

Capital Market Development in Bangladesh¹



April, 2023

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

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Monthly Report on Capital Market Development: April 2023

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Highlights of Capital Market Development: April 2023

- ☛ *Total number of listed securities of DSE and CSE stood at 652 and 614 respectively at the end of April 2023.*
- ☛ *Broad Index of DSE and all share price index of CSE stood at 6262.69 and 18451.91 respectively at the end of April 2023, which were 6206.80 and 18288.34 respectively at the end of March 2023.*
- ☛ *DSEX shariah index (DSES) and CSE shariah index (CSI) stood at 1359.83 and 1161.04 respectively at the end of April 2023, which were 1349.33 and 1148.75 respectively at the end of March 2023.*
- ☛ *The market capitalization of DSE and CSE stood at BDT 7656.91 billion and BDT 7503.88 billion respectively at the end of April 2023, which were BDT 7620.28 billion and BDT 7482.34 billion respectively at the end of March 2023.*
- ☛ *Total turnover value of traded securities of DSE and CSE stood at BDT 102.96 billion and BDT 1.37 billion respectively during April 2023, which were BDT 94.06 billion and BDT 3.22 billion respectively during March 2023.*
- ☛ *The price-earning (P/E) ratio of DSE and CSE stood at 14.35 and 14.54 respectively at the end of April 2023 which were 14.24 and 14.25 respectively at the end of March 2023.*

Capital Market Development in Bangladesh April, 2023

Capital market acts as the bridge of long term financing for the industrial development of a country through the investment in shares, debentures, bonds, mutual funds, treasury bills, certificates etc. and the turnover of capital market contributes to the economic activities 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 April 2023, broad index of the DSE and all share price index of the CSE were 0.90 percent and 0.89 percent higher respectively than that of the previous month. During April 2023, total turnover value of traded securities of DSE was 9.46 percent higher than that of the previous month whereas total turnover value of traded securities of CSE was 57.45 percent lower than that of the previous month.

The status of some of the important indicators of DSE and CSE for the months from April 2022 to April 2023 is given in the table-1.

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

End of Month	Number of listed Securities		Issued capital and Debentures (Billion BDT)		Total Market ² Capitalization (Billion BDT)		Total Turnover (Billion BDT)		Major Indices				Price/Earning Ratio ³		Yield ⁴	
	DSE	CSE	DSE	CSE	DSE	CSE	DSE	CSE	DSE		CSE		DSE	CSE	DSE	CSE
									Broad Index	Shariah index	All Share Price Index	Shariah index				
Apr-23	652	614	4128.51	4117.41	7656.91	7503.88	102.96	1.37	6262.69	1359.83	18451.91	1161.04	14.35	14.54	3.73	3.50
Mar-23	654	616	4118.94	4128.24	7620.28	7482.34	94.06	3.22	6206.80	1349.33	18288.34	1148.75	14.24	14.25	3.76	3.51
Feb-23	655	617	4133.24	4140.85	7628.27	7484.19	86.29	2.03	6216.95	1359.66	18326.02	1158.44	14.33	14.54	3.88	3.62
Jan-23	657	619	4141.55	4147.75	7654.72	7534.33	117.27	2.84	6267.05	1366.01	18513.67	1172.71	14.40	14.48	3.86	3.53
Dec-22	656	618	4117.16	3662.73	7609.37	7414.38	72.31	2.87	6206.81	1358.84	18328.02	1160.95	14.10	14.35	3.93	3.59
Nov-22	656	618	4112.93	4096.77	7642.41	7436.13	163.27	3.59	6235.95	1370.18	18408.51	1169.88	14.50	16.26	3.92	3.58
Oct-22	656	621	4093.52	4086.25	7669.18	7460.16	210.92	4.91	6307.34	1377.43	18622.81	1186.57	14.69	15.99	3.86	3.56
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

Note: BDT= Bangladeshi Currency (Taka)

²Total market capitalization of DSE includes companies, mutual funds, corporate bonds, govt. treasury bonds and debentures etc. whereas total market capitalization of CSE does not include debentures.

$$^3 \frac{P}{E} = \frac{\text{closing price}}{\text{earning per share}};$$

$$^4 \text{Yield} = \frac{\text{dividend per share}}{\text{closing price}} \times 100$$

Dhaka Stock Exchange (DSE)

The total number of listed securities stood at 652 at the end of April 2023.

