

Capital Market Development in Bangladesh*

December, 2020



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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. The analysis on capital market development gives some insights to understand overall activities of capital market in Bangladesh. *At the end of December 2020, both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) exhibited upward trend in terms of both index and turnover compared to the end of November 2020. Total turnover value of traded shares of DSE and CSE were BDT 215.88 billion and BDT 9.18 billion respectively at the end of December 2020 which were 24.02 percent and 58.22 percent higher respectively than that of November 2020. Broad index of DSE and all share price index of CSE rose to 5402.07 points and 15592.92 points respectively at the end of December 2020 which were 4866.84 points and 13991.43 points respectively at the end of November 2020.*

Table : 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
Dec-19	587	329	1294.81	730.18	3395.51	2888.88	67.03	3.96	4452.93 (999.83)	13505.70 (859.03)	11.80	16.27	5.03	4.40
Jan-20	589	331	1297.42	732.66	3408.93	2698.45	80.72	4.10	4469.66 (1028.29)	13586.40 (882.72)	11.74	11.65	4.99	4.33
Feb-20	589	331	1297.44	732.66	3429.83	2741.11	124.28	6.20	4480.23 (1044.91)	13742.96 (901.17)	11.88	15.71	4.90	4.36
Mar-20	589	331	1297.44	733.08	3122.35	2445.72	66.46	4.84	4008.29 (920.69)	11328.00 (729.30)	10.58	10.56	5.50	4.77
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
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
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
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
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
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
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

Source: Dhaka Stock Exchange (DSE) & Chittagong Stock Exchange (CSE)

Note: BDT= Bangladeshi Currency (Taka)

@ No transactions were made in April & May, 2020 due to ordinary holiday for Covid-19

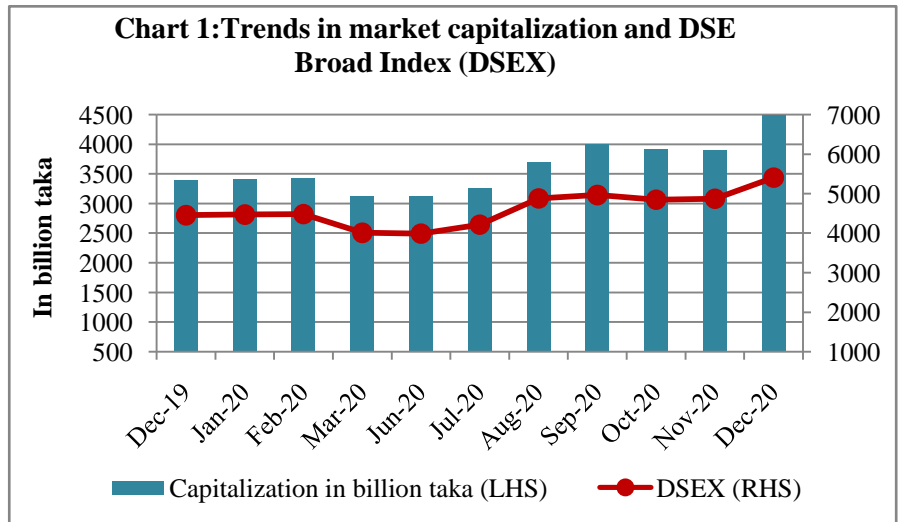
#Total Market Capitalization of all listed securities includes companies, mutual funds, corporate bonds, treasury bonds and debentures.

Dhaka Stock Exchange (DSE)

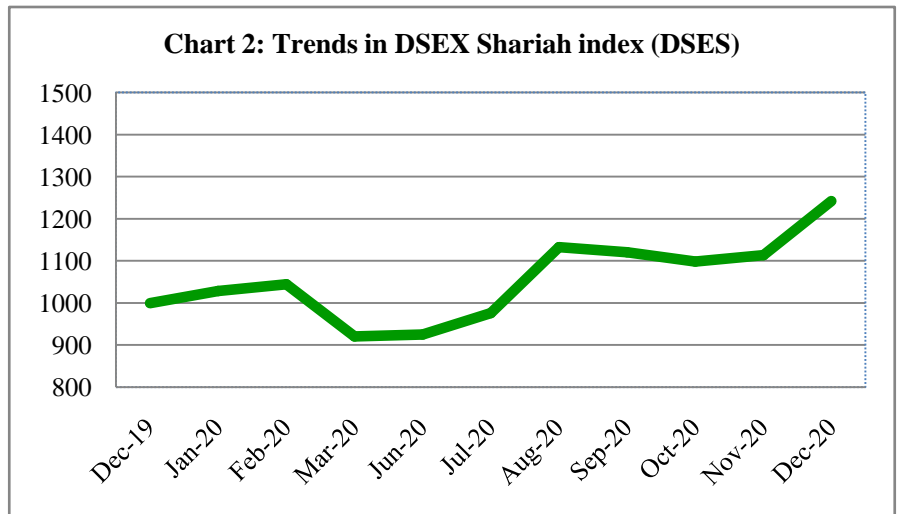
The total number of listed securities stood at 597 at the end of December 2020. Among listed securities, there were 329 companies, 37 mutual funds, 221 government bonds, 8 debentures, and 2 corporate bonds. The number of companies consists of 30 banks, 23 financial Institutions, 49 insurance companies and 227 others companies.

