

Capital Market Development in Bangladesh¹



September, 2023

Research Department
Division-4
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Monthly Report on Capital Market Development: September 2023

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Key Highlights of Capital Market Development: September 2023

- ☛ *Total number of listed securities of DSE and CSE stood at 652 and 614 respectively at the end of September 2023.*
- ☛ *Broad index of DSE and all share price index of CSE decreased to 6284.63 and 18580.58 at the end of September 2023 from 6299.50 and 18633.18 at the end of August 2023 respectively.*
- ☛ *DSEX shariah index (DSES) and CSE shariah index (CSI) decreased to 1359.60 and 1167.70 at the end of September 2023 from 1372.52 and 1175.12 at the end of August 2023 respectively.*
- ☛ *The market capitalization of DSE and CSE increased to BDT 7766.36 billion and BDT 7718.92 billion at the end of September 2023 from BDT 7748.98 billion and BDT 7668.47 billion respectively at the end of August 2023.*
- ☛ *Total turnover value of traded securities of DSE and CSE increased to BDT 113.06 billion and BDT 7.91 billion during September 2023 from BDT 96.52 billion and BDT 0.24 billion respectively during August 2023.*
- ☛ *The price-earning (P/E) ratio of DSE and CSE stood at 14.35 and 18.74 at the end of September 2023 which were 14.39 and 13.94 respectively at the end of August 2023.*

Capital Market Development in Bangladesh September, 2023

Capital market acts as the bridge of long term financing for the industrial development of a country through 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 September 2023, broad index of the DSE and all share price index of the CSE were 0.24 percent and 0.28 percent respectively lower than that of the previous month. During September 2023, total turnover value of traded securities of DSE was 17.14 percent higher than that of the previous month. There was a significant increase in the total turnover of traded securities of CSE from just BDT 0.24 billion in August 2023 to BDT 7.91 billion in September 2023.

The status of some of the important indicators of DSE and CSE for the months from September 2022 to onwards is given in 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				
Sep-23	652	614	4292.12	4313.77	7766.36	7718.92	113.06	7.91	6284.63	1359.60	18580.58	1167.70	14.35	18.74	3.64	3.55
Aug-23	652	614	4266.26	4255.27	7748.98	7668.47	96.52	0.24	6299.50	1372.52	18633.18	1175.12	14.39	13.94	3.65	3.55
Jul-23	654	616	4311.41	4301.76	7800.01	7717.18	171.28	3.27	6324.81	1370.92	18683.43	1171.83	14.44	14.08	3.67	3.54
Jun-23	653	615	4177.78	4166.96	7702.32	7577.86	146.80	13.80	6344.09	1377.00	18702.20	1176.32	14.34	14.16	3.67	3.26
May-23	653	615	4166.78	4162.11	7708.91	7587.00	184.62	3.23	6339.74	1377.00	18714.52	1175.39	14.50	14.27	3.69	3.48
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

Note: BDT= Bangladeshi Currency (Taka)

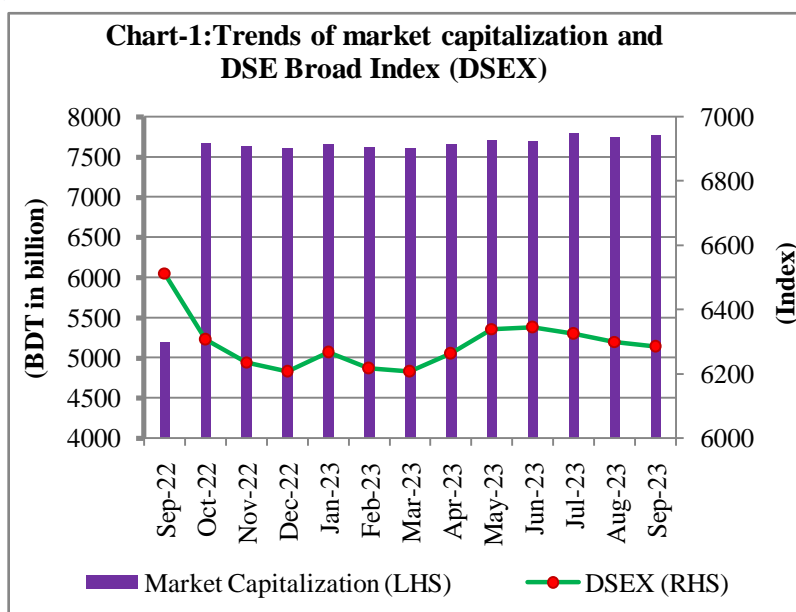
²Total market capitalization of DSE includes companies, mutual funds, corporate bonds, govt. treasury bonds and debentures whereas total market capitalization of CSE does not include debentures.