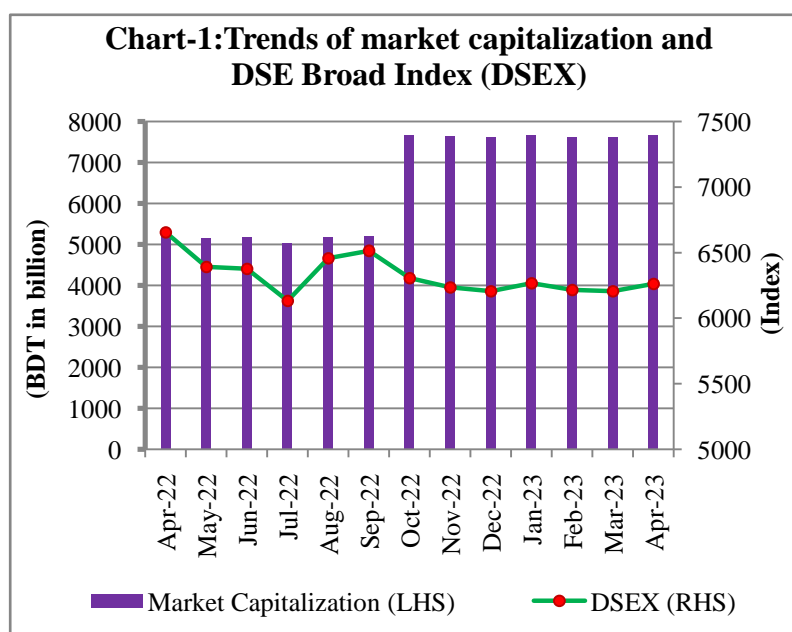
Among the listed securities, there were 355 companies, 36 mutual funds, 243 government bonds, 8 debentures, and 10 corporate bonds. The number of companies consists of 35 banks, 23 financial institutions, 56 insurance companies, and 241 other companies.

DSE broad index (DSEX) stood at 6262.69 at the end of April 2023 which was 0.90 percent higher than that of the previous month but 5.90 percent lower than that of the same month of the preceding year. The market capitalization of DSE stood at BDT 7656.91 billion at the end of

April 2023 which was 0.48 percent higher than that of the previous month and 42.60 percent higher 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 of DSE to GDP (at current market price) increased to 19.28 percent at the end of April 2023 which was 19.19 percent at the end of March 2023 and 13.52 percent at the end of the corresponding month of the previous year (Table-2).

It may be mentioned that a significant increase in market capitalization of DSE from BDT 5199.14 billion in September 2022 to BDT 7669.18 billion in October 2022 was appeared due to the jump in the number of listed govt. treasury bonds from 222 to 250 during the same period, which ultimately helped to increase the market capitalization to GDP ratio from October 2022 to onward.



Source: Dhaka Stock Exchange

Table-2: Ratio of Market Capitalization to GDP⁵

End of Month	Ratio of Market Capitalization to GDP
April-2023	19.28
March-2023	19.19
February-2023	19.21
January-2023	19.27
December-2022	19.16
November-2022	19.24
October-2022	19.31
September-2022	13.09
August-2022	13.06
July-2022	12.66
June-2022	13.04
May-2022	13.01
April-2022	13.52

Source: Own calculation by the officials of RD,BB

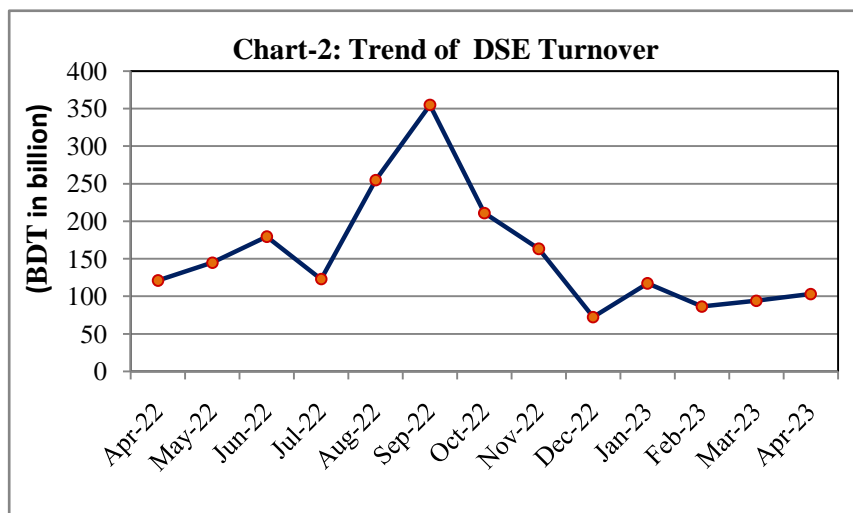
⁵The ratio of market capitalization to GDP is calculated as market capitalization divided by GDP of FY22 at current market price multiplied by 100 [Example: (7656.91/39717.16) x100 = 19.28 for April-2023]

During April 2023, value of total turnover of the traded securities of DSE stood at BDT 102.96 billion which was 9.46 percent higher than that of March 2023 but 14.94 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.

