

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



October, 2021

**Research Department
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** Comments on any aspect of the report are highly welcomed and can be sent to the e-mail address: mokhlesur.rahman2@bb.org.bd and nurnabi.miah@bb.org.bd*

Highlights in October 2021

- *At the end of October 2021, both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) exhibited a downward trend in terms of index and turnover compared to that of the end of September 2021.*
- *Broad index of DSE and all share price index of CSE fell to 7000.95 points and 20480.31 points respectively at the end of October 2021, which were 7329.04 points and 21377.07 points respectively at the end of September 2021.*
- *Total turnover value of traded shares of DSE and CSE stood at BDT 370.17 billion and BDT 13.77 billion respectively at the end of October 2021, which were BDT 507.06 billion and BDT 18.42 billion respectively at the end of September 2021.*
- *The market capitalization of DSE and CSE also stood at BDT 5595.79 billion and BDT 4782.45 billion respectively at the end of October 2021, which were BDT 5815.43 billion and BDT 5037.43 billion respectively at the end of September 2021.*

Capital Market Development in Bangladesh

October, 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 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 October 2021, both DSE and CSE exhibited a downward trend in terms of index and turnover as compared to the end of September 2021. At the end of October 2021, Broad index of DSE and all share price index of CSE were 4.48 percent and 4.19 percent lower than that of September 2021. At the same time, total turnover value of traded shares of DSE and CSE were 27.00 percent and 25.25 percent lower than that of September 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 ²		Yield ³	
	DSE	CSE	DSE	CSE	DSE ¹	CSE	DSE	CSE	DSE Broad Index (DSEX Shariah Index)	CSE All Share Price Index (CSE Shariah Index)	DSE	CSE	DSE	CSE
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
Jul-21	610	349	1400.36	837.15	5344.05	4576.75	233.03	9.05	6425.26 (1401.05)	18635.40 (1177.70)	19.17	18.32	3.79	3.88
Jun-21	609	348	1397.34	833.65	5142.82	4383.65	435.09	21.30	6150.48 (1314.76)	17795.0 (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	4846.10 (1098.80)	13824.13 (888.06)	13.21	12.89	3.70	3.43

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

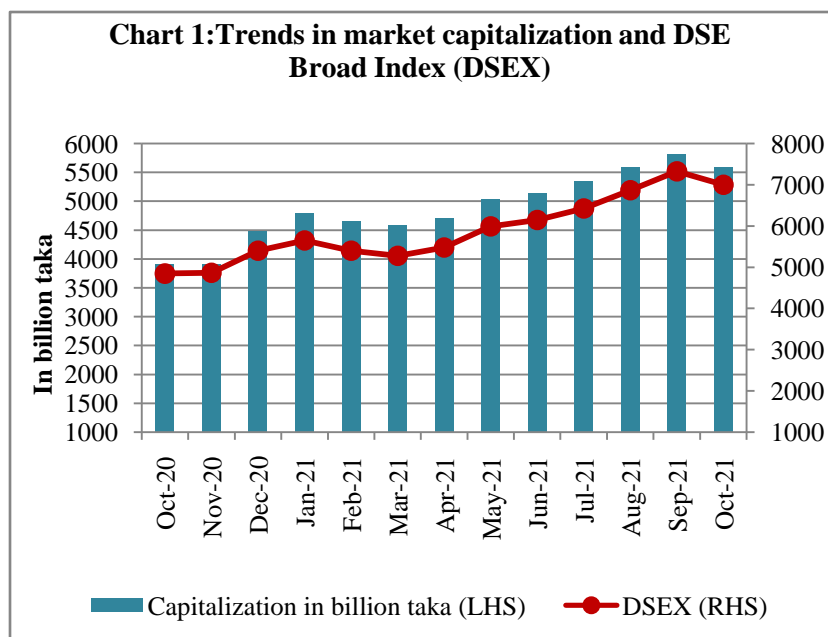
Note- 1: Total Market Capitalization of all listed securities includes companies, mutual funds, corporate bonds, treasury bonds and debentures.

