

Monthly Report on
Capital Market Development in Bangladesh*



June, 2021

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Capital Market Highlights in June 2021

- *At the end of June 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 May 2021.*
- *Broad index of DSE and all share price index of CSE rose to 6150.48 points and 17795 points respectively at the end of June 2021, which were 5990.99 points and 17359.57 points respectively at the end of May 2021.*
- *Total turnover value of traded shares of DSE and CSE were BDT 435.09 billion and BDT 21.3 billion respectively at the end of June 2021, which were 40.30 percent and 37.72 percent higher respectively than that of May2021.*

Initiatives in budget 2021-2022 to revitalize the capital market of Bangladesh

The government has taken the following measures to make the capital market dynamic and vibrant in the proposed budget of FY22.

- **The tax rate for companies not listed in the stock market has been reduced to 30% from 32.5% in FY22.**
- **The tax rate for listed companies has been reduced to 22.5% from 25% in FY22.**
- **Tax rate for one person companies is reduced to 25% from 32.5% in FY22.**
- **Introduction of Government Treasury Bond, Sukuk, Derivatives, Options, OTC Bulletin Board, ETF in the capital market and listing of Open End Mutual Fund are some instruments introduced by the government to make the stock exchange profitable institution and keep pace with the times.**

Capital Market Development in Bangladesh

June, 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 June 2021, both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) exhibited upward trend in terms of index and turnover compared to the end of May 2021. Broad index of DSE and all share price index of CSE rose to 6150.48 points and 17795 points at the end of June 2021 which were 5990.99 points and 17359.57 points at the end of May 2021. Total turnover value of traded shares of DSE and CSE were BDT 435.09 billion and BDT 21.3 billion at the end of June 2021, which were 40.30 percent and 37.72 percent higher than that of May 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
June-21	609	348	1397.34	833.65	5142.82	4383.65	435.09	21.30	6150.48 (1314.76)	17795 (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	4846.1022 (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 [@]	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

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 609 at the end of June 2021. Among listed securities, there were 341 companies, 37 mutual funds, 221 government bonds, 8 debentures, and 2 corporate bonds. The number of companies consists of 31 banks, 23 financial Institutions, 51 insurance companies and 236 others companies.

Total turnover value of traded shares was BDT 435.09 billion during June 2021 which was 40.30 percent higher than that of May 2021 and 810.20 percent higher than that of the same month of the last year (Table-1).

DSE Broad Index (DSEX) stood at 6150.48 points at the end of June 2021, which were 2.66 percent higher than 5990.99 points at the end of May 2021 and 54.18 percent higher than 3989.09 points at the end of June 2020 (Chart-1).

The market capitalization of DSE stood at BDT 5142.82 billion at the end of June 2021 which was 2.07 percent higher than BDT 5038.69 billion at the end of May 2021 and 64.85 percent higher than that of BDT 3119.67 billion at the end of June 2020 (Chart-1). The ratio of market capitalization to GDP (at current market price) stood higher at 18.39 percent* at the end of June 2021 which was 18.02 percent at the end of May 2021.

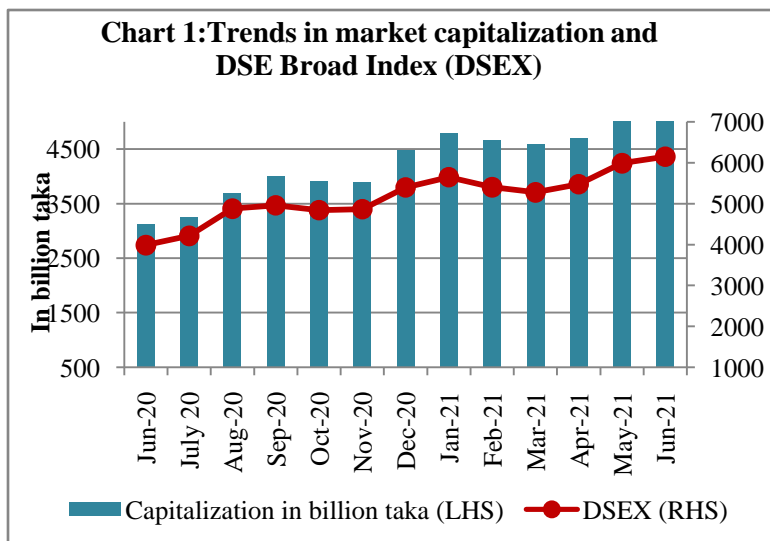


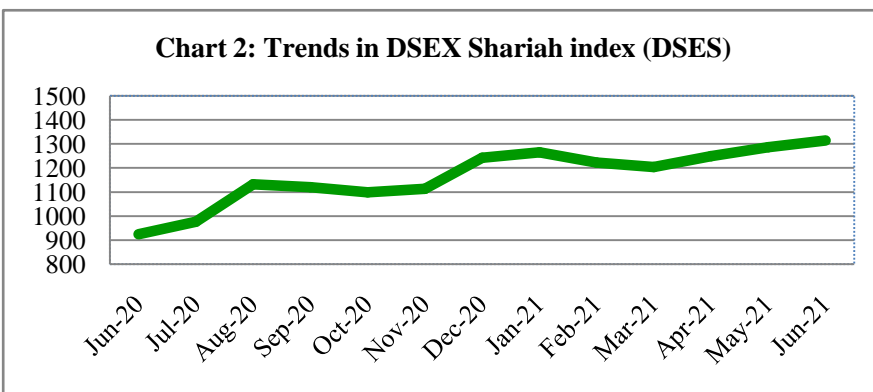
Table-2: Market Capitalization to GDP ratio