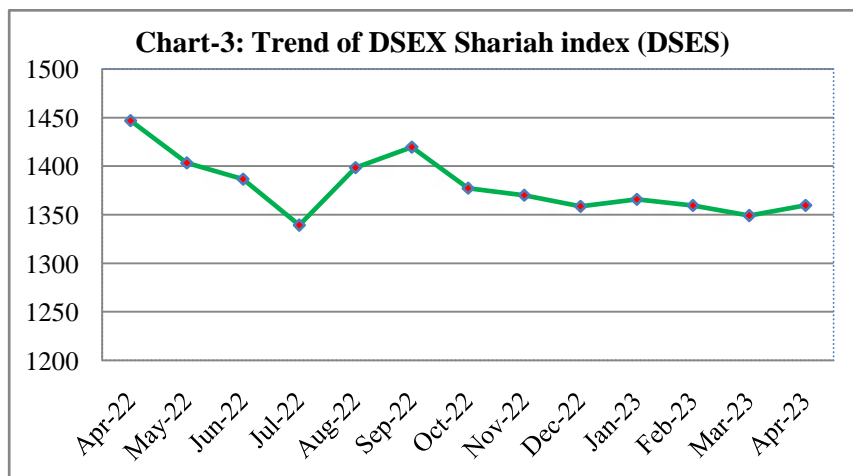
At the end of April 2023, DSEX shariah index (DSES) stood at 1359.83 which was 0.78 percent higher than that of March 2023 but 6.02 percent lower than that of the same month of the previous year. The trend of the DSEX shariah index (DSES) is shown in chart-3.

The price-earning (P/E) ratio of all securities of DSE stood at 14.35 at the end of April 2023 which was 14.24 at the end of March 2023. It may be mentioned that this ratio was 15.40 at the end of April 2022.

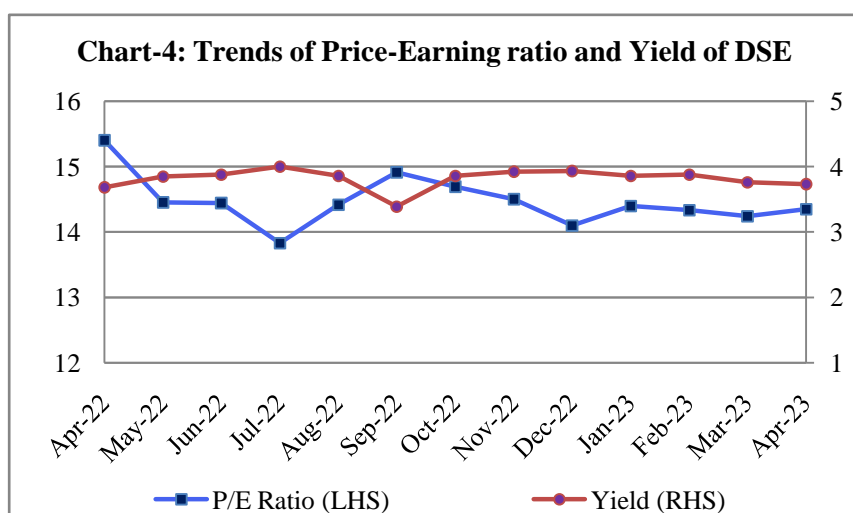
The yield of all securities of DSE stood at 3.73 at the end of April 2023 which was 3.76 at the end of March 2023 and 3.68 at the end of April 2022. Trends of price-earnings ratio and yield of DSE are shown in Chart-4.



