

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



**February, 2021**

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## Capital Market Highlights in February 2021

- *At the end of February 2021, both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) exhibited downward trend in terms of both index and turnover compared to that of the end of January 2021.*
- *Total turnover value of traded shares of DSE and CSE were BDT 144.49 billion and BDT 7.71 billion respectively at the end of February 2021, which were 57.45 percent and 55.39 percent lower respectively than that of January 2021.*
- *Broad index of DSE and all share price index of CSE fell to 5404.80 points and 15603.80 points respectively at the end of February 2021, which were 5649.86 points and 16474.97points respectively at the end of January 2021.*
- *In the face of Covid-19 situation and considering the financial capacity of the banks and also the issue of return of the investors, it has been instructed (07.02.2021) to all scheduled banks to follow some of the instructions in case of dividend declaration against their shares for 2020, such as:*
  - Banks with a minimum capital reserve of 15.0% or more will be permissible to declare a total dividend of 30% with a maximum of 15% cash according to their ability.*
  - Banks with a minimum capital reserve of 13.5% to 15.0% will be permissible to declare a total dividend of 25% with maximum 12.5% cash as per their ability with the approval of Bangladesh Bank.*
  - Banks with a minimum capital reserve of 11.875% will be permissible to declare a total dividend of 15% with maximum 7.5% cash as per their ability with the approval of Bangladesh Bank.*
  - Banks with a minimum capital of 12.5% or more will be permissible to declare a total dividend of 12% with a maximum of 6% cash, with the approval of Bangladesh Bank.*
  - Banks with a minimum capital of 11.875% to maximum 12.5% will be permissible to declare a total dividend of 10% with a maximum of 5% cash, with the approval of Bangladesh Bank.*
  - Banks with a minimum capital of 10.625% to maximum 11.875% will be permissible to declare a total stock dividend of 5% with the approval of Bangladesh Bank.*

## Capital Market Development in Bangladesh February, 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 every year. 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 February 2021, both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) exhibited downward trend in terms of both index and turnover compared to the end of January 2021. Total turnover value of traded shares of DSE and CSE were BDT 144.49 billion and BDT 7.71 billion respectively at the end of February 2021, which were 57.45 percent and 55.39 percent lower respectively than that of January 2021. Broad index of DSE and all share price index of CSE fell to 5404.80 points and 15603.80 points respectively at the end of February 2021 which were 5649.86 points and 16474.97 points respectively at the end of January 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 <sup>#</sup>	CSE	DSE	CSE	DSE Broad Index (DSEX Shariah Index)	CSE All Share Price Index (CSE Shariah Index)	DSE	CSE	DSE	CSE
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	4846.1022 (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
Jul-20	590	332	1300.96	743.24	3257.33	2572.76	60.01	3.50	4214.43 (976.50)	11957.06 (777.28)	11.37	11.40	4.29	4.56
Jun-20 <sup>@</sup>	589	331	1297.44	735.90	3119.67	2447.57	47.80	9.53	3989.09 (925.08)	11332.59 (733.28)	10.78	10.68	4.43	4.73
Mar-20	589	331	1297.44	733.08	3122.35	2445.72	66.46	4.84	4008.29 (920.69)	11328.00 (729.30)	10.58	10.56	5.50	4.77
Feb-20	589	331	1297.44	732.66	3429.83	2741.11	124.28	6.20	4480.23 (1044.91)	13742.96 (901.17)	11.88	15.71	4.90	4.36

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

@ No transactions were made in April & May, 2020 due to ordinary holiday for Covid-19

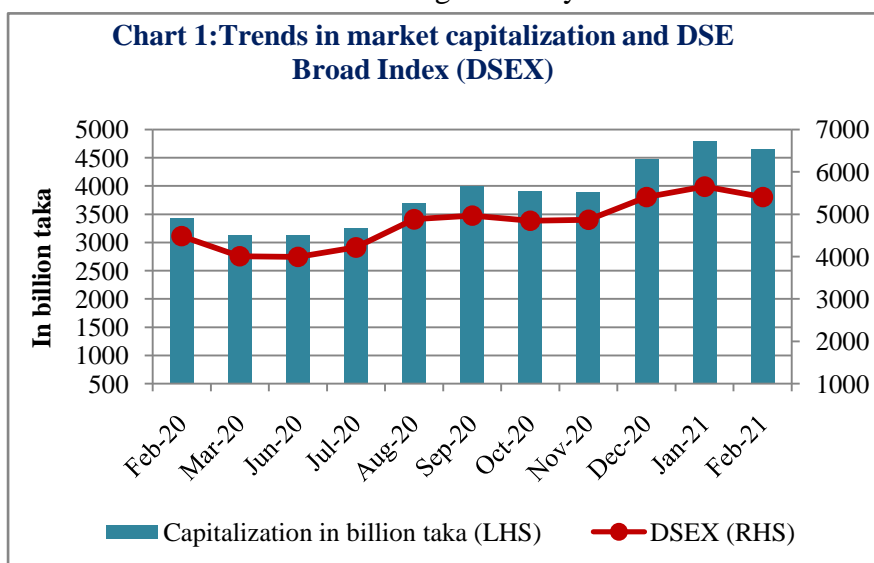
#Total Market Capitalization of all listed securities includes companies, mutual funds, corporate bonds, treasury bonds and debentures.

