

Capital Market Development in Bangladesh



September, 2022

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

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Highlights in September 2022

- *Total number of listed securities of DSE and CSE stood at 626 and 366 respectively at the end of September 2022.*
- *Broad Index of DSE and All Share Price Index of CSE stood at 6512.89 and 19189.28 respectively at the end of September 2022, which were 6457.22 and 19005.93 respectively at the end of August 2022.*
- *DSEX Shariah Index (DSES) and CSE Shariah Index (CSI) stood at 1419.73 and 1234.07 respectively at the end of September 2022, which were 1398.67 and 1208.54 respectively at the end of August 2022.*
- *The market capitalization of DSE and CSE stood at BDT 5199.14 billion and BDT 4374.71 billion respectively at the end of September 2022, which were BDT 5188.23 billion and BDT 4360.21 billion respectively at the end of August 2022.*
- *Total turnover value of traded securities of DSE and CSE stood at BDT 354.80 billion and BDT 13.11 billion respectively during September 2022, which were BDT 254.72 billion and BDT 5.79 billion respectively during August 2022.*
- *The Price-Earning (P/E) ratio of DSE and CSE stood at 14.91 and 16.08 respectively at the end of September 2022 which were 14.42 and 15.88 respectively at the end of August 2022.*

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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 economic development 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 these stock exchanges of the country.

At the end of September 2022, Broad Index of the DSE and all share price index of the CSE were 0.86 percent and 0.96 percent higher respectively than that of the previous month. During September 2022, total turnover value of traded securities of DSE and CSE were 39.29 percent and 126.42 percent higher respectively than that of August 2022. The position of some of the important indicators of DSE and CSE for the month of September 2021 to onward is given in the table-1.

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

End of Month	Number of listed Securities		Issued capital and Debentures (Billion BDT)		Total Market Capitalization (Billion BDT)		Total Turnover (Billion BDT)		Major Indices				Price/Earning Ratio ²		Yield ³	
	DSE	CSE	DSE	CSE	DSE ¹	CSE	DSE	CSE	DSE		CSE		DSE	CSE	DSE	CSE
									Broad Index	Shariah index	All Share Price Index	Shariah index				
Sep-22	626	366	1527.54	916.70	5199.14	4374.71	354.80	13.11	6512.89	1419.73	19189.28	1234.07	14.91	16.08	3.39	3.49
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

Note: BDT= Bangladeshi Currency (Taka)

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

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

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

Dhaka Stock Exchange (DSE)

The total number of listed securities stood at 626 at the end of September 2022. Among the listed securities, there were 350 companies, 37 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 6512.89 at the end of September 2022 which was 0.86 percent higher

than that of August 2022 but 11.14 percent lower than that of the same month of the preceding year. The market capitalization of DSE stood at BDT 5199.14 billion at the end of September 2022 which was 0.21 percent higher than that of the previous month but 10.60 percent lower than that of the same month of the previous year. The trends of market capitalization and DSE Broad Index (DSEX) are shown in chart-1.

The ratio of market capitalization to GDP (at current market price) increased to 11.68 percent at the end of September 2022 which was 11.66 percent at the end of August 2022 and 14.62 percent in the corresponding month of the previous year (Table-2).