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

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

Dhaka Stock Exchange (DSE)

The total number of listed securities stood at 652 at the end of September 2023. Among the listed securities, there were 356 companies, 36 mutual funds, 241 government bonds, 8 debentures and 11 corporate bonds. The number of companies consists of 35 banks, 23 financial institutions, 57 insurance companies, and 241 other companies. DSE broad index (DSEX) stood at 6284.63 at the end of September 2023 which was 0.24 percent lower than that of the previous month and 3.50 percent lower than that of the same month of the preceding year. The market



Source: Dhaka Stock Exchange

capitalization of DSE stood at BDT 7766.36 billion at the end of September 2023 which was 0.22 percent higher than that of the previous month and 49.38 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 prices) increased to 17.49 percent at the end of September 2023 which was 17.46 percent at the end of August 2023 and 11.71 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 onwards.

Table-2: Ratio of Market Capitalization to GDP⁵

End of Period	Ratio of Market Capitalization to GDP
September-2023	17.49
August-2023	17.46
July-2023	17.57
June-2023	17.35
May2023	17.37
April-2023	17.25
March-2023	17.17
February-2023	17.18
January-2023	17.24
December-2022	17.14
November-2022	17.22
October-2022	17.28
September-2022	11.71

Source: Own calculation by the officials of RD,BB

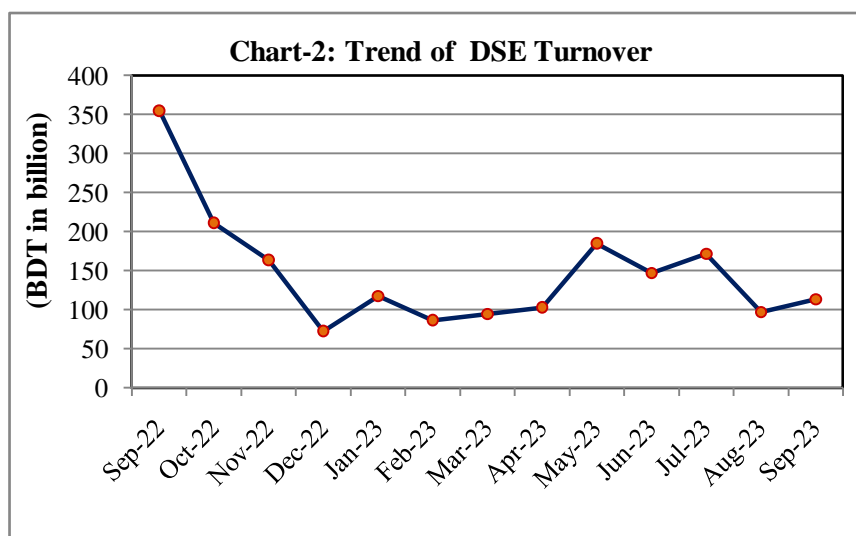
⁵The ratio of market capitalization to GDP is calculated as market capitalization divided by provisional GDP of FY23 at current market prices multiplied by 100 [Example: (7766.36/44392.73) x100 = 17.49 for September 2023]. It may be noted that the provisional GDP of FY23 has been taken from National Accounts Statistics published recently by BBS.

During September 2023, value of total turnover of the traded securities of DSE stood at BDT 113.06 billion which was 17.14 percent higher than that of August 2023 but 68.13 percent lower than that of the same month of the previous year. The trend of total turnover in the DSE is shown in Chart-2.