## Dhaka Stock Exchange (DSE)

The total number of listed securities stood at 600 at the end of February 2021. Among listed securities, there were 332 companies, 37 mutual funds, 221 government bonds, 8 debentures, and 2 corporate bonds. The number of companies consists of 30 banks, 23 financial Institutions, 49 insurance companies and 230 others companies.

Total turnover value of traded shares was BDT 144.49 billion during February 2021 which was 57.45 percent lower than that of January 2021 and 16.26 percent higher than that of the same month of the last year (Table-1).

DSE Broad Index (DSEX) stood at 5404.80 points at the end of February 2021, which was 4.34 percent lower than 5649.86 points at the end of January 2021 and 20.64 percent higher than 4480.23 points at the end of February 2020 (Chart-1).



The market capitalization of DSE stood at BDT 4657.37 billion at the end of February 2021 which was 2.77 percent lower than BDT 4790.29 billion at the end of January 2021 and 35.79 percent higher than that of BDT 3429.83 billion at the end of February 2020 (Chart-1). The ratio of market capitalization to GDP (at current market price) stood at 16.65 percent\* at the end of February 2021 which was 17.13 percent at the end of January 2021.

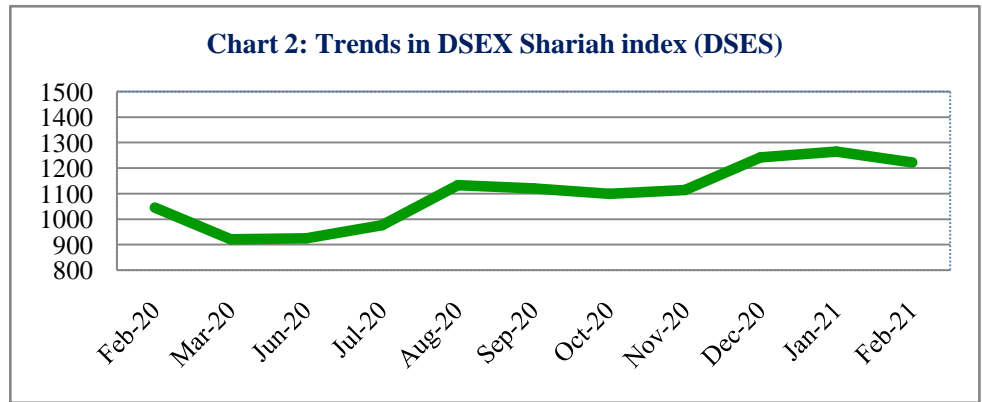
**Table-2: Market Capitalization to GDP ratio**

Month	Market Cap. to GDP ratio
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
Jul-20	11.65
Jun-20	11.16
Mar-20	11.17
Feb-20	12.27

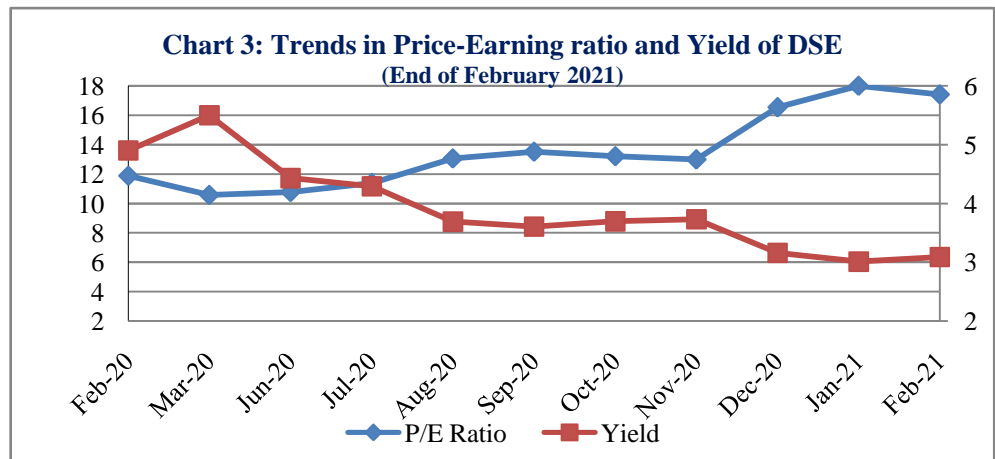
Source: RD own calculation

\*The ratio of market capitalization to GDP is calculated as market capitalization divided by GDP of FY20<sup>P</sup> at current market price multiplied by 100 which is 16.65 [ (4657.37/27963.78) x100 = 16.65].