2: $P/E = \frac{\text{closing price}}{\text{earning per share}}$; 3: $Yield = \frac{\text{dividend per share}}{\text{closing Price}} \times 100$

Dhaka Stock Exchange (DSE)

The total number of listed securities stood at 612 at the end of October 2021. Among listed securities, there were 343 companies, 37 mutual funds, 222 government bonds, 8 debentures, and 2 corporate bonds. The number of companies consists of 32 banks, 23 financial Institutions, 51 insurance companies, and 237 other companies.

During October 2021, total turnover value of traded shares stood at BDT 370.17 billion which was 27.00 percent lower than that of September 2021 and 117.24 percent higher than that of the same month of the last year (Table-1).



Source: Dhaka Stock Exchange

DSE Broad Index (DSEX) stood at 7000.95 at the end of October 2021 which was 4.48 percent lower than that of September 2021 and 44.47 percent higher than that of the same month of the previous year. The market capitalization of DSE stood at BDT 5595.79 billion at the end of October 2021 which was 3.78 percent lower than that of September 2021 and 43.02 percent higher than that of October 2020 (Chart-1). The ratio of market capitalization to GDP (at current market price) stood lower at 18.58 percent at the end of October 2021 which was 19.31 percent at the end of September 2021.

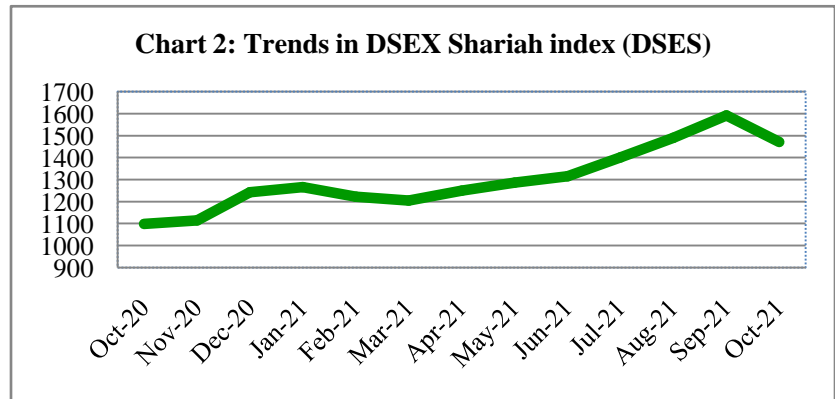
Table-2: Market Capitalization to GDP ratio⁴

Month	Market Cap. to GDP ratio
Oct-21	18.58
Sep-21	19.31
Aug-21	18.53
Jul-21	17.75
Jun-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

Source: RD own calculation

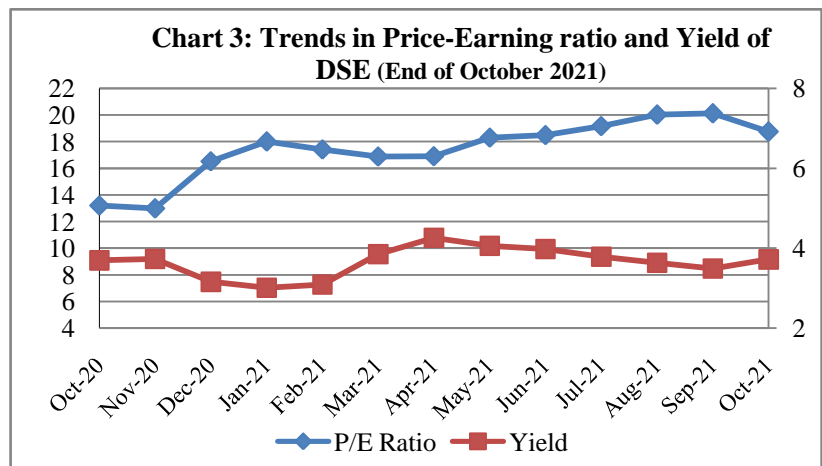
Note-4: The ratio of market capitalization to GDP is calculated as market capitalization divided by GDP of FY21^P at current market price multiplied by 100 which is 18.58 [(5595.79/30110.65) x100 = 18.58]

Sharia'h Index named DSES went down to 1470.50 points at the end of October 2021 which was 1592.10 points at the end of September 2021 and 1098.80 points at the end of October 2020 (Chart -2).