Total turnover value of traded shares was BDT 215.88 billion during December 2020 which was 24.02 percent higher than that of November 2020 and 222.08 percent higher than that of the same month of the last year respectively (see the table).

DSE Broad Index (DSEX) stood at 5402.07 points at the end of December 2020, which was 11.00 percent higher than 4866.84 points at the end of November 2020 and 21.31 percent higher than 4452.93 points at the end of December 2019 (Chart-1).



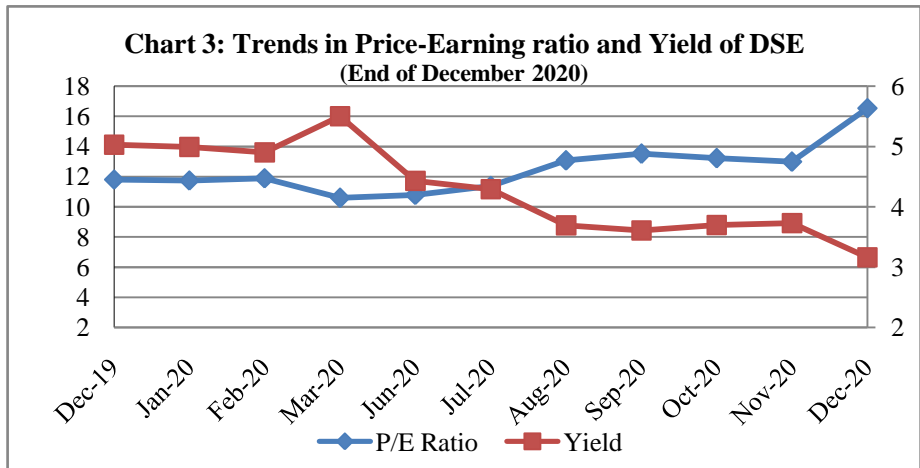
The market capitalization of DSE stood at BDT 4482.30 billion at the end of December 2020 which was 14.94 percent higher than BDT 3899.79 billion at the end of November 2020 and 32.01 percent higher than that of BDT 3395.51 billion at the end of December 2019 (Chart-1). The ratio of market capitalization to GDP (at current market price) stood at 16.03 percent* at the end of December 2020 which was 13.95 percent at the end of November 2020.



Sharia'h Compliant index named DSES went up to 1242.11 points at the end of December 2020 which was 1113.98 points at the end of November 2020 and 999.83 points at the end of December 2019 (Chart 2).

*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 16.03 [(4482.30/27963.78) x100 = 16.03].

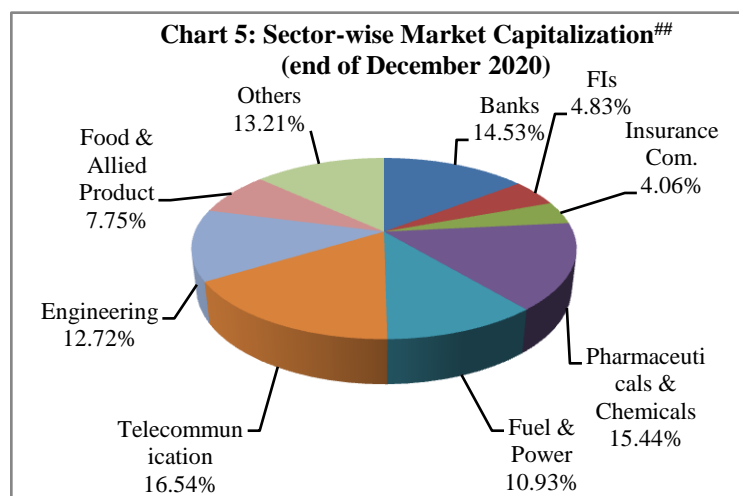
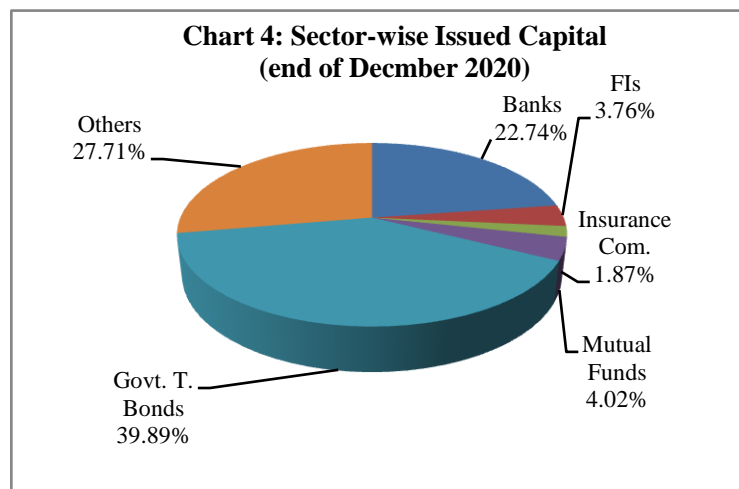
The price-earning (P/E) ratio increased to 16.53 at the end of December 2020 which was 12.98 at the end of the November 2020. The ratio was 11.80 at the end of the December 2019. On the other hand, the yield of all share decreased to 3.16 at the end of December 2020 which was 3.73 at the