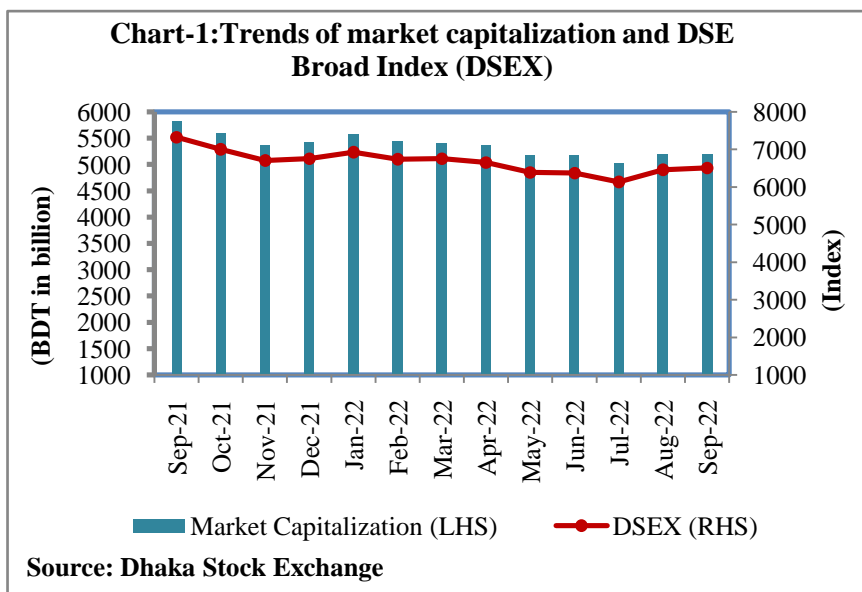


Table-2: Ratio of Market Capitalization to GDP⁴

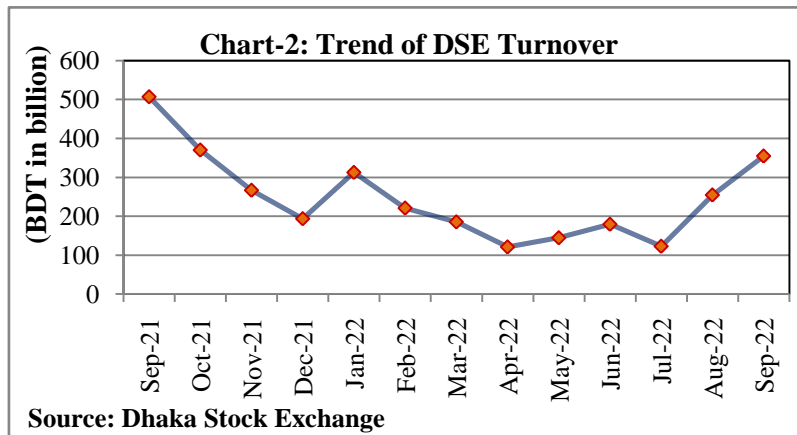
End of Month	Ratio of Market Capitalization to GDP
September -2022	11.68*
August -2022	11.66*
July -2022	11.30*
June -2022	13.02
May -2022	13.00
April-2022	13.50
March-2022	13.57
February-2022	13.67
January-2022	14.01
December-2021	13.64
November-2021	13.44
October-2021	14.07
September-2021	14.62

Source: Wing's own calculation

⁴The 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 of the respective fiscal year in which this particular month belongs.

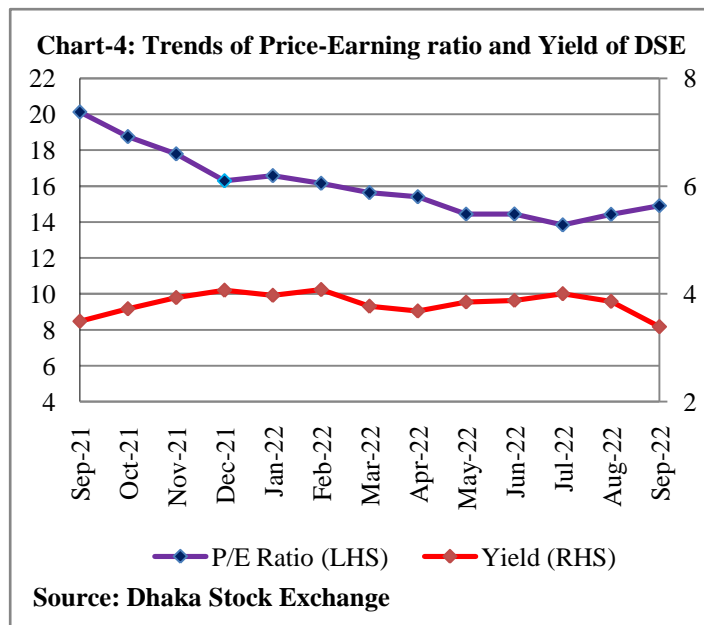
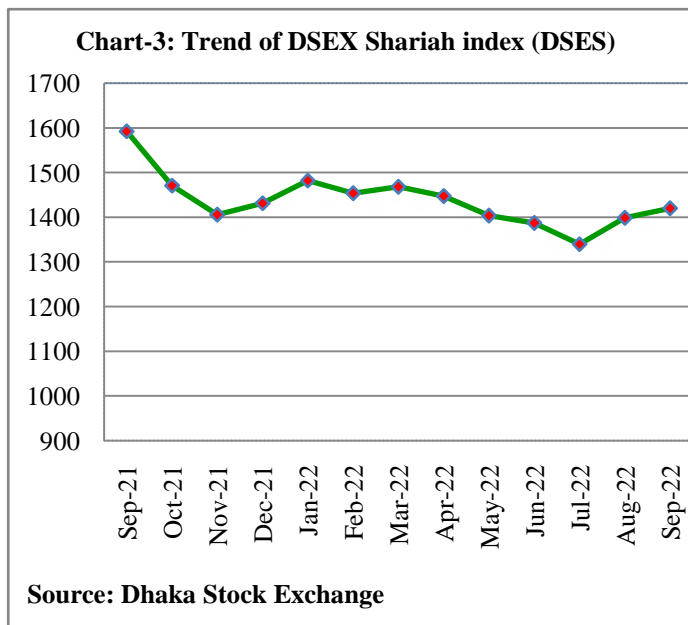
* Proposed GDP (BDT 44499.59 billion for FY23) from the "Budget in Brief 2022-2023" is considered to calculate the ratio for these months.