Source: Dhaka Stock Exchange



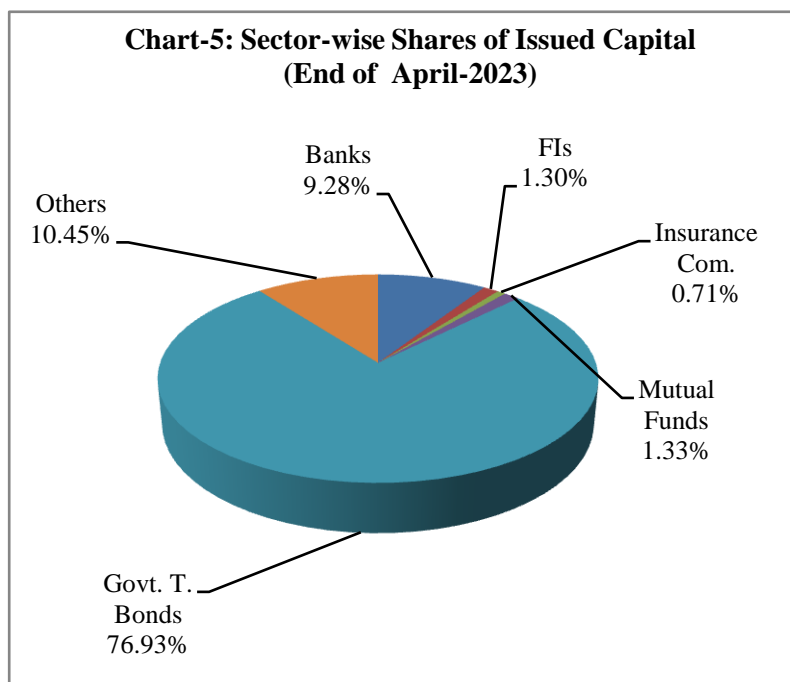
Source: Dhaka Stock Exchange



Source: Dhaka Stock Exchange

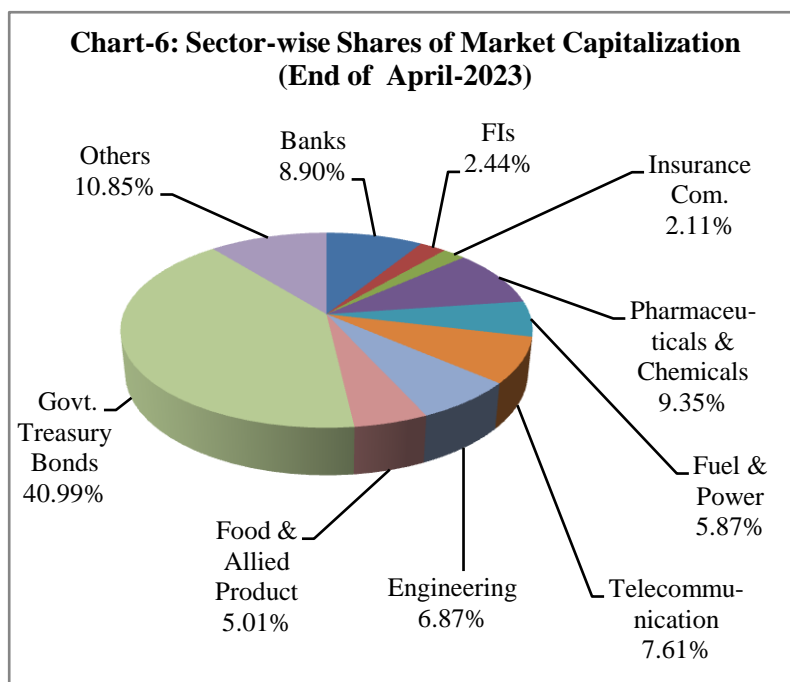
Sector-wise Issued Capital and Market Capitalization of DSE

The total amount of issued capital of DSE stood at BDT 4128.51 billion at the end of April 2023, which were BDT 4118.94 billion at the end of March 2023 and BDT 1510.68 billion at the end of April 2022. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominated the market in terms of issued capital at the end of April 2023. This sector alone issued around 76.93 percent of the capital followed by banks 9.28 percent, mutual funds 1.33 percent, financial institutions (FIs) 1.30 percent, insurance companies 0.71 percent and others 10.45 percent (Chart-5).



