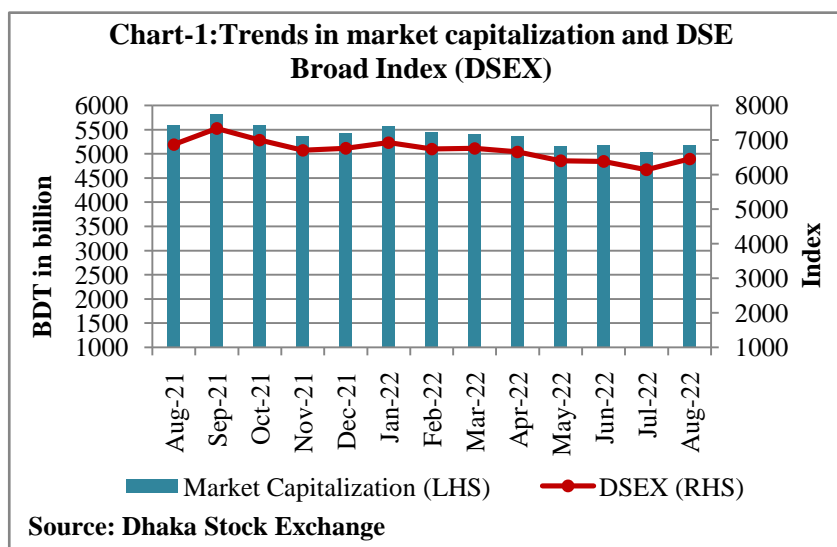
## Dhaka Stock Exchange (DSE)

The total number of listed securities stood at 625 at the end of August 2022. Among the listed securities, there were 350 companies, 36 mutual funds, 222 government bonds, 8 debentures, and 9 corporate bonds. The number of companies consists of 33 banks, 23 financial institutions, 53 insurance companies, and 241 other companies.

DSE Broad Index (DSEX) stood at 6457.22 at the end of August 2022

which was 5.27 percent higher than that of July 2022 but 6.00 percent lower than that of the same month of the preceding year. The market capitalization of DSE stood at BDT 5188.23 billion at the end of August 2022 which was 3.17 percent higher than that of the previous month but 7.02 percent lower than that of the same month of the previous year. The trends in market capitalization and DSE Broad Index (DSEX) are shown in chart-1.

The ratio of market capitalization to GDP (at current market price) stood at 11.66 percent at the end of August 2022 which was 11.30 percent at the end of July 2022 and 14.03 percent in the corresponding month of the previous year (Table-2).



**Table-2: Market Capitalization to GDP ratio<sup>4</sup>**

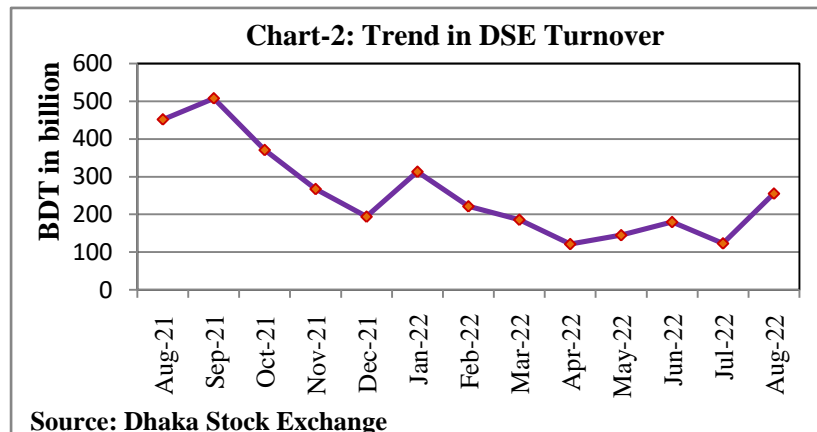
End of Month	Market Capitalization to GDP ratio
August -2022	11.66*
July -2022	11.30*
June -2022	13.02
May -2022	13.00
April-2022	13.50
March-2022	13.57
February-2022	13.67
January-2022	14.01
December-2021	13.64
November-2021	13.44
October-2021	14.07
September-2021	14.62
August-2021	14.03

Source: Wing's own calculation

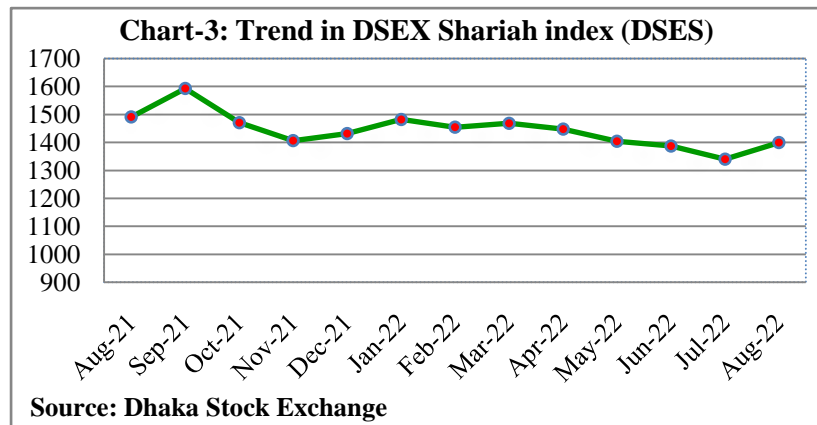
<sup>4</sup>The ratio of market capitalization to GDP for a particular month is calculated as total market capitalization of that month divided by the total GDP at current market price in which this particular month belongs.

