

Capital Market Development in Bangladesh¹



February, 2023

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

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Monthly Report on Capital Market Development: February 2023

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Highlights of Capital Market Development: February 2023

- *Total number of listed securities of DSE and CSE stood at 655 and 617 respectively at the end of February 2023.*
- *Broad Index of DSE and All Share Price Index of CSE stood at 6216.95 and 18326.02 respectively at the end of February 2023, which were 6267.05 and 18513.67 respectively at the end of January 2023.*
- *DSEX Shariah Index (DSES) and CSE Shariah Index (CSI) stood at 1359.66 and 1158.44 respectively at the end of February 2023, which were 1366.01 and 1172.71 respectively at the end of January 2023.*
- *The market capitalization of DSE and CSE stood at BDT 7628.27 billion and BDT 7484.19 billion respectively at the end of February 2023, which were BDT 7654.72 billion and BDT 7534.33 billion respectively at the end of January 2023.*
- *Total turnover value of traded securities of DSE and CSE stood at BDT 86.29 billion and BDT 2.03 billion respectively in February 2023, which were BDT 117.27 billion and BDT 2.84 billion respectively in January 2023.*
- *The Price-Earning (P/E) ratio of DSE and CSE stood at 14.33 and 14.54 respectively at the end of February 2023 which were 14.40 and 14.48 respectively at the end of January 2023.*

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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 February 2023, Broad Index of the DSE and all share price index of the CSE were 0.80 percent and 1.01 percent lower respectively than that of the previous month. During February 2023, total turnover value of traded securities of DSE and CSE were 26.42 percent and 28.52 percent lower than that of the previous month.

The status of some of the important indicators of DSE and CSE for the months from February 2022 to February 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 of all listed securities (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				
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	618	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

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.

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

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

Dhaka Stock Exchange (DSE)

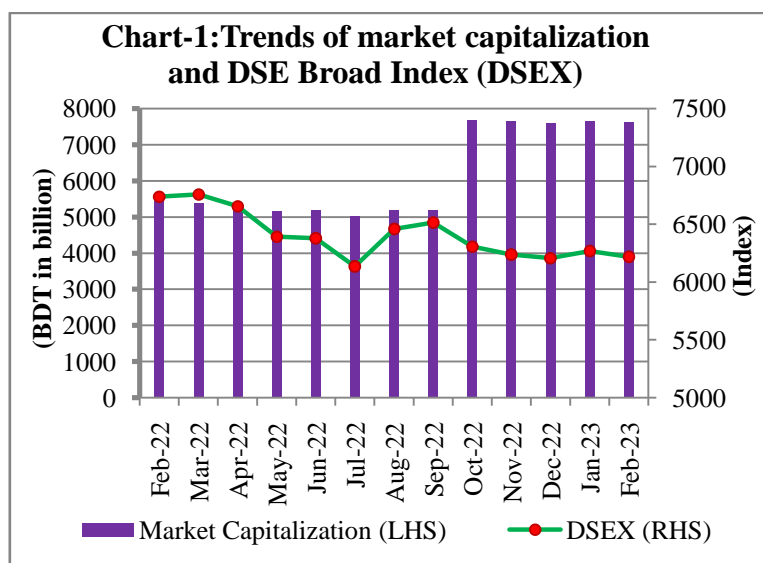
The total number of listed securities stood at 655 at the end of February 2023. Among the listed securities, there were 354 companies, 36 mutual funds, 247 government bonds, 8 debentures and 10 corporate bonds. The number of companies consists of 34 banks, 23 financial institutions, 56 insurance companies, and 241 other companies.

DSE Broad Index (DSEX) stood at 6216.95 at the end of February 2023 which was 0.80 percent lower than that of the previous month as well as 7.75

percent lower than that of the same month of the preceding year. The market capitalization of DSE stood at BDT 7628.27 billion at the end of February 2023 which was 0.35 percent lower than that of the previous month but 40.30 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 19.21 percent at the end of February 2023 which was 19.27 percent at the end of previous month and 13.69 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.



