

Capital Market Development in Bangladesh



December, 2022

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

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Highlights in December 2022

- *Total number of listed securities of DSE and CSE stood at 656 and 618 respectively at the end of December 2022.*
- *Broad Index of DSE and All Share Price Index of CSE stood at 6206.81 and 18328.02 respectively at the end of December 2022, which were 6235.95 and 18408.51 respectively at the end of November 2022.*
- *DSEX Shariah Index (DSES) and CSE Shariah Index (CSI) stood at 1358.84 and 1160.95 respectively at the end of December 2022, which were 1370.18 and 1169.88 respectively at the end of November 2022.*
- *The market capitalization of DSE and CSE stood at BDT 7609.37 billion and BDT 7414.38 billion respectively at the end of December 2022, which were BDT 7642.41 billion and BDT 7436.13 billion respectively at the end of November 2022.*
- *Total turnover value of traded securities of DSE and CSE stood at BDT 72.31 billion and BDT 2.87 billion respectively during December 2022, which were BDT 163.27 billion and BDT 3.59 billion respectively during November 2022.*
- *The Price-Earning (P/E) ratio of DSE and CSE stood at 14.10 and 14.35 respectively at the end of December 2022 which were 14.50 and 16.26 respectively at the end of November 2022.*

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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 December 2022, Broad Index of the DSE and all share price index of the CSE were 0.47 percent and 0.44 percent lower respectively than that of the previous month. During December 2022, total turnover value of traded securities of DSE and CSE were 55.71 percent and 20.06 percent lower respectively than that of November 2022.

The position of some of the important indicators of DSE and CSE for the months from December 2021 to December 2022 is given in the table-1.

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

End of Month	Number of listed Securities		Issued capital and Debentures (Billion BDT)		Total Market ¹ Capitalization (Billion BDT)		Total Turnover (Billion BDT)		Major Indices				Price/Earning Ratio ²		Yield ³	
	DSE	CSE	DSE	CSE	DSE	CSE	DSE	CSE	DSE		CSE		DSE	CSE	DSE	CSE
									Broad Index	Shariah index	All Share Price Index	Shariah index				
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
Feb-22	622	361	1505.36	891.35	5437.19	4587.74	221.00	8.27	6739.45	1453.48	19641.26	1225.85	16.15	17.09	4.08	3.76
Jan-22	622	361	1505.10	891.12	5569.82	4745.74	312.61	9.41	6926.29	1481.89	20298.59	1265.70	16.58	17.66	3.97	3.63
Dec-21	617	356	1463.66	850.09	5421.96	4585.54	193.65	11.07	6756.66	1431.12	19666.07	1211.44	16.29	17.29	4.07	3.71

Note: BDT= Bangladeshi Currency (Taka)

¹Total 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.

² P/E = $\frac{\text{closing price}}{\text{earning per share}}$;

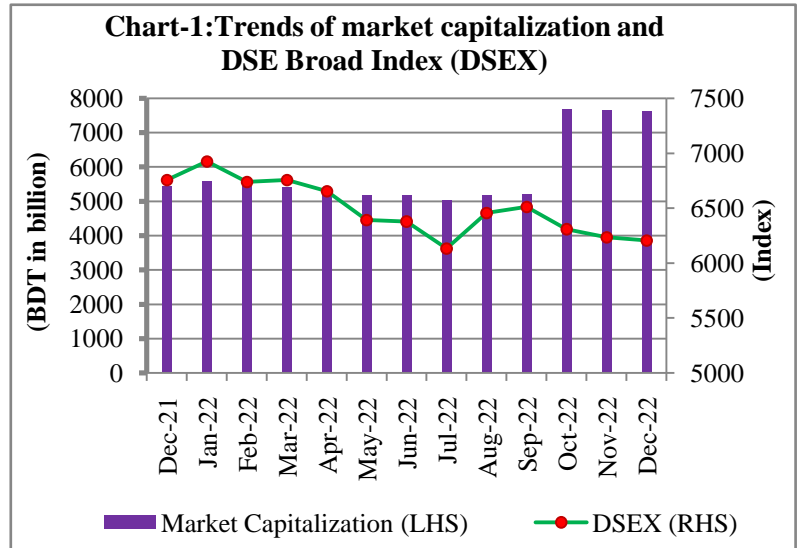
³ Yield = $\frac{\text{dividend per share}}{\text{closing price}} \times 100$

Dhaka Stock Exchange (DSE)

The total number of listed securities stood at 656 at the end of December 2022. Among the listed securities, there were 354 companies, 37 mutual funds, 248 government bonds, 8 debentures, and 9 corporate bonds. The number of companies consists of 34 banks, 23 financial institutions, 56 insurance companies, and 241 other companies.