\* Estimated GDP (BDT 44499.59 billion for FY23) from the "Budget in Brief 2022-2023" is considered to calculate the ratio for these months.

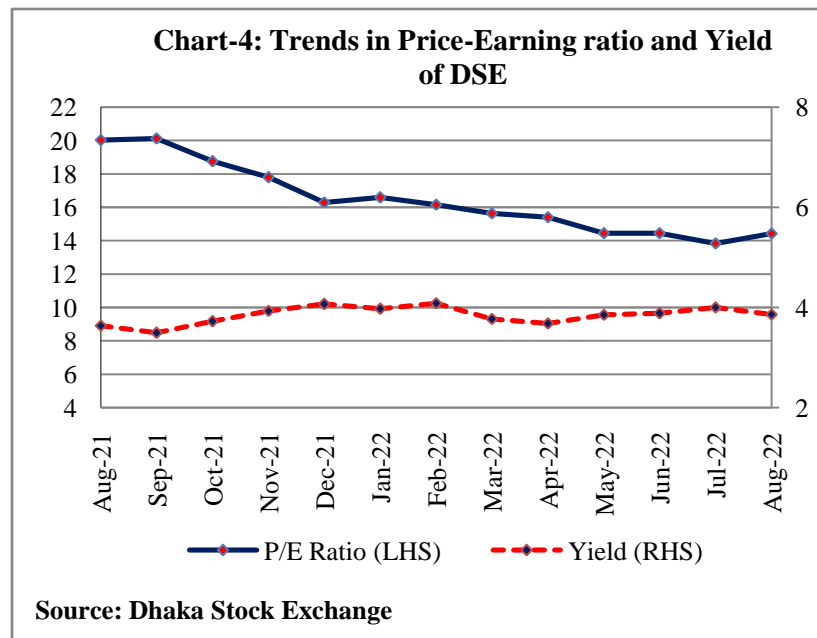
During August 2022, value of total turnover of the traded securities of DSE stood at BDT 254.72 billion which was 107.36 percent higher than that of July 2022 but 43.54 percent lower than that of the corresponding month of the previous year. The trend in total turnover in the DSE is shown in chart-2.



At the end of August 2022, DSEX Shariah Index (DSES) stood at 1398.67 which was 4.42 percent higher than 1339.48 at the end of July 2022 but 6.15 percent lower than 1490.30 at the end of August 2021. The trend in the DSEX Shariah index (DSES) is shown in chart-3.

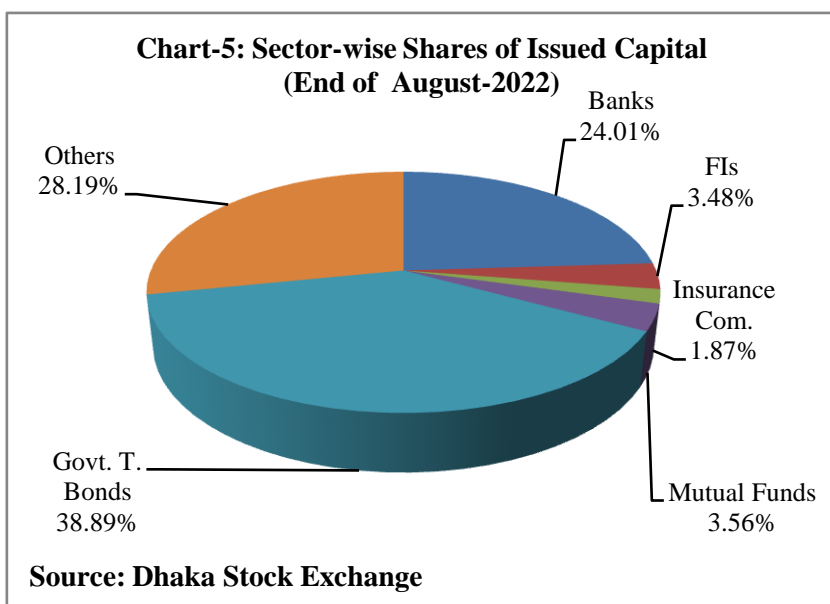


The Price-Earning (P/E) ratio of all securities of DSE stood at 14.42 at the end of August 2022 which was 13.83 at the end of July 2022. This ratio was 20.02 at the end of August 2021. The yield of all securities of DSE stood at 3.86 at the end of August 2022 which was 4.00 at the end of July 2022 and 3.64 at the end of August 2021. Trends in price-earnings ratio and yield of DSE are shown in Chart-4.