Sharia'h Compliant index named DSES went down to 1222.84 points at the end of February 2021 which was 1265.37 points at the end of January 2021 and 1044.91 points at the end of February 2020 (Chart -2).



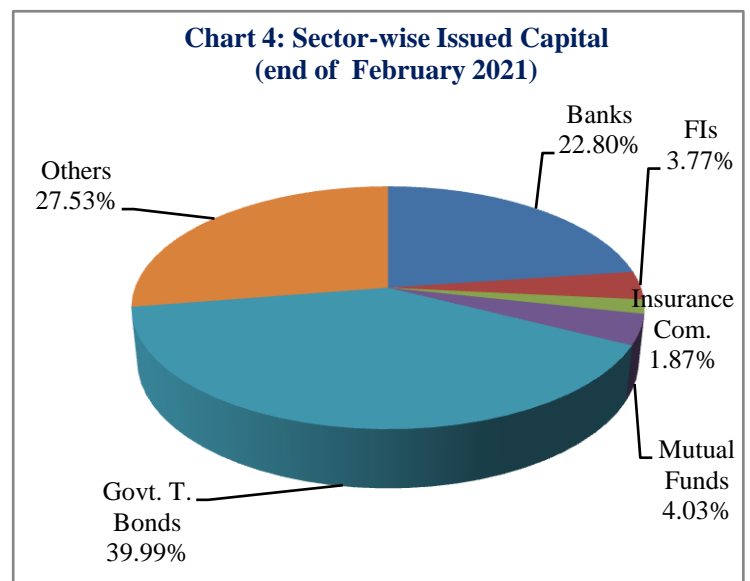
The price-earning (P/E) ratio decreased to 17.41 at the end of February 2021, which was 18.00 at the end of the January 2021. The ratio was 11.88 at the end of the February 2020. On the other hand, the yield of all share increased to 3.09 at the end of February 2021



which was 3.01 at the end of January 2021 and 4.90 at the end of February 2020. Trends of price-earnings ratio and yield are shown in the Chart-3.

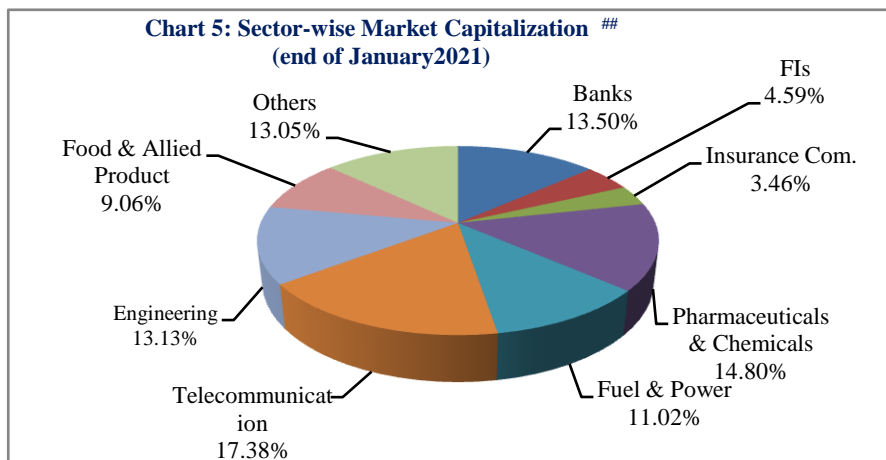
### Sector wise Issued capital and market capitalization of DSE

The total amount of issued capital was BDT 1371.79 billion at the end of February 2021, which was BDT 1368.94 billion at the end of January 2021 and BDT 1297.44 billion at the end of February 2020. At the end of February 2021 among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominate the bourse in terms of issued capital. This sector issued around 39.99 percent of the capital followed by Banks 22.80 percent, Mutual Funds 4.03 percent, Financial Institutions (FIs) 3.77 percent, Insurance Companies 1.87 percent and others 27.53 percent (Chart-4).



