

Capital Market Development in Bangladesh*

January, 2021



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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. The analysis on capital market development gives some insights to understand overall activities of capital market in Bangladesh. *At the end of January 2021, both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) exhibited upward trend in terms of both index and turnover compared to the end of December 2020. Total turnover value of traded shares of DSE and CSE were BDT 339.59 billion and BDT 17.28 billion respectively at the end of January 2021 which were 57.30 percent and 88.18 percent higher respectively than that of December 2020. Broad index of DSE and all share price index of CSE rose to 5649.86 points and 16474.97 points respectively at the end of January 2021 which were 5402.07 points and 15592.92 points respectively at the end of December 2020.*

Table : 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
Jan-20	589	331	1297.42	732.66	3408.93	2698.45	80.72	4.10	4469.66 (1028.29)	13586.40 (882.72)	11.74	11.65	4.99	4.33
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
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
Jun-20 [@]	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
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
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
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
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
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
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
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

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

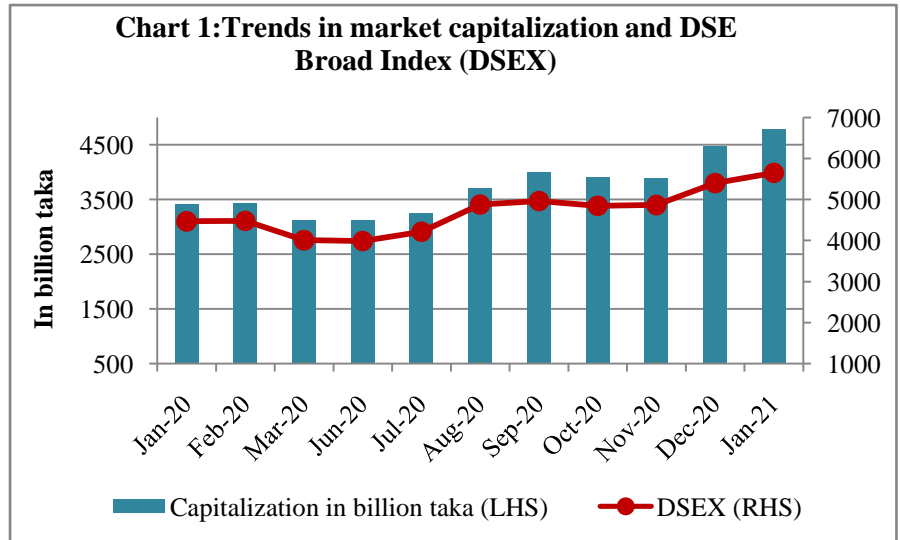
#Total Market Capitalization of all listed securities includes companies, mutual funds, corporate bonds, treasury bonds and debentures.

Dhaka Stock Exchange (DSE)

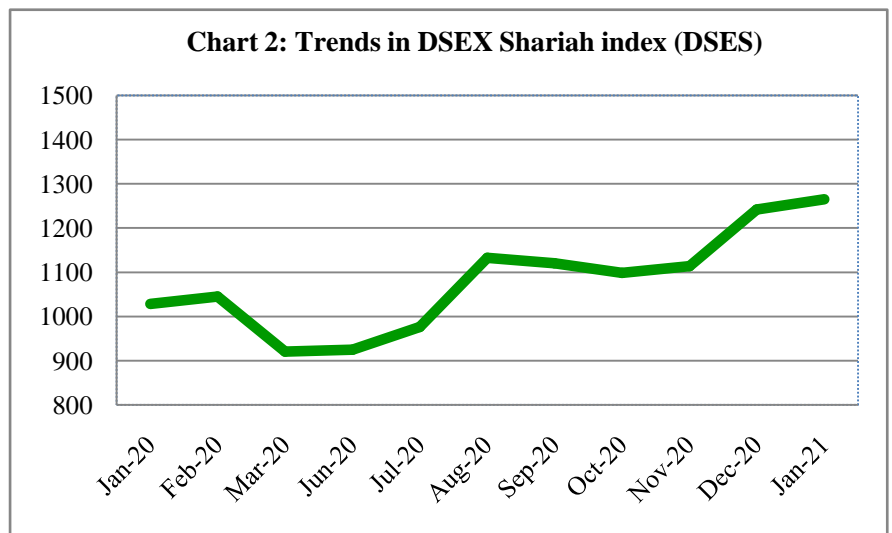
The total number of listed securities stood at 597 at the end of January 2021. Among listed securities, there were 329 companies, 37 mutual funds, 221 government bonds, 8 debentures, and 2 corporate bonds. The number of companies consists of 30 banks, 23 financial Institutions, 49 insurance companies and 227 others companies.