Source: Dhaka Stock Exchange

Table-2: Ratio of Market Capitalization to GDP⁵

End of Month	Ratio of Market Capitalization to GDP
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
February-2022	13.69

Source: Own calculation by the officials of RD, BB

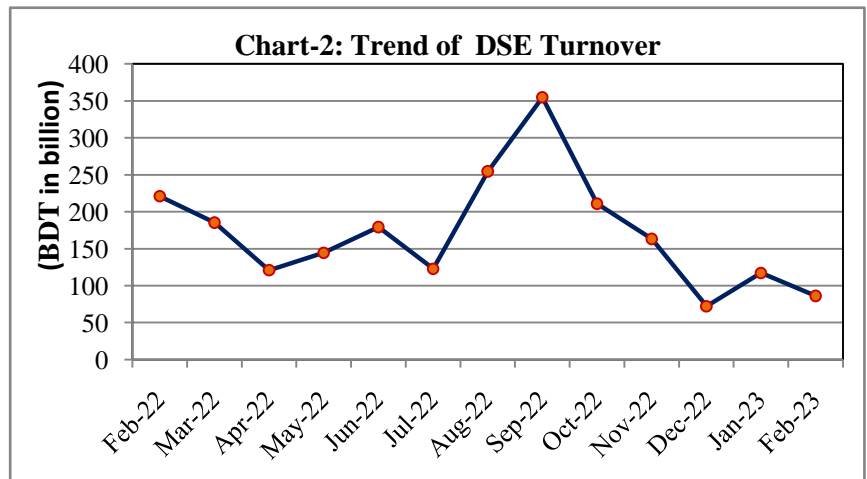
⁵The ratio of market capitalization to GDP is calculated as market capitalization divided by GDP of FY22 at current market price multiplied by 100 [Example: (7628.27/39717.16) x100 = 19.21 for February-2023].

During February 2023, value of total turnover of the traded securities of DSE stood at BDT 86.29 billion which was 26.42 percent lower than that of January 2023 and 60.95 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.

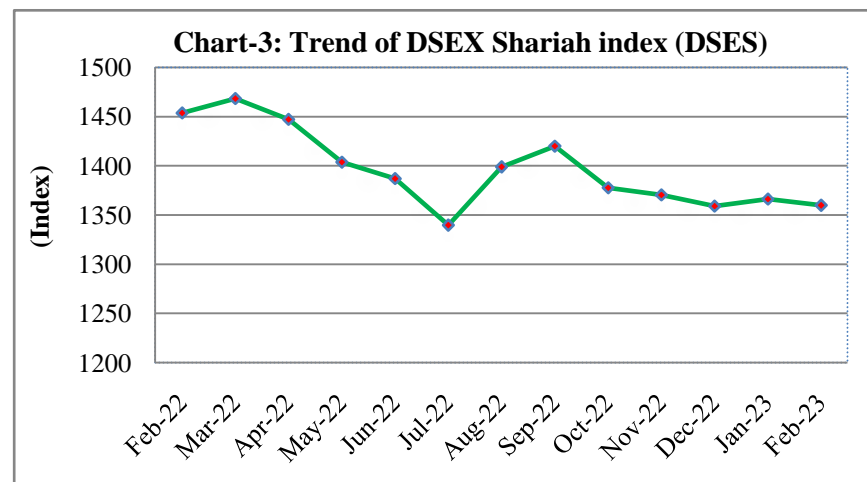
At the end of February 2023, DSEX Shariah Index (DSES) stood at 1359.66 which was 0.46 percent lower than that of January 2023 as well as 6.45 percent lower than that of February 2022. The trend of the DSEX Shariah index (DSES) is shown in chart-3.

The Price-Earning (P/E) ratio of all securities of DSE stood at 14.33 at the end of February 2023 which was 14.40 at the end of January 2023. It may be mentioned that this ratio was 16.15 at the end of February 2022.

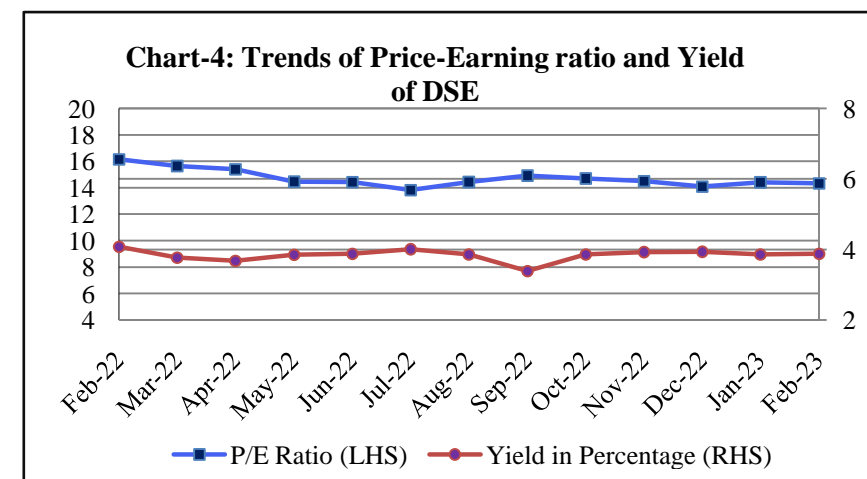
The yield of all securities of DSE stood at 3.88 at the end of February 2023 which was 3.86 at the end of January 2023 and 4.08 at the end of February 2022. Trends of price-earnings ratio and yield in percentage of DSE are shown in Chart-4.