DSE Broad Index (DSEX) stood at 6206.81 at the end of December 2022 which was 0.47 percent and 8.14 percent lower than that of the previous month and the same month of the preceding year.

The market capitalization of DSE stood at BDT 7609.37 billion at the end of December 2022 which was 0.43 percent lower than that of the previous month but 40.34 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.



Source: Dhaka Stock Exchange

The ratio of market capitalization of DSE to GDP (at current market price) slightly decreased to 19.14 percent at the end of December 2022 which was 19.22 percent at the end of November 2022 and 13.64 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 increasing the market capitalization to GDP ratio from October 2022 to onward.

Table-2: Ratio of Market Capitalization to GDP⁴

End of Month	Ratio of Market Capitalization to GDP
December-2022	19.14
November-2022	19.22
October-2022	19.29
September-2022	13.07
August-2022	13.05
July-2022	12.65
June-2022	13.02
May-2022	13.00
April-2022	13.50
March-2022	13.57
February-2022	13.67
January-2022	14.01
December-2021	13.64

Source: Wing's own calculation

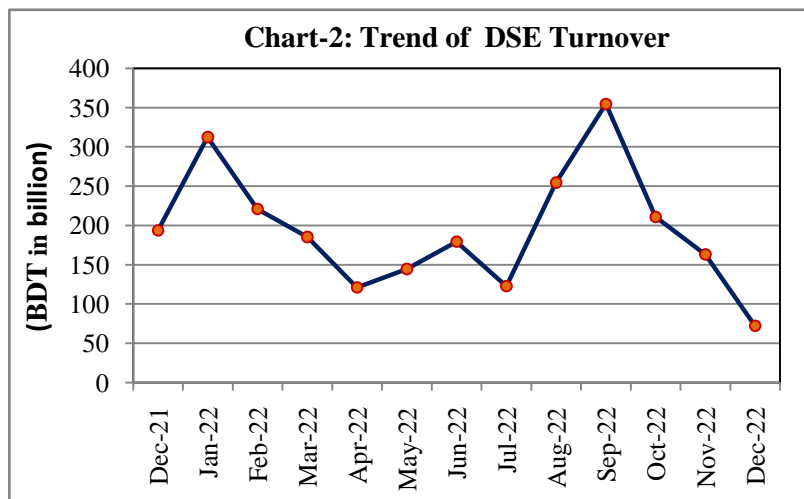
⁴The ratio of market capitalization to GDP is calculated as market capitalization divided by GDP of FY22^P at current market price multiplied by 100 [(7609.37/39764.62) x100 = 19.14].

During December 2022, value of total turnover of the traded securities of DSE stood at BDT 72.31 billion which was 55.71 percent lower than that of November 2022 and 62.66 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.

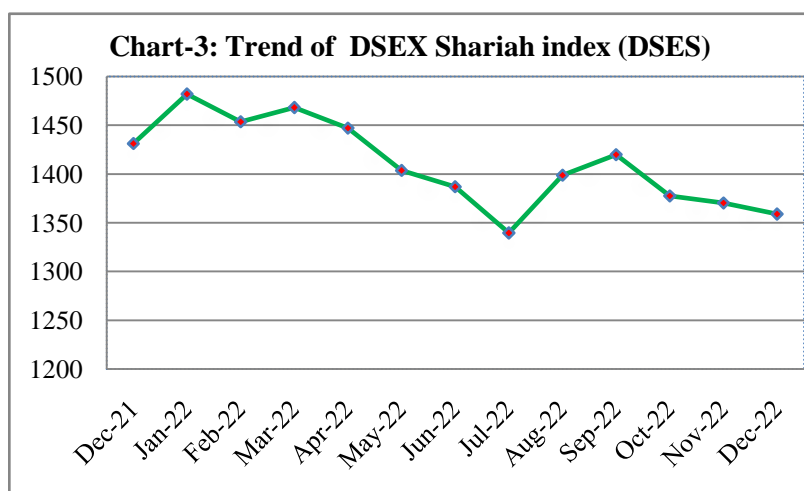
At the end of December 2022, DSEX Shariah Index (DSES) stood at 1358.84 which was 0.83 percent lower than that of November 2022 and 5.05 percent lower than that of December 2021. The trend of the DSEX Shariah index (DSES) is shown in chart-3.

The Price-Earning (P/E) ratio of all securities of DSE stood at 14.10 at the end of December 2022 which was 14.50 at the end of November 2022. It may be mentioned that this ratio was 16.29 at the end of December 2021.

