

Capital Market Development in Bangladesh¹



March, 2023

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

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Monthly Report on Capital Market Development: March 2023

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Highlights of Capital Market Development: March 2023

- ☞ *Total number of listed securities of DSE and CSE stood at 654 and 616 respectively at the end of March 2023.*
- ☞ *Broad Index of DSE and All Share Price Index of CSE stood at 6206.80 and 18288.34 respectively at the end of March 2023, which were 6216.95 and 18326.02 respectively at the end of February 2023.*
- ☞ *DSEX Shariah Index (DSES) and CSE Shariah Index (CSI) stood at 1349.33 and 1148.75 respectively at the end of March 2023, which were 1359.66 and 1158.44 respectively at the end of February 2023.*
- ☞ *The market capitalization of DSE and CSE stood at BDT 7620.28 billion and BDT 7482.34 billion respectively at the end of March 2023, which were BDT 7628.27 billion and BDT 7484.19 billion respectively at the end of February 2023.*
- ☞ *Total turnover value of traded securities of DSE and CSE stood at BDT 94.06 billion and BDT 3.22 billion respectively during March 2023, which were BDT 86.29 billion and BDT 2.03 billion respectively during February 2023.*
- ☞ *The Price-Earning (P/E) ratio of DSE and CSE stood at 14.24 and 14.25 respectively at the end of March 2023 which were 14.33 and 14.54 respectively at the end of February 2023.*

Capital Market Development in Bangladesh March, 2023

Capital market acts as a bridge of long term financing for the industrial development of a country through the sale and purchase of shares, debentures, bonds, mutual funds, treasury bills, certificates etc. and the turnover of capital market contributes to the economic development 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 March 2023, Broad Index of the DSE and all share price index of the CSE were 0.16 percent and 0.21 percent lower respectively than that of the previous month. During March 2023, total turnover value of traded securities of DSE and CSE were 9.00 percent and 58.62 percent higher than that of the previous month.

The status of some of the important indicators of DSE and CSE for the months from March 2022 to March 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 | | | | |
| 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 |
| Mar-22 | 623 | 363 | 1506.79 | 896.80 | 5394.15 | 4546.00 | 185.43 | 6.64 | 6757.84 | 1468.11 | 19748.83 | 1245.39 | 15.63 | 16.80 | 3.77 | 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 654 at the end of March 2023.

Among the listed securities, there were 355 companies, 36 mutual funds, 245 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 6206.80 at the end of March 2023 which was 0.16 percent lower than that of the previous month as well as 8.15 percent lower than that of the same month of the preceding year. The

market capitalization of DSE stood at BDT 7620.28 billion at the end of March 2023 which was 0.10 percent lower than that of the previous month due to mainly the maturity of two government treasury bonds. It may be mentioned that it was 41.27 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) slightly decreased to 19.19 percent at the end of March 2023 which was 19.21 percent at the end of February 2023 and 13.58 percent at the end of the corresponding month of the previous year (Table-2).

It may be mentioned that the market capitalization of DSE increased to BDT 7669.18 billion in October 2022 from BDT 5199.14 billion in September 2022 due to the increase in the number of listed govt. treasury bonds to 250 in October 2022 from 222 in September 2022 which ultimately helped to increase the market capitalization to GDP ratio from October 2022 to onward.