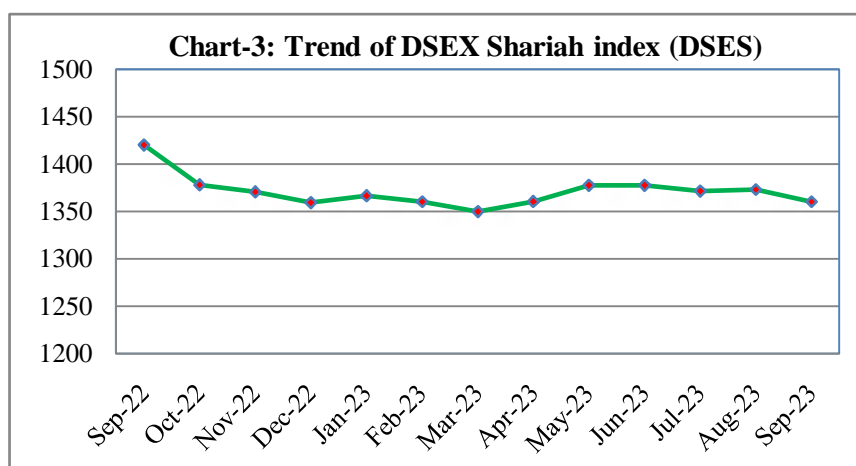
At the end of September 2023, DSEX shariah index (DSES) stood at 1359.60 which was 0.94 percent and 4.23 percent lower than that of the previous month and the same month of the previous year respectively. The trend of the DSEX shariah index (DSES) is shown in Chart-3.

The price-earning (P/E) ratio of all securities of DSE stood at 14.35 at the end of September 2023 which was 14.39 at the end of August 2023 and 14.91 at the end of September 2022.

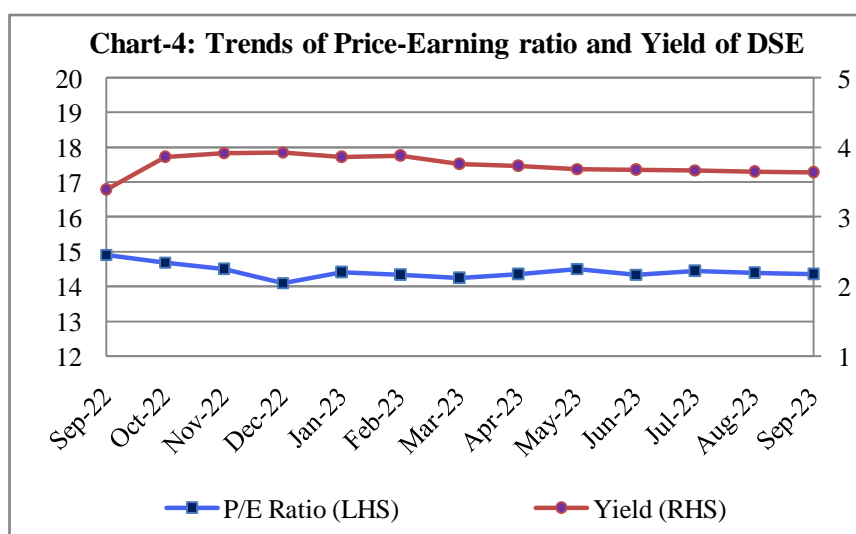
The yield of all securities of DSE stood at 3.64 at the end of September 2023 which was 3.65 at the end of August 2023 and 3.39 at the end of September 2022. Trends of price-earnings ratio and yield of DSE are shown in Chart-4.