Source: Dhaka Stock Exchange



Source: Dhaka Stock Exchange



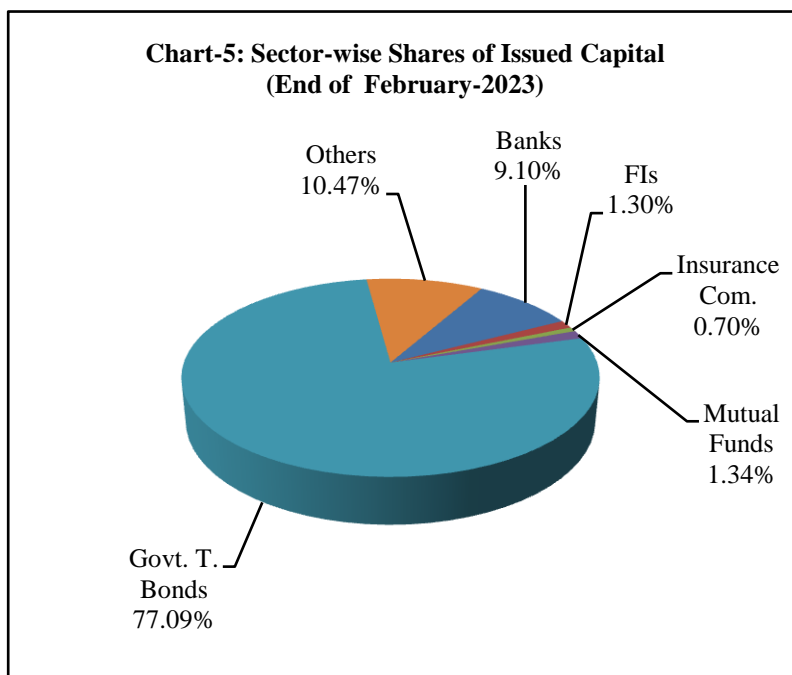
Source: Dhaka Stock Exchange

Sector-wise Issued Capital and Market Capitalization of DSE

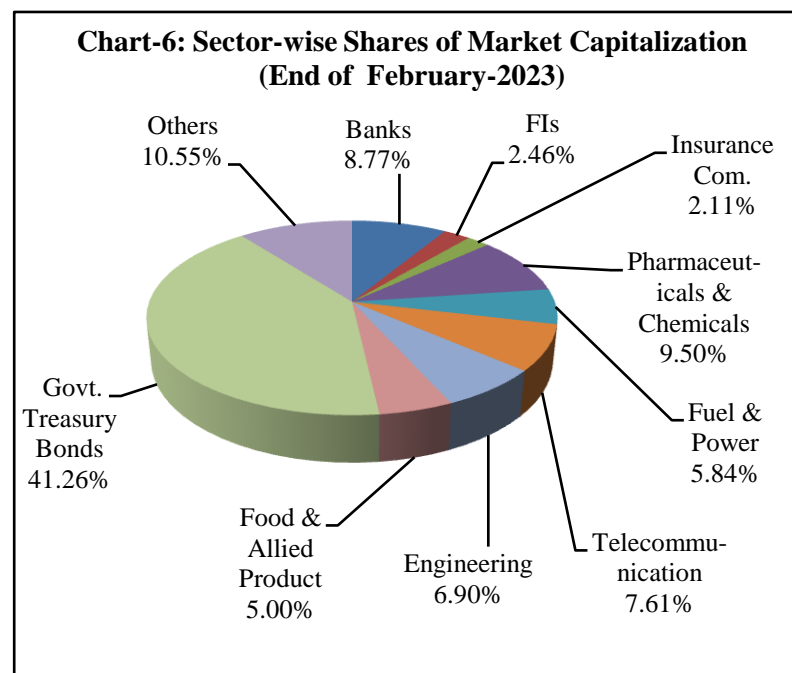
The total amount of issued capital of DSE stood at BDT 4133.24 billion at the end of February 2023, which were BDT 4141.55 billion at the end of January 2023 and BDT 1505.36 billion at the end of February 2022. The issued capital sharply increased in February 2023 as compared to the February 2022 due to the increase in the number of listed govt. treasury bonds to 247 in February 2023 from 222 in February 2022. However, the issued capital slightly declined in February 2023 as compared to the January 2023 due to the maturity of one mutual fund and two Bangladesh Govt. Treasury Bonds (BGTBs). Among different sectors, BGTBs dominated the market in terms of issued capital at the end of February 2023. This sector alone issued around 77.09 percent of the capital followed by Banks 9.10 percent, Mutual Funds 1.34 percent, Financial Institutions (FIs) 1.30 percent, Insurance Companies 0.70 percent and others 10.47 percent (Chart-5).