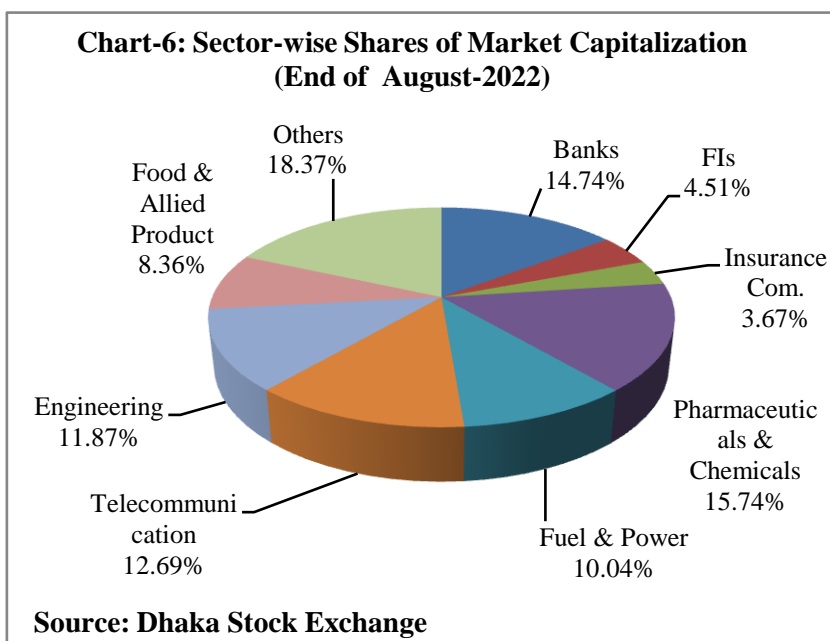


## Sector-wise Issued Capital and Market Capitalization of DSE

The total amount of issued capital of DSE stood at BDT 1526.41 billion at the end of August 2022, which were BDT 1523.44 billion at the end of July 2022 and BDT 1410.72 billion at the end of August 2021. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominated the market in terms of issued capital at the end of August 2022. This sector alone issued around 38.89 percent of the capital followed by Banks 24.01 percent, Mutual Funds 3.56 percent, Financial Institutions (FIs) 3.48 percent, Insurance Companies 1.87 percent and others 28.19 percent (Chart-5).



The total amount of market capitalization of DSE was BDT 5188.23 billion at the end of August 2022, which was BDT 5028.78 billion at the end of July 2022 and BDT 5579.72 billion at the end of August 2021. Among different sectors, Pharmaceuticals & Chemicals alone recorded as the highest contributor of market capitalization which was 15.74 percent followed by Banks 14.74 percent, Telecommunication 12.69 percent, Engineering 11.87 percent, Fuel



& Power 10.04 percent, Food & Allied Product 8.36 percent, Financial Institutions 4.51 percent, Insurance Companies 3.67 percent and others 18.37 percent (Chart-6). It may be mentioned that sector-wise market capitalization of all listed securities excludes that of Bangladesh Govt. Treasury Bonds (BGTBs) and debentures since these two types of products are not traded in the market.

## Chittagong Stock Exchange (CSE)

The total number of listed securities in the CSE stood at 364 at the end of August 2022. The total amount of issued capital stood at BDT 911.53 billion at the end of August 2022 which were BDT 911.23 billion at the end of July 2022 and BDT 846.96 billion at the end of the same month of the previous year. All Share Price Index of CSE (CASPI) stood at 19005.93 at the end of August 2022 which was 5.73 percent higher than that of July 2022 but 4.96 percent lower than that of the same month of the previous year. CSE Shariah Index (CSI) stood at 1208.54 at the end of August 2022 which was

1132.58 at the end of July 2022 and 1277.18 at the corresponding month of the previous year. The market capitalization of the CSE stood at BDT 4360.21 billion at the end of August 2022 which was 4.13 percent higher than that of July 2022 but 9.24 percent lower than that of the same month of the previous year. The trends of market capitalization and all share price index of the CSE are shown at chart-7.

During August 2022, value of total turnover of traded securities of CSE stood at BDT 5.79 billion which was BDT 3.61 billion during July 2022 and BDT 17.09 billion during the same month of the previous year. Price Earnings (P/E) ratio in CSE decreased to 15.88 at the end of August 2022 which was 17.02 at the end of July 2022. The ratio was 19.23 at the end of August 2021. At the same time, the yield stood at 3.61 at the end of August 2022 which was 3.72 at the end of July 2022 and it was 3.31 at the end of August 2021.

## Important Circular/Circular Letters Related To Capital Market Issued By BB In August 2022

Bangladesh Bank issued a circular letter on August 04, 2022 regarding the exposure limit of total investment in capital market by Bank Company. The circular states that the purchase price will be treated as market price for calculating the exposure limit of holding relevant shares, corporate bonds, debentures, mutual funds, and other capital market instruments.