Source: Dhaka Stock Exchange



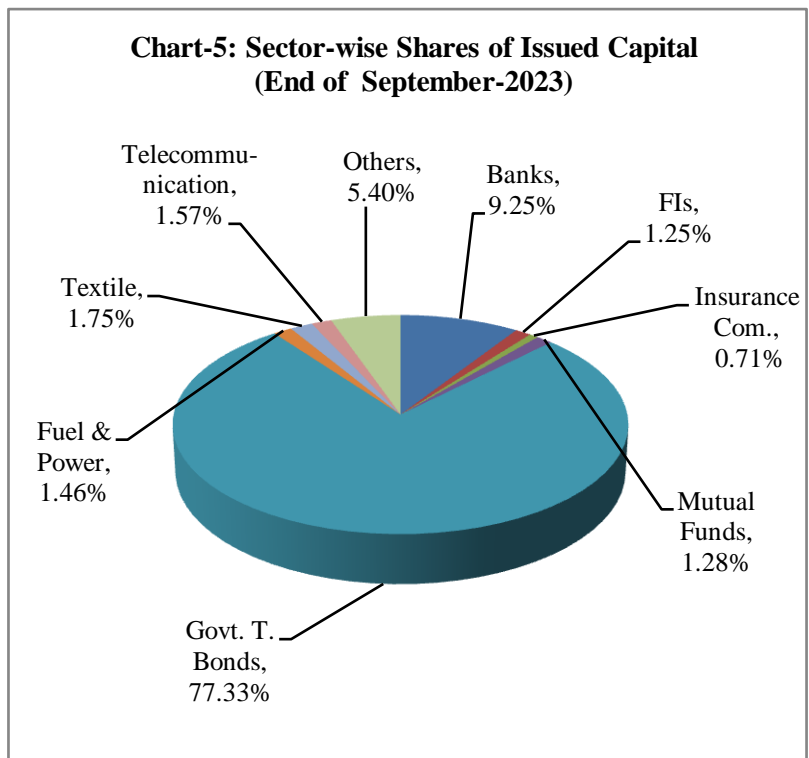
Source: Dhaka Stock Exchange



Source: Dhaka Stock Exchange

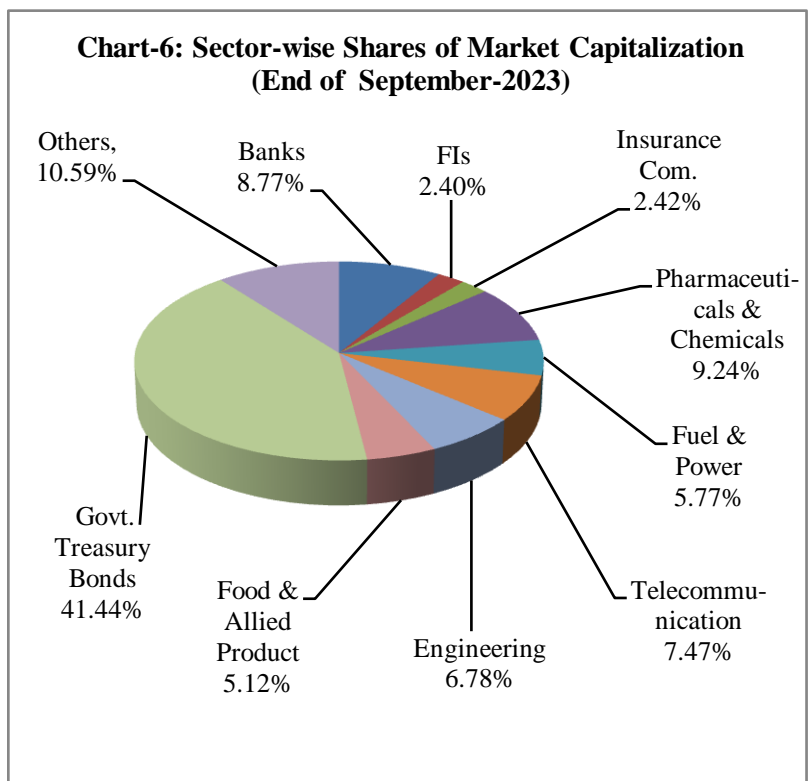
Sector-wise Issued Capital and Market Capitalization of DSE

The total amount of issued capital of DSE increased to BDT 4292.12 billion at the end of September 2023 from BDT 4266.26 billion at the end of August 2023 and BDT 1527.54 billion at the end of September 2022. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominated the market as usual in terms of issued capital at the end of September 2023 which alone occupied around 77.33 percent of the issued capital. Of the remaining sectors: 9.25 percent was issued by banks, 1.75 percent by textile, 1.57 percent by telecommunication, 1.46 percent by fuel & power, 1.28 percent by mutual funds, 1.25 percent by financial institutions (FIs), 0.71 percent by insurance companies and 5.40 percent by others (Chart-5).



Source: Dhaka Stock Exchange

The total amount of market capitalization of DSE increased to BDT 7766.36 billion at the end of September 2023 from BDT 7748.98 billion at the end of August 2023 and BDT 5199.14 billion at the end of September 2022. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) alone recorded as the highest contributor (41.44 percent) of market capitalization followed by pharmaceuticals & chemicals 9.24 percent, banks 8.77 percent, telecommunication 7.47 percent, engineering 6.78 percent, fuel & power 5.77 percent, food & allied product 5.12 percent, insurance companies 2.42 percent, financial institutions 2.40 percent and others 10.59 percent (Chart-6).