Total turnover value of traded shares was BDT 339.59 billion during January 2021 which was 57.30 percent higher than that of December 2020 and 320.69 percent higher than that of the same month of the last year (see the table).

DSE Broad Index (DSEX) stood at 5649.86 points at the end of January 2021, which was 4.59 percent higher than 5402.07 points at the end of December 2020 and 26.40 percent higher than 4469.66 points at the end of January 2020 (Chart-1).



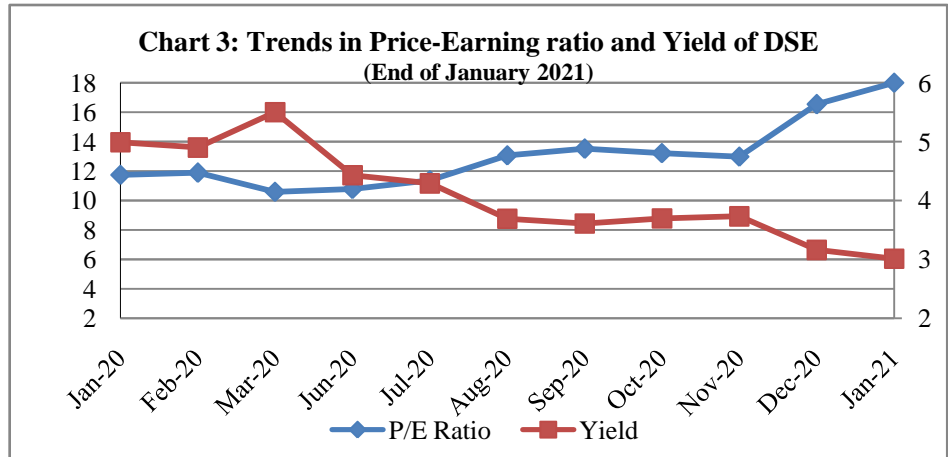
The market capitalization of DSE stood at BDT 4790.29 billion at the end of January 2021 which was 6.87 percent higher than BDT 4482.30 billion at the end of December 2020 and 40.52 percent higher than that of BDT 3408.93 billion at the end of January 2020 (Chart-1). The ratio of market capitalization to GDP (at current market price) stood at 17.13 percent* at the end of January 2021 which was 16.03 percent at the end of December 2020.



Sharia'h Compliant index named DSES went up to 1265.37 points at the end of January 2021 which was 1242.11 points at the end of December 2020 and 1028.29 points at the end of January 2020 (Chart 2).

*The ratio of market capitalization to GDP is calculated as market capitalization divided by GDP of FY20⁰ at current market price multiplied by 100 which is 17.13 [(4790.29/27963.78) x100 = 17.13].

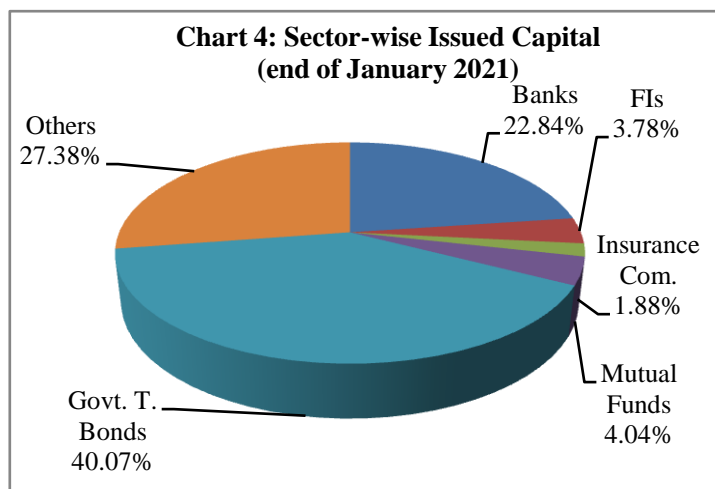
The price-earning (P/E) ratio increased to 18.00 at the end of January 2021 which was 16.53 at the end of the December 2020. The ratio was 11.74 at the end of the January 2020. On the other hand, the yield of all share decreased to 3.01 at the end of January



2021 which was 3.16 at the end of December 2020 and 4.99 at the end of January 2020. Trends of price-earning ratio and yield are shown in the Chart-3.