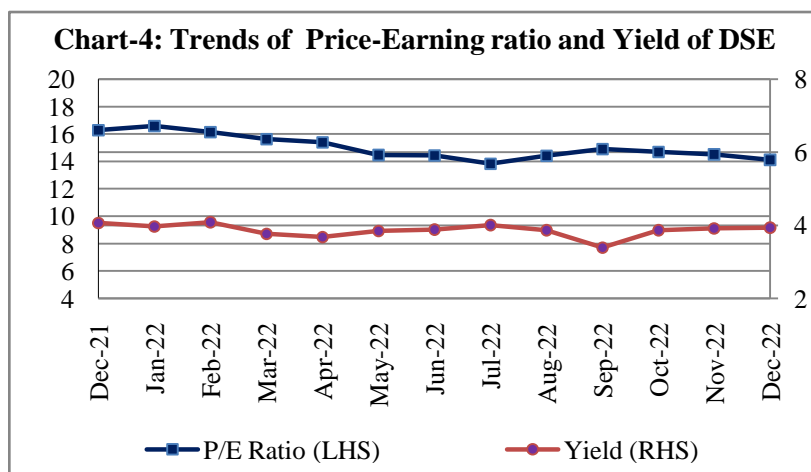
The yield of all securities of DSE stood at 3.93 at the end of December 2022 which was 3.92 at the end of November 2022 and 4.07 at the end of December 2021. Trends of price-earnings ratio and yield of DSE are shown in Chart-4.



Source: Dhaka Stock Exchange



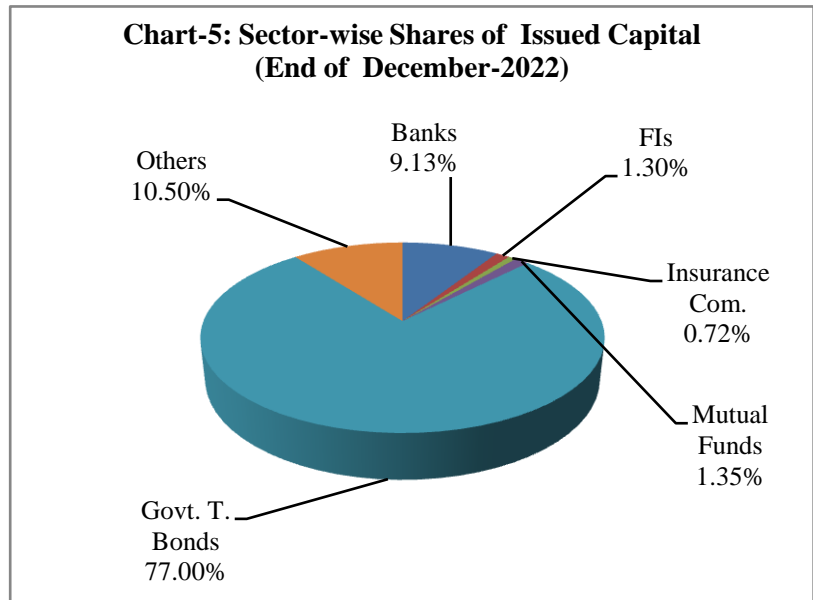
Source: Dhaka Stock Exchange



Source: Dhaka Stock Exchange

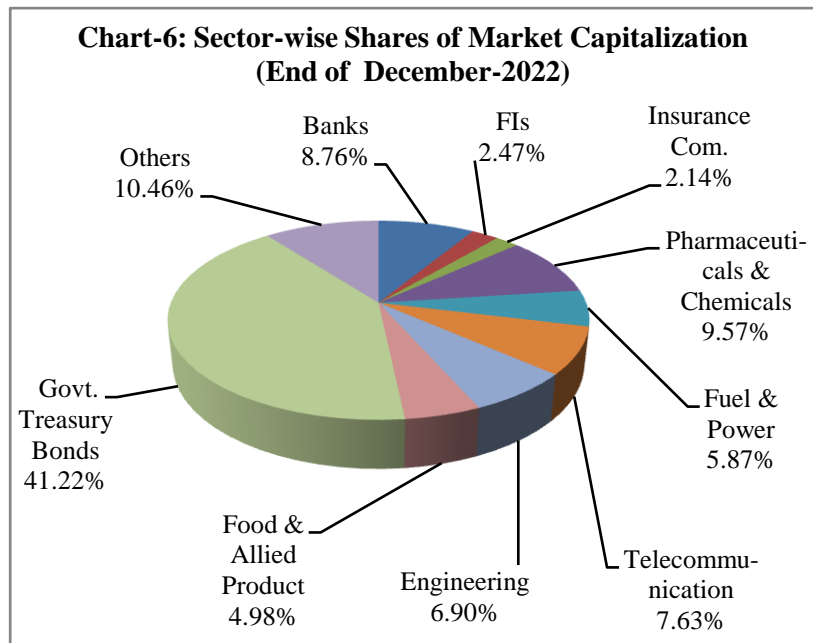
Sector-wise Issued Capital and Market Capitalization of DSE