Source: Dhaka Stock Exchange

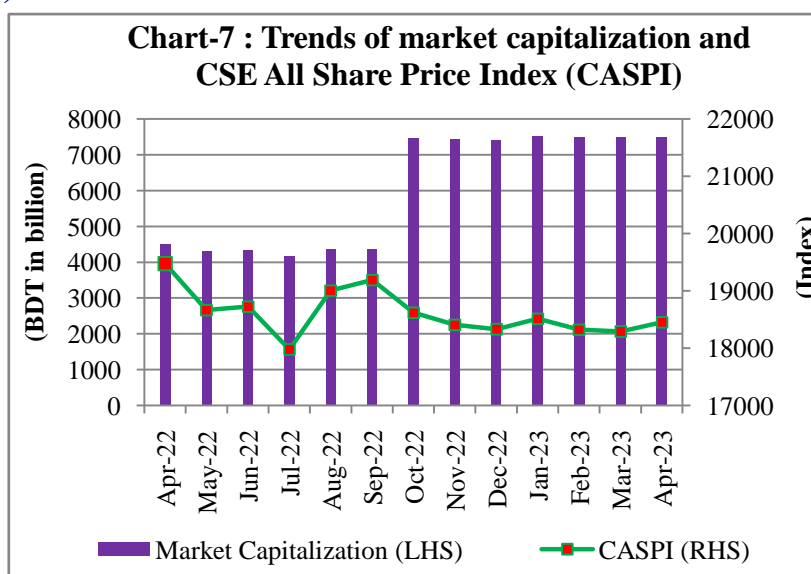
The total amount of market capitalization of DSE stood at BDT 7656.91 billion at the end of April 2023, which was BDT 7620.28 billion at the end of March 2023 and BDT 5369.61 billion at the end of April 2022. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) alone recorded as the highest contributor of market capitalization which was 40.99 percent followed by pharmaceuticals & chemicals 9.35 percent, banks 8.90 percent, telecommunication 7.61 percent, engineering 6.87 percent, fuel & power 5.87 percent, food & allied product 5.01 percent, financial institutions 2.44 percent, insurance companies 2.11 percent and others 10.85 percent (Chart-6). It may be mentioned that debentures are not included in the sector-wise market capitalization of all listed securities because these products are not currently traded in the market.



Source: Dhaka Stock Exchange

Chittagong Stock Exchange (CSE)

The total number of listed securities in the CSE stood at 614 at the end of April 2023. The total amount of issued capital stood at BDT 4117.41 billion at the end of April 2023 which were BDT 4128.24 billion at the end of March 2023 and BDT 904.39 billion at the end of the same month of the previous year. It may be mentioned that 250 BGTBs were listed newly in the CSE in October 2022 and the issued capital stood at BDT 4086.25 billion from BDT 916.70 billion in September 2022. All share price index of CSE (CASPI) stood at 18451.91 at the end



Source: Chittagong Stock Exchange

of April 2023 which was 0.89 percent higher than that of March 2023 but 5.25 percent lower than that of the same month of the previous year. CSE shariah index (CSI) stood at 1161.04 at the end of April 2023 which was 1148.75 at the end of March 2023 and 1218.27 at the corresponding month of the previous year. The market capitalization of the CSE stood at BDT 7503.88 billion at the end of April 2023 which was 0.29 percent higher than that of March 2023 as well as 66.41 percent higher 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 April 2023, value of total turnover of traded securities of CSE stood at BDT 1.37 billion which was BDT 3.22 billion during March 2023 and BDT 4.56 billion during the same month of the previous year. Price-earnings (P/E) ratio of all securities of CSE increased to 14.54 at the end of April 2023 which was 14.25 at the end of March 2023. However, this ratio was 19.20 at the end of April 2022. The yield stood at 3.50 at the end of April 2023 which was 3.51 and 3.43 at the end of March 2023 and April 2022 respectively.

Recent Steps for Developing Capital Market

- Bangladesh Bank issued a circular letter on August 04, 2022 regarding the exposure limit of total investment in capital market by the bank. The circular stated that the purchase price would be treated as market price for calculating the exposure limit of holding shares of other companies by the bank (the detailed information is given on the web link: <https://www.bb.org.bd/en/index.php/mediaroom/circular>).
- Bangladesh Securities and Exchange Commission (BSEC) has increased the credit facilities against good shares to promote the securities market and protect the interests of investors. Recently, BSEC has directed DSE and CSE to allow merchant bankers to provide margin loans or credit facilities to their clients for purchasing equity securities with a price-earnings ratio not exceeding 50, which remain at "A" category for at least three previous consecutive financial years having a current paid-up capital not less than BDT 500 million. This directive replaces the previous prohibition of margin loans or credit facilities for securities with a price-earnings ratio over 40 (the detailed information is given on the web link: https://sec.gov.bd/slaws/Directive_18.04.2023.pdf).