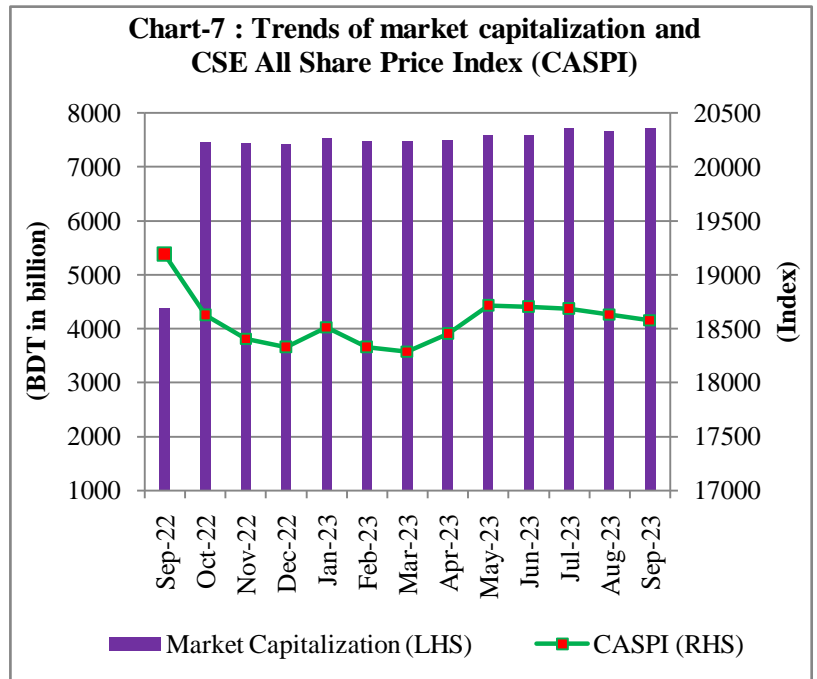


Source: Dhaka Stock Exchange

(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 being traded in the market.

Chittagong Stock Exchange (CSE)

The total number of listed securities in the CSE stood at 614 at the end of September 2023. The total amount of issued capital increased to BDT 4313.77 billion at the end of September 2023 from BDT 4255.27 billion at the end of August 2023 and BDT 916.70 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 back in October 2022 and the issued capital increased to BDT 4086.25 billion from just BDT 916.70 billion in September 2022. All share price index of CSE (CASPI) stood at 18580.58 at the end of September 2023 which was 0.28 percent and 3.17 percent lower than



Source: Chittagong Stock Exchange

that of August 2023 and the same month of the previous year respectively. CSE shariah index (CSI) decreased to 1167.70 at the end of September 2023 from 1175.12 at the end of the previous month and 1234.07 at the end of the corresponding month of the previous year. The market capitalization of the CSE stood at BDT 7718.92 billion at the end of September 2023 which was 0.66 percent and 76.44 percent higher than that of August 2023 and the same month of the previous year respectively. The trends of market capitalization and all share price index of the CSE are shown in Chart-7.

During the month of September 2023, value of total turnover of traded securities of CSE significantly increased to BDT 7.91 billion from just BDT 0.24 billion during August 2023 but decreased as compared to BDT 13.11 billion during the same month of the previous year. Price-earnings (P/E) ratio of all securities of CSE stood at 18.74 at the end of September 2023 which was 13.94 at the end of August 2023 and 16.08 at the end of September 2022. The yield was at 3.55 at the end of September 2023, the same as in August 2023 but 3.49 at the end of September 2022.

Recent Steps for Developing Capital Market

- Bangladesh Bank issued a circular on 31 August 2023 regarding the investment in capital market by bank company. The circular stated that previously bank companies were directed to include all types of shares, debentures, corporate bonds, mutual fund units and other capital market instruments in their capital market investment portfolios on both solo and consolidated basis. However, an amendment on 13 August 2023 has excluded bonds, debentures, and Shariah-based instruments from banks' prescribed investment limits. In this regard, the formats for capital market investment disclosures have been updated in accordance with both solo and consolidated basis (the detailed information is given on the web link: <https://www.bb.org.bd/en/index.php/mediaroom/circular>).

- The Bangladesh Securities and Exchange Commission (BSEC) issued a directive on 13 August 2023 extending the time for investment in listed debt securities up to March 2024. This directive modifies previous circulars related to investment requirements in listed debt securities and Treasury Bonds. Initially, securities market intermediaries, including merchant bankers, portfolio managers, asset managers, and stock-dealers, were required to invest a minimum of 3% of their own portfolios and at least 3% of the portfolio value of mutual funds in listed debt securities within 30 June 2022. Additionally, as per a separate circular they were also required a minimum investment of 1% of their own portfolios in listed Treasury Bonds within 30 June 2023 with reporting of the same under BOIDs. The recent directive extends the deadline for compliance with these investment ratios up to March 2024 (the detailed information is given on the web link: https://sec.gov.bd/slaws/Directive_13.08.2023.pdf).