During September 2022, value of total turnover of the traded securities of DSE stood at BDT 354.80 billion which was 39.29 percent higher than that of August 2022 but 30.03 percent lower than that of the corresponding month of the previous year. The trend of total turnover in the DSE is shown in chart-2.



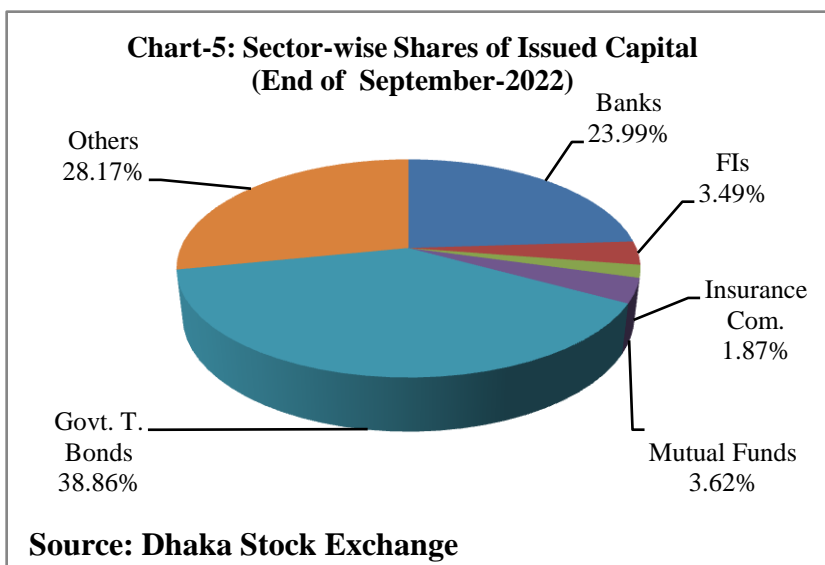
At the end of September 2022, DSEX Shariah Index (DSES) stood at 1419.73 which was 1.51 percent higher than that of August 2022 but 10.83 percent lower than that of September 2021. The trend of the DSEX Shariah index (DSES) is shown in chart-3.

The Price-Earning (P/E) ratio of all securities of DSE stood at 14.91 at the end of September 2022 which was 14.42 at the end of August 2022. It may be mentioned that this ratio was 20.12 at the end of September 2021. The yield of all securities of DSE stood at 3.39 at the end of September 2022 which was 3.86 at the end of August 2022 and 3.49 at the end of September 2021. Trends of price-earnings ratio and yield of DSE are shown in Chart-4.