The total amount of market capitalization of DSE was BDT 7628.27 billion at the end of February 2023, which were BDT 7654.72 billion at the end of January 2023 and BDT 5437.19 billion at the end of February 2022. Among different

sectors, Bangladesh Govt. Treasury Bonds (BGTBs) alone recorded as the highest contributor of market capitalization which was 41.26 percent followed by Pharmaceuticals & Chemicals 9.50 percent, Banks 8.77 percent, Telecommunication 7.61 percent, Engineering 6.90 percent, Fuel & Power 5.84 percent, Food & Allied Product 5 percent, Financial Institutions 2.46 percent, Insurance Companies 2.11 percent and others 10.55 percent (Chart-6). It may be mentioned that debentures are not included in the sector-



Source: Dhaka Stock Exchange



Source: Dhaka Stock Exchange

wise market capitalization of all listed securities because these products are not currently traded in the market.

Chittagong Stock Exchange (CSE)

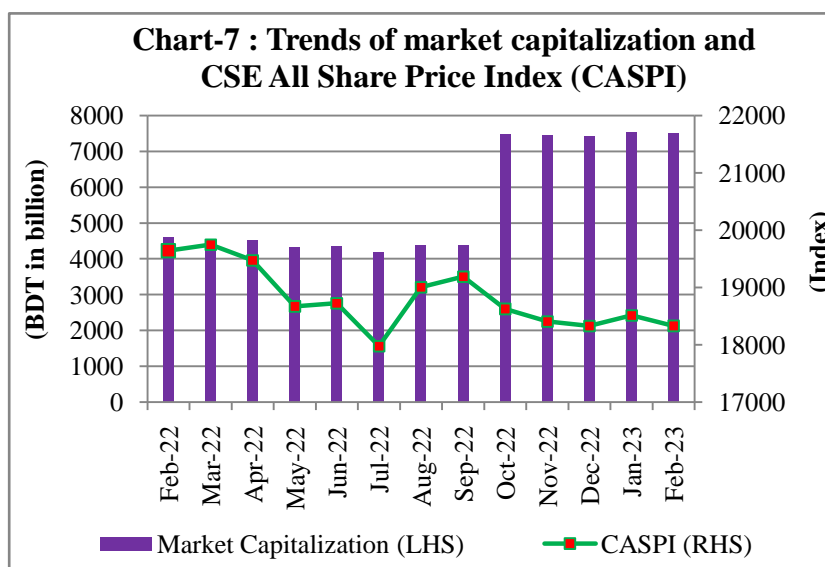
The total number of listed securities in the CSE stood at 617 at the end of February 2023. The total amount of issued capital stood at BDT 4140.85 billion at the end of February 2023 which were BDT 4147.75 billion at the end of January 2023 and BDT 891.35 billion at the end of the same month of the previous 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

declined in February 2023 as compared to January 2023 due to the maturity of one mutual fund and two government treasury bonds. All Share Price Index of CSE (CASPI) stood at 18326.02 at the end of February 2023 which was 1.01 percent lower than that of January 2023 as well as 6.70 percent lower than that of the same month of the previous year. CSE Shariah Index (CSI) stood at 1158.44 at the end of February 2023 which was 1172.71 at the end of January 2023 and 1225.85 at the corresponding month of the previous year. The market capitalization of the CSE stood at BDT 7484.19 billion at the end of February 2023 which was 0.67 percent lower than that of January 2023 but 63.13 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 February 2023, value of total turnover of traded securities of CSE stood at BDT 2.03 billion which was BDT 2.84 billion during January 2023 and BDT 8.27 billion during the same month of the previous year. Price Earnings (P/E) ratio in CSE increased to 14.54 at the end of February 2023 which was 14.48 at the end of January 2023. However, this ratio was 17.09 at the end of February 2022. The yield stood at 3.62 at the end of February 2023 which was 3.53 at the end of January 2023 and 3.76 at the end of February 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-companies. 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-companies. For details: <https://www.bb.org.bd/en/index.php/mediaroom/circular>



Source: Chittagong Stock Exchange