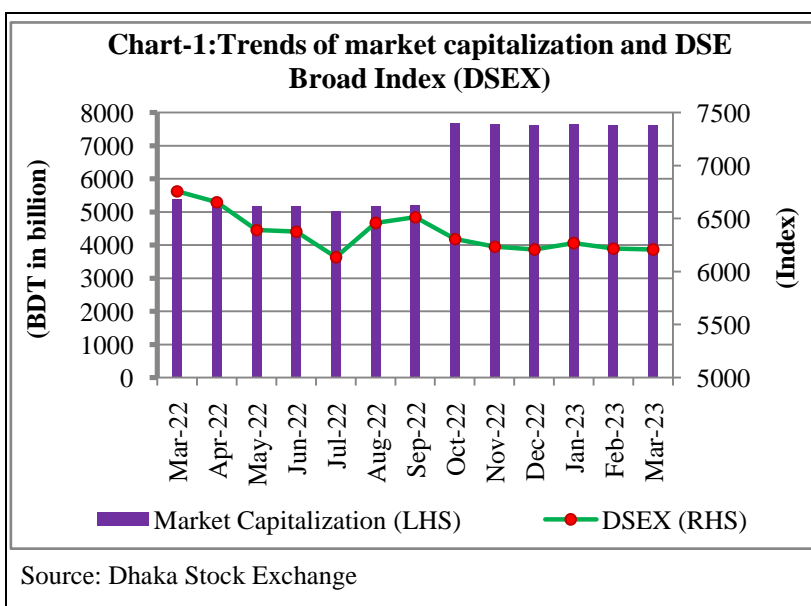


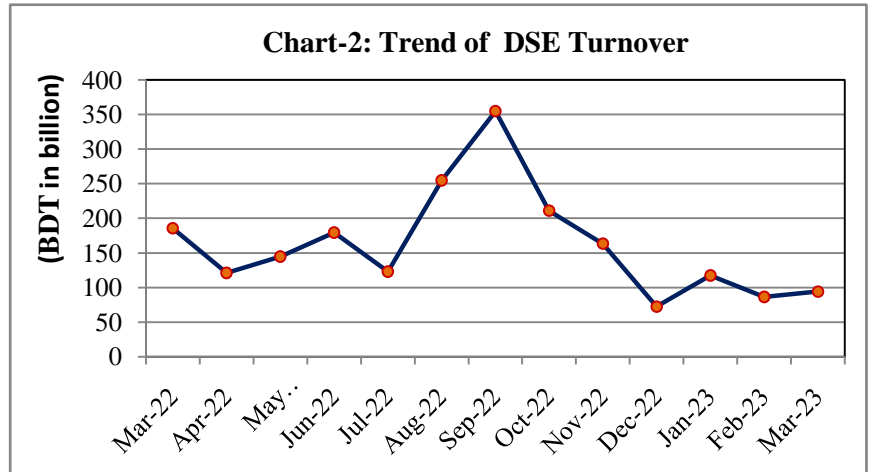
Table-2: Ratio of Market Capitalization to GDP⁵

| End of Month | Ratio of Market Capitalization to GDP |
|----------------|---------------------------------------|
| 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 |
| March-2022 | 13.58 |

Source: Own calculation by the officials of RD, BB

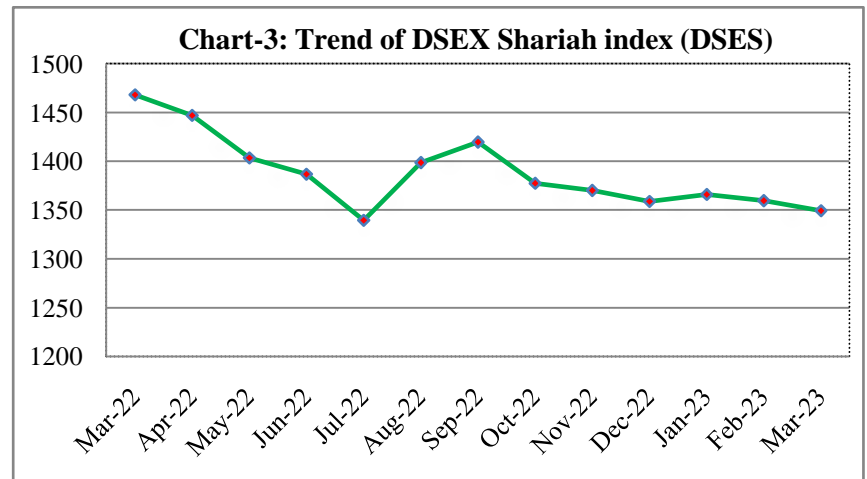
⁵The ratio of market capitalization to GDP is calculated as market capitalization divided by GDP of FY22 at current market price multiplied by 100 [Example: (7620.28/39717.16) x100 = 19.19 for March-2023]

During March 2023, value of total turnover of the traded securities of DSE stood at BDT 94.06 billion which was 9.0 percent higher than that of February 2023 but 49.27 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.