The total amount of issued capital of DSE stood at BDT 4117.16 billion at the end of December 2022, which were BDT 4112.93 billion at the end of November 2022 and BDT 1463.66 billion at the end of December 2021. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominated the market in terms of issued capital at the end of December 2022. This sector alone issued around 77.00 percent of the capital followed by Banks 9.13 percent, Mutual Funds 1.35 percent, Financial Institutions (FIs) 1.30 percent, Insurance Companies 0.72 percent and others 10.50 percent (Chart-5).



Source: Dhaka Stock Exchange

The total amount of market capitalization of DSE was BDT 7609.37 billion at the end of December 2022, which were BDT 7642.41 billion at the end of November 2022 and BDT 5421.96 billion at the end of December 2021. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) alone recorded as the highest contributor of market capitalization which was 41.22 percent followed by Pharmaceuticals & Chemicals 9.57 percent, Banks 8.76 percent, Telecommunication 7.63 percent, Engineering 6.90 percent, Fuel & Power 5.87 percent, Food & Allied Product 4.98 percent, Financial Institutions 2.47 percent, Insurance Companies 2.14 percent and others 10.46 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.



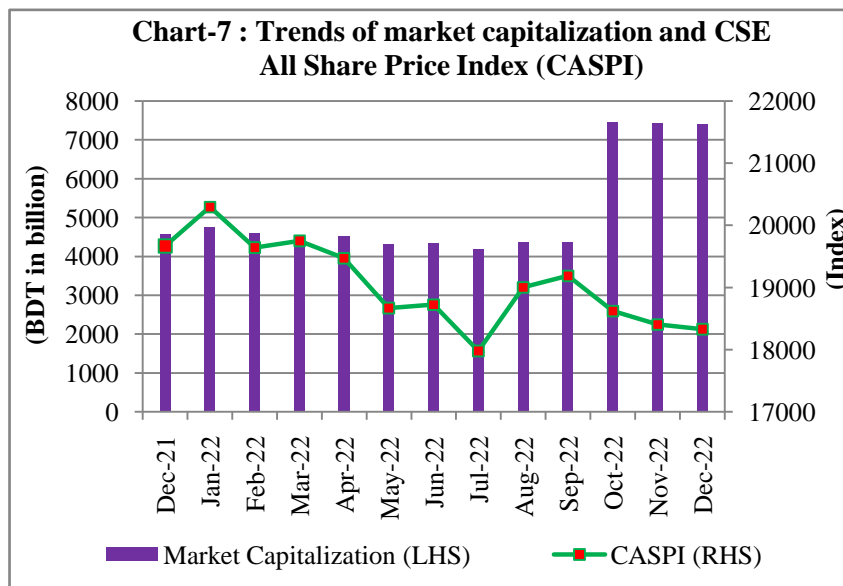
Source: Dhaka Stock Exchange

Chittagong Stock Exchange (CSE)

The total number of listed securities in the CSE stood at 618 at the end of December 2022. The total amount of issued capital stood at BDT 3662.73 billion at the end of December 2022 which were BDT 4096.77 billion at the end of November 2022 and BDT 850.09 billion at the end of the same month of the previous year. All Share Price Index of CSE (CASPI) stood at 18328.02 at the end of December 2022 which was 0.44 percent lower than that of November 2022 and 6.80 percent lower than that of the same month of the previous year. CSE Shariah Index

(CSI) stood at 1160.95 at the end of December 2022 which was 1169.88 at the end of November 2022 and 1211.44 at the corresponding month of the previous year. The market capitalization of the CSE stood at BDT 7414.38 billion at the end of December 2022 which was 0.29 percent lower than that of November 2022 but 61.69 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 December 2022, value of total turnover of traded securities of CSE stood at BDT 2.87 billion which was BDT 3.59 billion during November 2022 and BDT 11.07 billion during the same month of the previous year. Price Earnings (P/E) ratio in CSE decreased to 14.35 at the end of December 2022 which was 16.26 at the end of November 2022. However, this ratio was 17.29 at the end of December 2021. The yield stood at 3.59 at the end of December 2022 which was 3.58 at the end of November 2022 and 3.71 at the end of December 2021.



Source: Chittagong Stock Exchange