Month	Market Cap. to GDP ratio
June-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
Jul-20	11.65
Jun-20	11.16

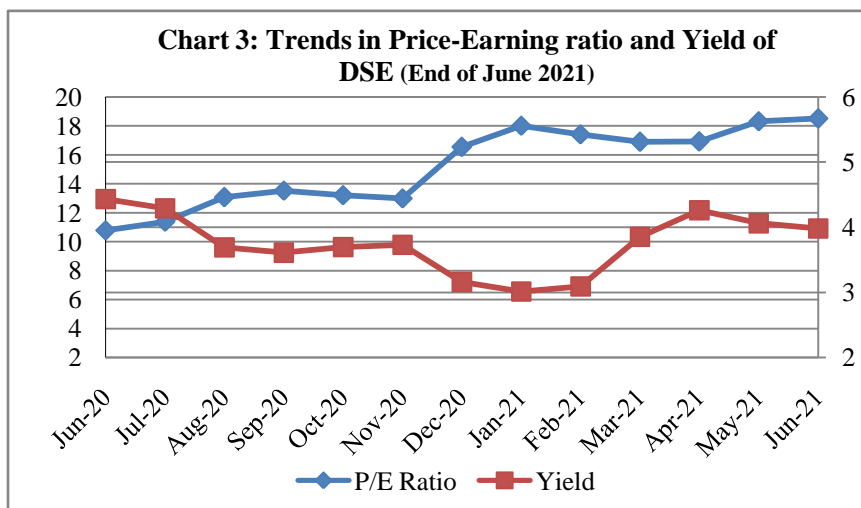
Source: RD own calculation

*The ratio of market capitalization to GDP is calculated as market capitalization divided by GDP of FY20^p at current market price multiplied by 100 which is 18.39 [(5142.82/27963.78) x100 = 18.39]

Sharia'h Compliant index named DSES went up to 1314.76 points at the end of June 2021 which was 1286.20 points at the end of May 2021 and 925.08 points at the end of June 2020 (Chart -2).

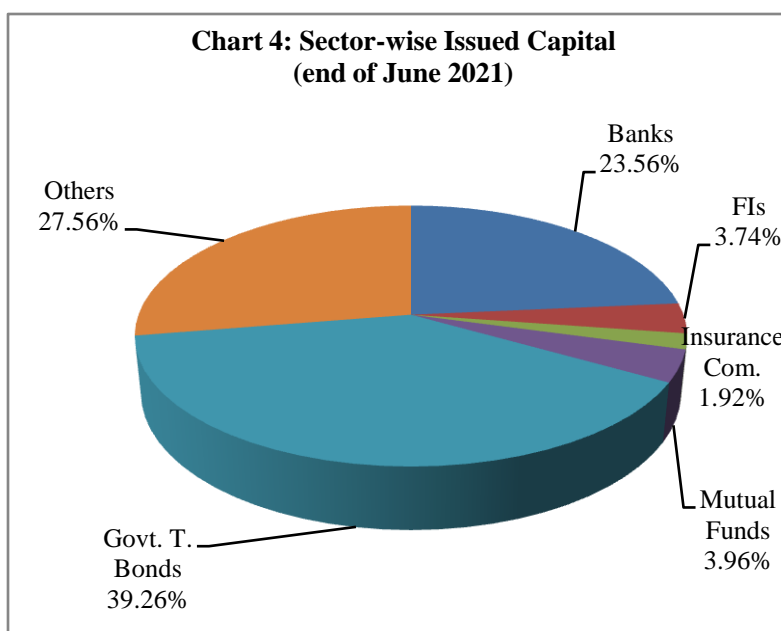


The price-earning (P/E) ratio slightly increased to 18.50 at the end of June 2021 which was 18.31 at the end of May 2021. The ratio was 10.78 at the end of June 2020. On the other hand, the yield of all share decreased to 3.98 at the end of June 2021 which was 4.06 at the end of May 2021 and 4.43 at the end of June 2020. Trends of price-earnings ratio and yield are shown in the Chart-3.