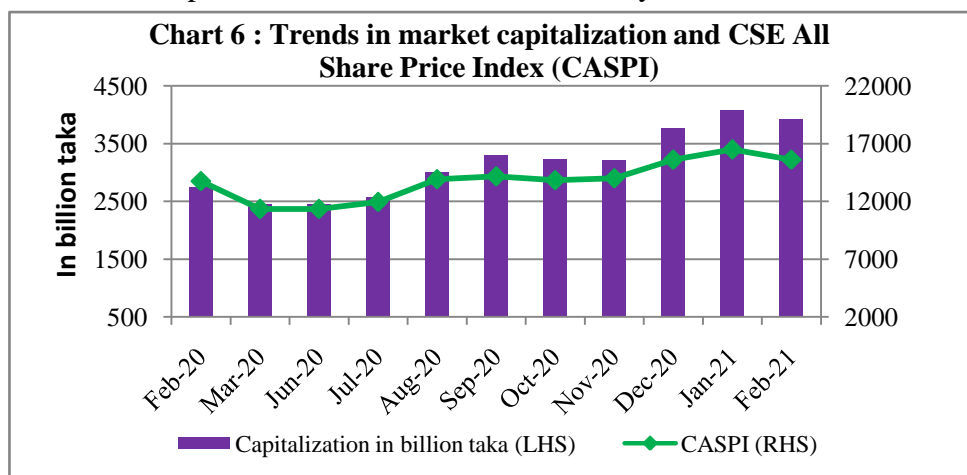
At the end of February 2021, Telecommunication recorded as the highest contributor of market capitalization which was 17.38 percent followed by Pharmaceuticals & Chemicals 14.80 percent,

Banks 13.50 percent, Engineering 13.13 percent, Fuel & Power 11.02 percent, Food & Allied Product 9.06 percent, Financial Institutions 4.59 percent, Insurance Companies 3.46 percent, and Others 13.05 percent (Chart 5).



## Chittagong Stock Exchange (CSE)

The total number of listed securities in Chittagong Stock Exchange (CSE) stood at 341 at the end of February 2021. Total turnover value of traded shares was BDT 7.71 billion during February 2021, which was 55.39 percent lower than that of January 2021 and 24.27 percent higher than that of the same month of the previous year. The market capitalization of CSE stood at BDT 3919.44 billion at the end of February 2021, which was 3.76 percent lower than that of January 2021 and 42.99 percent higher than that of February 2020. All Share Price Index of CSE stood at 15603.80 points at the end of February 2021 which was 5.29 percent lower than 16474.97 points at the end of January 2021 and 13.54 percent higher than 13742.96 points at the end of February 2020 (Chart-6).



The Shariah Compliant index 'CSES' went down to 983.85 points at the end of February 2021 which was 1031.29 points at the end of January 2021 and 901.17 points at the end of February 2020.

The total amount of issued capital increased to BDT 806.75 billion at the end of February 2021 which was BDT 803.28 billion at the end of January 2021 and BDT 732.66 billion at the end of February 2020. Price Earnings (P/E) ratio in CSE decreased to 16.70 at the end of February 2021 which was 18.19 at the end of January 2021. The ratio was 15.71 at the end of February 2020. In Chittagong Stock Exchange, the yield increased to 2.99 at the end of February 2021 which was 2.95 at the end of January 2021. It was 4.36 at the end of February 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.

## **Policy Measures of Bangladesh Bank for Capital Market in February 2021**

Initiatives have been continuing to bring back the momentum of the economy and national progress to the previous trend of Corona situation through the implementation of various financial and policy supportive incentive packages announced by the Government and Bangladesh Bank. In such circumstances, there is a need to further strengthen the capital structure of banks in the coming years. For this purpose, considering the financial capacity of the banks and also the issue of return of the investors, it has been instructed to all scheduled banks to follow the subsequent instructions in case of dividend declaration against their shares for 2020.

- 1) Banks that are not in pre-existing Deferral benefits from Bangladesh Bank to meet other expenses including provision reserves or without availing any such Deferral benefits in the calendar year under consideration, will be able to maintain capital reserve a minimum of 15.0% or more with a 2.5% capital conservation buffer against risk capital assets will be permissible to declare a total dividend of 30% with a maximum of 15% cash according to their ability.
- 2) Banks that will be able to maintain capital reserve at minimum 13.5% to 15.0% with a 2.5% capital conservation buffer against risk capital assets will be permissible to declare a total dividend of 25% with maximum 12.5% cash as per their ability with the approval of Bangladesh Bank.
- 3) Banks which will be able to maintain a minimum of 11.875% capital with capital conservation buffer against risk capital assets will be permissible to declare a total dividend of 15% with maximum 7.5% cash as per their ability with the approval of Bangladesh Bank.
- 4) Banks with a minimum capital of 12.5% or more including capital conservation buffer against risk capital assets will be permissible to declare a total dividend of 12% with a maximum of 6% cash, with the approval of Bangladesh Bank.
- 5) Banks with a minimum capital of 11.875% to maximum 12.5% including capital conservation buffer against risk capital assets will be permissible to declare a total dividend of 10% with a maximum of 5% cash, with the approval of Bangladesh Bank.
- 6) Banks with a minimum capital of 10.625% to maximum 11.875% including capital conservation buffer against risk capital assets will be permissible to declare a total stock dividend of 5% with the approval of Bangladesh Bank.