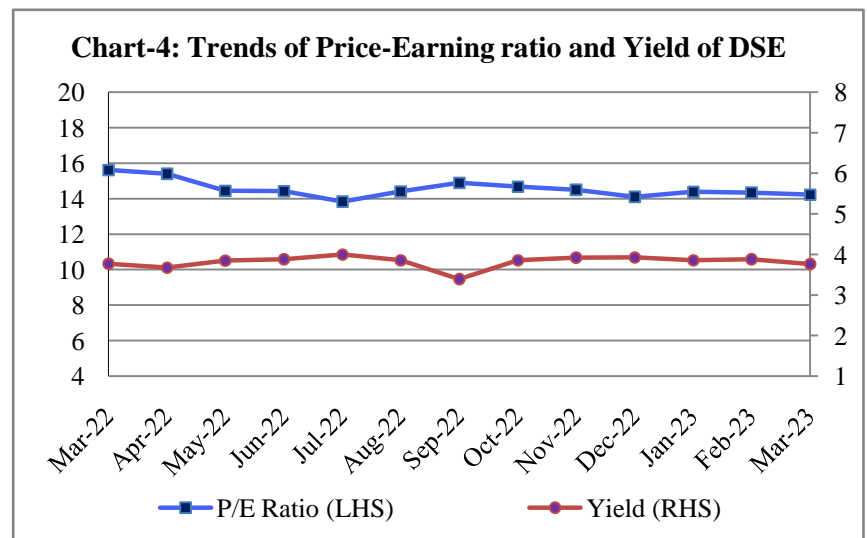
Source: Dhaka Stock Exchange

At the end of March 2023, DSEX Shariah Index (DSES) stood at 1349.33 which was 0.76 percent and 8.09 percent lower than that of February 2023 and of March 2022 respectively. The trend of the DSEX Shariah index (DSES) is shown in chart-3.



Source: Dhaka Stock Exchange

The Price-Earning (P/E) ratio of all securities of DSE stood at 14.24 at the end of March 2023 which was 14.33 at the end of February 2023. It may be mentioned that this ratio was 15.63 at the end of March 2022.

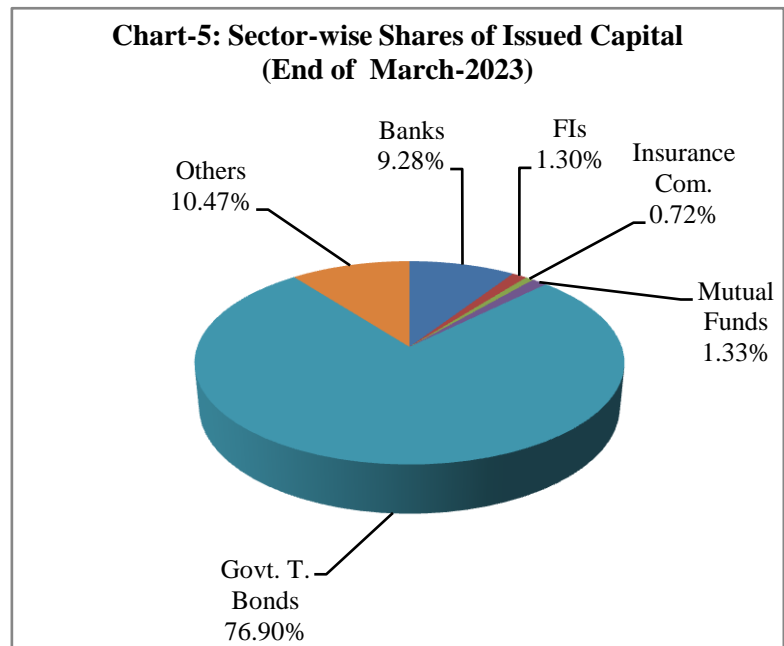


Source: Dhaka Stock Exchange

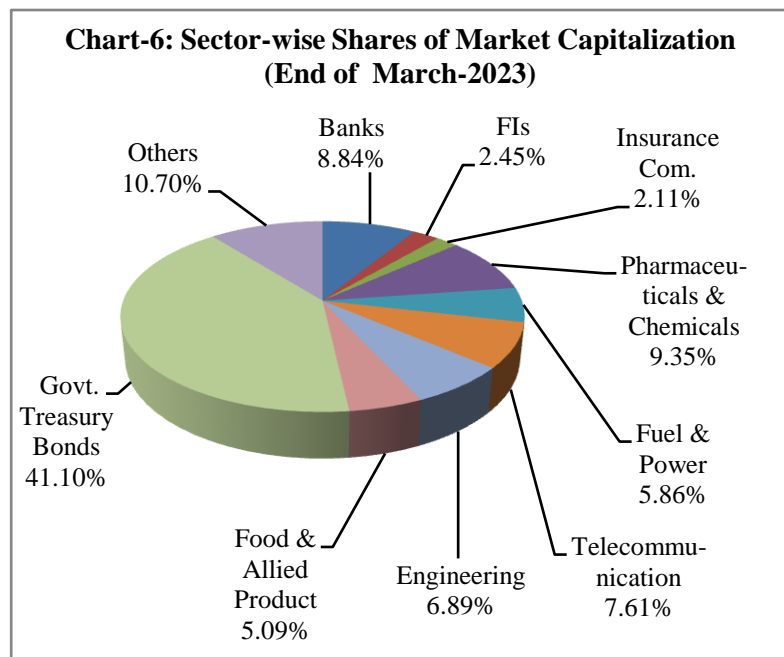
Sector-wise Issued Capital and Market Capitalization of DSE

The total amount of issued capital of DSE stood at BDT 4118.94 billion at the end of March 2023, which were BDT 4133.24 billion at the end of February 2023 and BDT 1506.79 billion at the end of March 2022. However, the issued capital slightly declined in March 2023 as compared to February 2023 due to the maturity of two government treasury bonds. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominated the market in terms of issued capital at the end of March 2023. This sector alone issued around 76.9 percent of the capital followed by Banks 9.28 percent, Mutual Funds 1.33 percent, Financial Institutions (FIs) 1.30 percent, Insurance Companies 0.72 percent and others 10.47 percent (Chart-5).