Source: Dhaka Stock Exchange

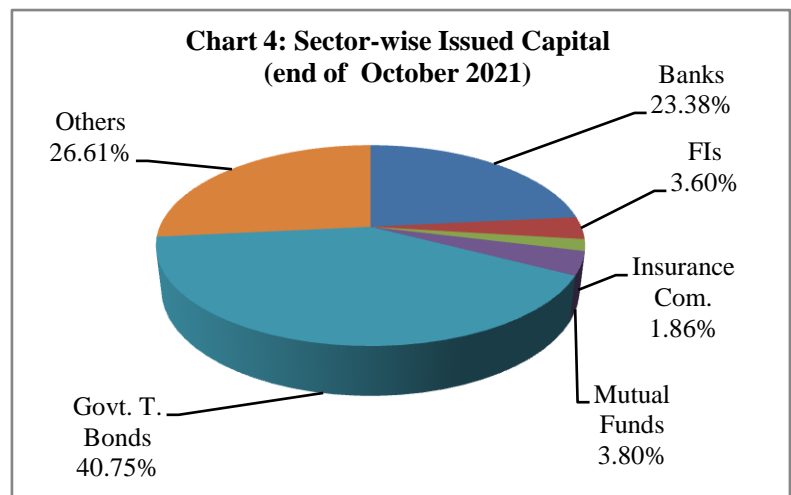
The Price-Earning (P/E) ratio decreased to 18.75 at the end of October 2021 which was 20.12 at the end of September 2021. The ratio was 13.21 at the end of October 2020. On the other hand, the yield of all share slightly increased to 3.72 at the end of October 2021 which was 3.49 at the end of September 2021 and 3.70 at the end of October 2020. Trends of price-earnings ratio and yield are shown in the Chart-3.



Source: Dhaka Stock Exchange

Sector-wise Issued capital and market capitalization⁵ of DSE

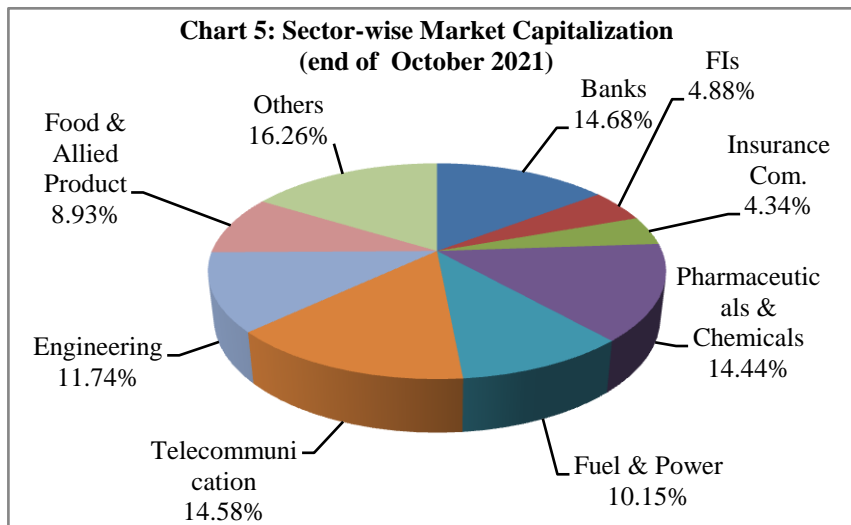
The total amount of issued capital was BDT 1456.74 billion at the end of October 2021, which were BDT 1411.06 billion at the end of September 2021 and BDT 1315.83 billion at the end of October 2020. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominate the market in terms of issued capital at the end of October 2021. This sector issued around 40.75 percent of the capital followed by Banks 23.38 percent, Mutual Funds 3.80 percent, Financial Institutions (FIs) 3.60 percent, Insurance Companies 1.86 percent and others 26.61 percent (Chart-4).