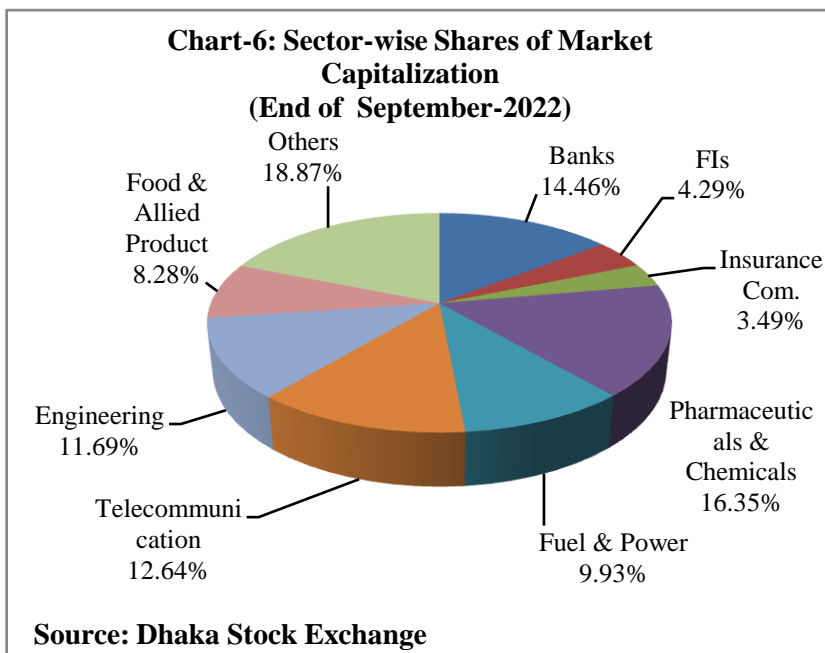


Sector-wise Issued Capital and Market Capitalization of DSE

The total amount of issued capital of DSE stood at BDT 1527.54 billion at the end of September 2022, which were BDT 1526.41 billion at the end of August 2022 and BDT 1411.06 billion at the end of September 2021. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominated the market in terms of issued capital at the end of September 2022. This sector alone issued around 38.86 percent of the capital followed by Banks 23.99 percent, Mutual Funds 3.62 percent, Financial Institutions (FIs) 3.49 percent, Insurance Companies 1.87 percent and others 28.17 percent (Chart-5).

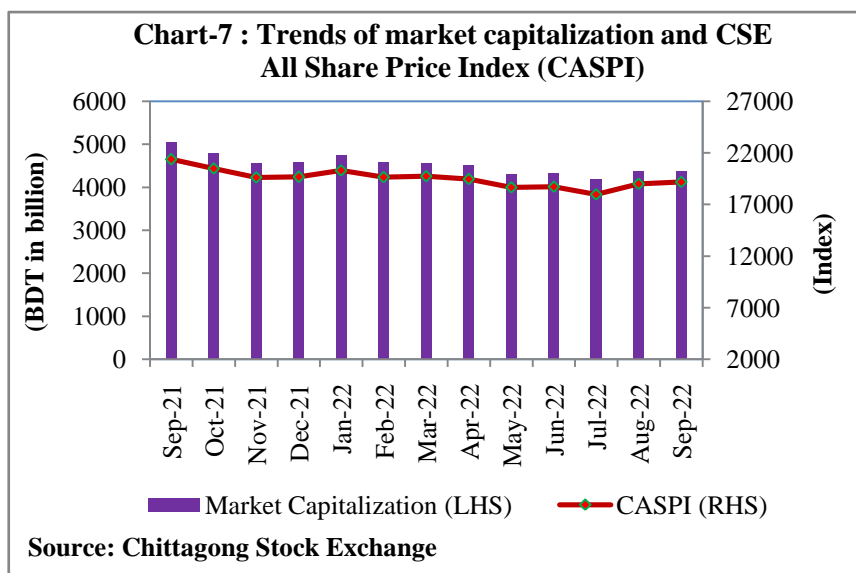


The total amount of market capitalization of DSE was BDT 5199.14 billion at the end of September 2022, which was BDT 5188.23 billion at the end of August 2022 and BDT 5815.43 billion at the end of September 2021. Among different sectors, Pharmaceuticals & Chemicals alone recorded as the highest solo contributor of market capitalization which was 16.35 percent followed by Banks 14.46 percent, Telecommunication 12.64 percent, Engineering 11.69 percent, Fuel & Power 9.93 percent, Food & Allied Product 8.28 percent, Financial Institutions 4.29 percent, Insurance Companies 3.49 percent and others 18.87 percent (Chart-6). It may be mentioned that Bangladesh Govt. Treasury Bonds (BGTBs) and Debentures are not included in the sector-wise market capitalization of all listed securities because these two types of products are not currently traded in the market.



Chittagong Stock Exchange (CSE)

The total number of listed securities in the CSE stood at 366 at the end of September 2022. The total amount of issued capital stood at BDT 916.70 billion at the end of September 2022 which were BDT 911.53 billion at the end of August 2022 and BDT 847.04 billion at the end of the same month of the previous year. All Share Price Index of CSE (CASPI) stood at 19189.28 at the end of September 2022 which was 0.96 percent higher than that of



August 2022 but 10.23 percent lower than that of the same month of the previous year. CSE Shariah Index (CSI) stood at 1234.07 at the end of September 2022 which was 1208.54 at the end of August 2022 and 1367.49 at the corresponding month of the previous year. The market capitalization of the CSE stood at BDT 4374.71 billion at the end of September 2022 which was 0.33 percent higher than that of August 2022 but 13.16 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 September 2022, value of total turnover of traded securities of CSE stood at BDT 13.11 billion which was BDT 5.79 billion during August 2022 and BDT 18.42 billion during the same month of the previous year. Price Earnings (P/E) ratio in CSE increased to 16.08 at the end of September 2022 which was 15.88 at the end of August 2022. However, the ratio was 19.97 at the end of September 2021. On the other hand, the yield stood at 3.49 at the end of September 2022 which was 3.61 at the end of August 2022 and 3.16 at the end of September 2021.