The total amount of market capitalization of DSE was BDT 7620.28 billion at the end of March 2023, which were BDT 7628.27 billion at the end of February 2023 and BDT 5394.15 billion at the end of March 2022. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) alone recorded as the highest contributor of market capitalization which was 41.10 percent followed by Pharmaceuticals & Chemicals 9.35 percent, Banks 8.84 percent, Telecommunication 7.61 percent, Engineering 6.89 percent, Fuel & Power 5.86 percent, Food & Allied Product 5.09 percent, Financial Institutions 2.45 percent, Insurance Companies 2.11 percent and others 10.70 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.



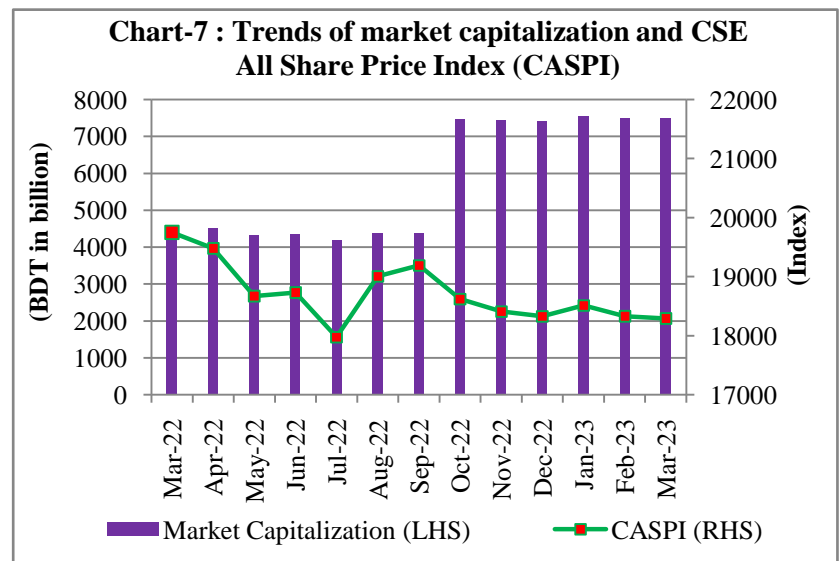
Source: Dhaka Stock Exchange



Source: Dhaka Stock Exchange

Chittagong Stock Exchange (CSE)

The total number of listed securities in the CSE stood at 616 at the end of March 2023. The total amount of issued capital stood at BDT 4128.24 billion at the end of March 2023 which were BDT 4140.85 billion at the end of February 2023 and BDT 896.80 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. However, the issued capital slightly



Source: Chittagong Stock Exchange

declined in March 2023 as compared to February 2023 due to the maturity of two government treasury bonds. All Share Price Index of CSE (CASPI) stood at 18288.34 at the end of March 2023 which was 0.21 percent lower than that of February 2023 as well as 7.40 percent lower than that of the same month of the previous year. CSE Shariah Index (CSI) stood at 1148.75 at the end of March 2023 which was 1158.44 at the end of February 2023 and 1245.39 at the corresponding month of the previous year. The market capitalization of the CSE stood at BDT 7482.34 billion at the end of March 2023 which was 0.02 percent lower than that of February 2023 but 64.59 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 March 2023, value of total turnover of traded securities of CSE stood at BDT 3.22 billion which was BDT 2.03 billion during February 2023 and BDT 6.64 billion during the same month of the previous year. Price Earnings (P/E) ratio in CSE slightly decreased to 14.25 at the end of March 2023 which was 14.54 at the end of February 2023. However, this ratio was 16.80 at the end of March 2022. The yield stood at 3.51 at the end of March 2023 which was 3.62 at the end of February 2023 and 3.43 at the end of March 2022.

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 Bank-Company. 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-Company. For details: <https://www.bb.org.bd/en/index.php/mediaroom/circular>
- In the interest of investors in securities and for the development of the securities market, Bangladesh Securities and Exchange Commission (BSEC) imposed an order on March 01, 2023 regarding the floor price on 169 companies/securities in order to regulate the share/security price movement in trading. According to the circular, the opening price of the mentioned 169 companies/securities shall be determined at the floor price. For details: https://sec.gov.bd/slaws/Order_01.03.2023.pdf