Source: Dhaka Stock Exchange

Note-5: 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.

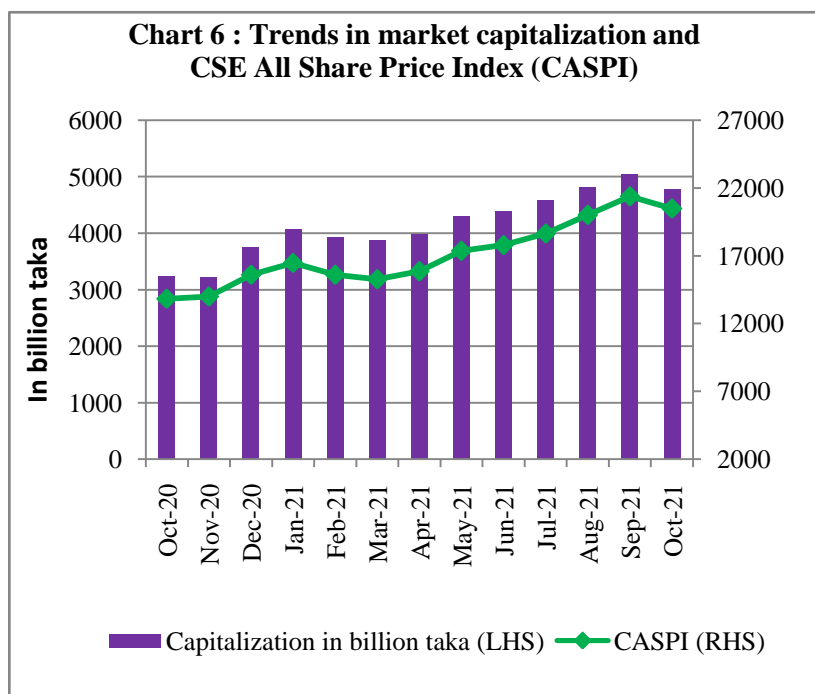
At the end of October 2021, Banks recorded as the highest contributor of market capitalization which was 14.68 percent followed by Telecommunication 14.58 percent, Pharmaceuticals & Chemicals 14.44 percent, Engineering 11.74 percent, Fuel & Power 10.15 percent, Food & Allied Product 8.93 percent, Financial Institutions 4.88 percent, Insurance Companies 4.34 percent and Others 16.26 percent (Chart-5).



Source: Dhaka Stock Exchange

Chittagong Stock Exchange (CSE)

The total number of listed securities in the CSE stood at 351 at the end of October 2021. During October 2021, total turnover value of traded shares stood at BDT 13.77 billion which was 25.25 percent lower than that of September 2021 and 154.34 percent higher than that of the same month of the previous year. The market capitalization of CSE stood at BDT 4782.45 billion at the end of October 2021 which was 5.06 percent lower than that of September 2021 and 48.16 percent higher than that of October 2020. All Share Price Index of CSE stood at 20480.31 at the end of October 2021 which was 4.19 percent lower than that of September 2021 and 48.15 percent higher than that of October 2020 (Chart-6).



Source: Chittagong Stock Exchange

The Shariah Index 'CSES' went down to 1266.48 points at the end of October 2021 which was 1367.49 points at the end of September 2021 and 888.06 points at the end of October 2020. The total amount of issued capital slightly increased to BDT 847.20 billion at the end of October 2021 which were BDT 847.04 billion at the end of September 2021 and BDT 750.21 billion at the end of October 2020. Price Earnings (P/E) ratio in CSE decreased to 18.94 at the end of October 2021 which was 19.97 at the end of September 2021. The ratio was 12.89 at the end of October 2020. In Chittagong Stock Exchange, the yield slightly increased to 3.35 at the end of October 2021 which was 3.16 at the end of September 2021 and it was 3.43 at the end of October 2020.