end of November 2020 and 5.03 at the end of December 2019. Trends of price-earning 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 1375.28 billion at the end of December 2020 which was BDT 1316.10 billion at the end of November 2020 and BDT 1294.81 billion at the end of December 2019. At the end of December 2020 among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominate the bourse in terms of issued capital. This sector issued around 39.89 percent of the capital followed by Banks 22.74 percent, Mutual Funds 4.02 percent, Financial Institutions (FIs) 3.76 percent, Insurance Companies 1.87 percent and Others 27.71 percent (Chart 4).



At the end of December 2020, Telecommunication recorded as the highest contributor of market capitalization which was 16.54 percent followed by Pharmaceuticals & Chemicals 15.44 percent, Banks 14.53 percent, Engineering 12.72 percent, Fuel & Power 10.93 percent, Food & Allied Product 7.75 percent,

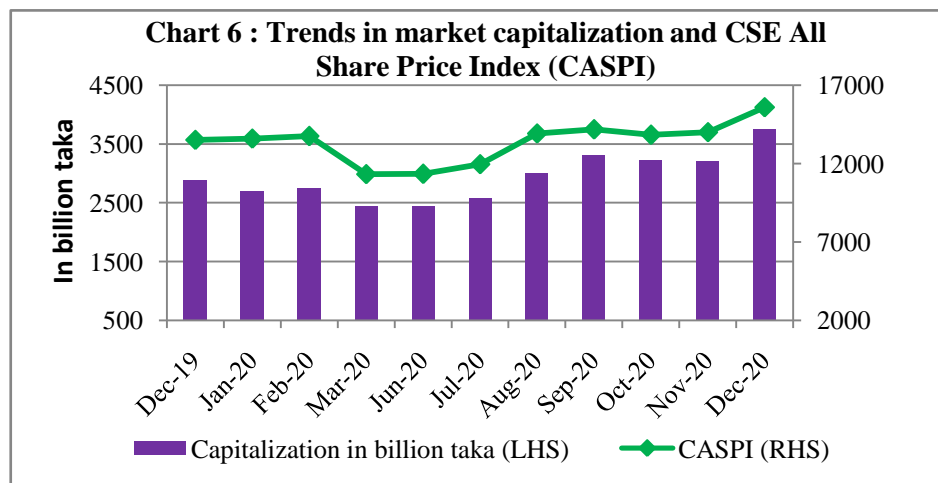
^{##} Sector-wise Market Capitalization of all listed securities excluding Bangladesh Govt. Treasury Bonds (BGTBs) and debentures since these two types of products are not taking part in trading in the market.

Financial Institutions 4.83 percent, Insurance Companies 4.06 percent, and Others 13.21 percent (Chart 5).

Chittagong Stock Exchange (CSE)

The total number of listed securities in Chittagong Stock Exchange (CSE) stood at 338 at the end of December 2020. Total turnover value of traded shares was BDT 9.18 billion during December 2020 which was 58.22 percent higher than that of November 2020 and 132.10 percent higher than that of the same month of the previous year. The market capitalization of CSE stood at BDT 3754.95 billion at the end of December 2020 which were 16.89 percent and 29.98 percent higher than that of the market capitalization of November 2020 and December 2019 respectively.

All Share Price Index of CSE stood at 15592.92 points at the end of December 2020, which was 11.45 percent higher than 13991.43 points at the end of November 2020 and 15.45 percent higher than 13505.70 points at the end of December 2019 (Chart-6).



The Shariah Compliant index 'CSES' went up to 1018.85 points at the end of December 2020 which was 919.67 points at the end of November 2020 and 859.03 points at the end of December 2019.

The total amount of issued capital slightly rose to BDT 809.29 billion at the end of December 2020 which was BDT 754.02 billion at the end of November 2020 and BDT 730.18 billion at the end of December 2019. Price Earnings (P/E) ratio in CSE increased to 14.98 at the end of December 2020 which was 12.82 at the end of November 2020. The ratio was 16.27 at the end of December 2019. In Chittagong Stock Exchange, the yield decreased to 3.11 at the end of December 2020 which was 3.46 at the end of November 2020 and 4.40 at the end of December 2019.