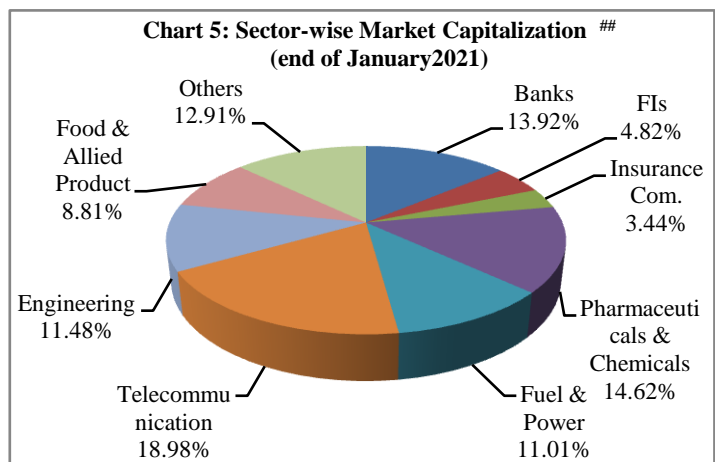
Sector wise Issued capital and market capitalization of DSE

The total amount of issued capital was BDT 1368.94 billion at the end of January 2021 which was BDT 1375.28 billion at the end of December 2020 and BDT 1297.42 billion at the end of January 2020. At the end of January 2021 among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominate the bourse in terms of issued capital. This sector issued around 40.07 percent of the capital followed by Banks 22.84 percent, Mutual Funds 4.04 percent, Financial Institutions (FIs) 3.78 percent, Insurance Companies 1.88 percent and Others 27.38 percent (Chart 4).



At the end of January 2021,

Telecommunication recorded as the highest contributor of market capitalization which was 18.98 percent followed by Pharmaceuticals & Chemicals 14.62 percent, Banks 13.92 percent, Engineering 11.48 percent, Fuel & Power 11.01 percent, Food & Allied Product 8.81 percent,



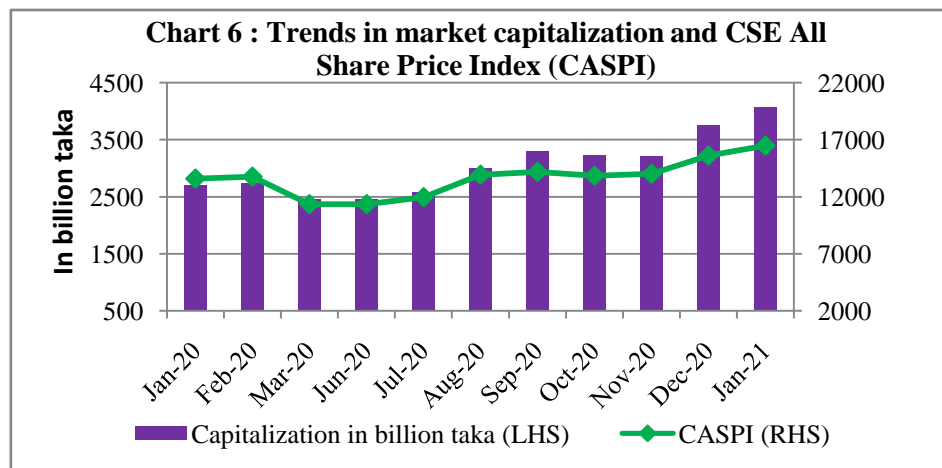
Sector-wise Market Capitalization of all listed securities excluding Bangladesh Govt. Treasury Bonds (BGTBs) and debentures since these two types of products are not taking part in trading in the market.

Financial Institutions 4.82 percent, Insurance Companies 3.44 percent, and Others 12.91 percent (Chart 5).

Chittagong Stock Exchange (CSE)

The total number of listed securities in Chittagong Stock Exchange (CSE) stood at 338 at the end of January 2021. Total turnover value of traded shares was BDT 17.28 billion during January 2021 which was 88.18 percent higher than that of December 2020 and 321.82 percent higher than that of the same month of the previous year. The market capitalization of CSE stood at BDT 4072.72 billion at the end of January 2021 which were 8.46 percent and 50.93 percent higher than that of December 2020 and January 2020 respectively.

All Share Price Index of CSE stood at 16474.97 points at the end of January 2021, which was 5.66 percent higher than 15592.92 points at the end of December 2020 and 21.26 percent higher than 13586.40 points at the end of January 2020 (Chart-6).



The Shariah Compliant index 'CSES' went up to 1031.29 points at the end of January 2021 which was 1018.85 points at the end of December 2020 and 882.72 points at the end of January 2020.

The total amount of issued capital slightly decreased to BDT 803.28 billion at the end of January 2021 which was BDT 809.29 billion at the end of December 2020 and BDT 732.66 billion at the end of January 2020. Price Earnings (P/E) ratio in CSE increased to 18.19 at the end of January 2021 which was 14.98 at the end of December 2020. The ratio was 11.65 at the end of January 2020. In Chittagong Stock Exchange, the yield decreased to 2.95 at the end of January 2021 which was 3.11 at the end of December 2020 and 4.33 at the end of January 2020.