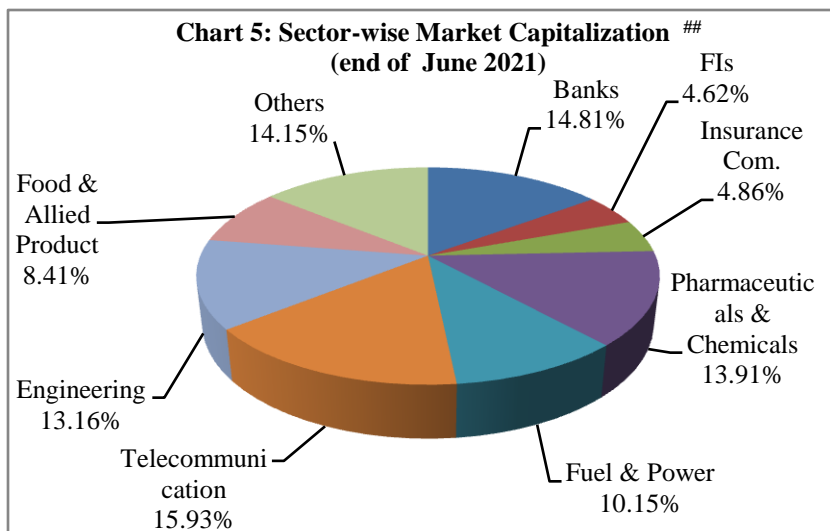


Sector wise Issued capital and market capitalization of DSE

The total amount of issued capital was BDT 1397.34 billion at the end of June 2021, which were BDT 1392.44 billion at the end of May 2021 and BDT 1297.44 billion at the end of June 2020. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominate the market in terms of issued capital at the end of June 2021. This sector issued around 39.26 percent of the capital followed by Banks 23.56 percent, Mutual Funds 3.96 percent, Financial Institutions (FIs) 3.74 percent, Insurance Companies 1.92 percent and others 27.56 percent (Chart-4).

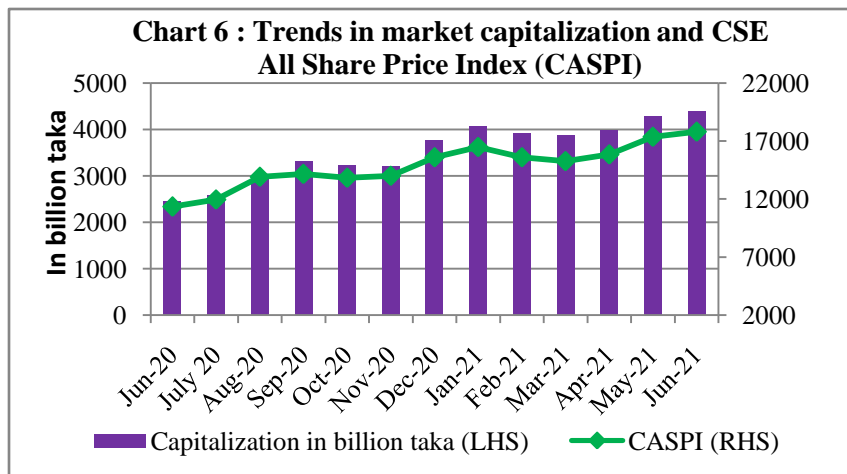


At the end of June 2021, Telecommunication recorded as the highest contributor of market capitalization which was 15.93 percent followed by banks 14.81 percent, Pharmaceuticals & Chemicals 13.91 percent, Engineering 13.16 percent, Fuel & Power 10.15 percent, Food & Allied Product 8.41 percent, Insurance Companies 4.86 percent, Financial Institutions 4.62 percent, and Others 14.15 percent (Chart-5).



Chittagong Stock Exchange (CSE)

The total number of listed securities in Chittagong Stock Exchange (CSE) stood at 348 at the end of June 2021. Total turnover value of traded shares was BDT 21.3 billion during June 2021, which were 37.72 percent higher than that of May 2021 and 123.56 percent higher than that of the same month of the previous year. The market capitalization of CSE stood at BDT 4383.65 billion at the end of June 2021, which were 2.22 percent higher than that of May 2021 and 79.10 percent higher than that of June 2020. All Share Price Index of CSE stood at 17795 points at the end of June 2021 which was 2.51 percent higher than 17359.57 points at the end of May 2021 and 57.03 percent higher than 11332.59 points at the end of June 2020 (Chart-6).



The Shariah Compliant index 'CSES' went up to 1091.85 points at the end of June 2021 which was 1044.59 points at the end of May 2021 and 733.28 points at the end of June 2020. The total amount of issued capital increased to BDT 833.65 billion at the end of June 2021 which were BDT 827.92 billion at the end of May 2021 and BDT 735.90 billion at the end of June 2020. Price Earnings (P/E) ratio in CSE slightly increased to 17.68 at the end of June 2021 which was 17.40 at the end of May 2021. The ratio was 10.68 at the end of June 2020. In Chittagong Stock Exchange, the yield slightly decreased to 3.63 at the end of June 2021 which was 3.70 at the end of May 2021. It was 4.73 at the end of June 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.