

Capital Market Development in Bangladesh¹



January, 2023

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

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Highlights of Capital Market Development: January 2023

- *Total number of listed securities of DSE and CSE stood at 657 and 619 respectively at the end of January 2023.*
- *Broad Index of DSE and All Share Price Index of CSE stood at 6267.05 and 18513.67 respectively at the end of January 2023, which were 6206.81 and 18328.02 respectively at the end of December 2022.*
- *DSEX Shariah Index (DSES) and CSE Shariah Index (CSI) stood at 1366.01 and 1172.71 respectively at the end of January 2023, which were 1358.84 and 1160.95 respectively at the end of December 2022.*
- *The market capitalization of DSE and CSE stood at BDT 7654.72 billion and BDT 7534.33 billion respectively at the end of January 2023, which were BDT 7609.37 billion and BDT 7414.38 billion respectively at the end of December 2022.*
- *Total turnover value of traded securities of DSE and CSE stood at BDT 117.27 billion and BDT 2.84 billion respectively during January 2023, which were BDT 72.31 billion and BDT 2.87 billion respectively during December 2022.*
- *The Price-Earning (P/E) ratio of DSE and CSE stood at 14.40 and 14.48 respectively at the end of January 2023 which were 14.10 and 14.35 respectively at the end of December 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 January 2023, Broad Index of the DSE and all share price index of the CSE were 0.97 percent and 1.01 percent higher respectively than that of the previous month. During January 2023, total turnover value of traded securities of DSE was 62.18 percent higher than that of the previous month whereas total turnover value of traded securities of CSE was 1.05 percent lower than that of the previous month.

The status of some of the important indicators of DSE and CSE for the months from January 2022 to January 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				
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
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

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.

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

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

Dhaka Stock Exchange (DSE)

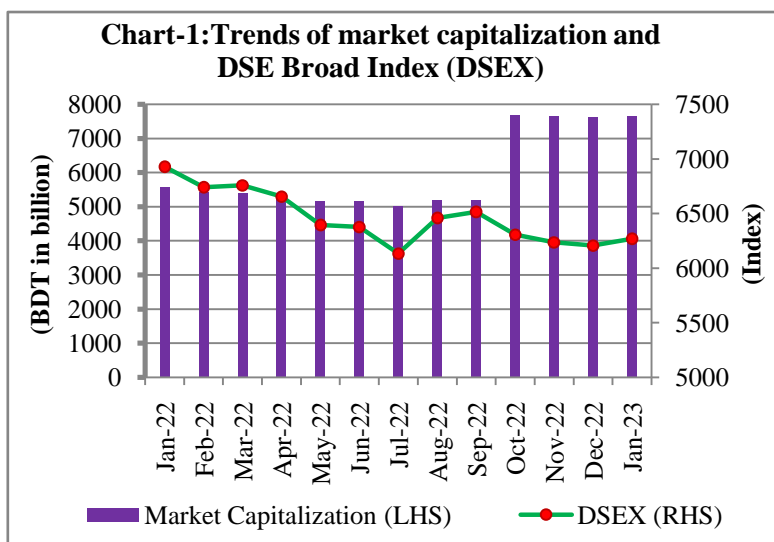
The total number of listed securities stood at 657 at the end of January 2023. Among the listed securities, there were 354 companies, 37 mutual funds, 249 government bonds, 8 debentures, and 9 corporate bonds. The number of companies consists of 34 banks, 23 financial institutions, 56 insurance companies, and 241 other companies.

DSE Broad Index (DSEX) stood at 6267.05 at the end of January 2023 which was 0.97 percent higher than that of the previous month but 9.52 percent lower

than that of the same month of the preceding year. The market capitalization of DSE stood at BDT 7654.72 billion at the end of January 2023 which was 0.60 percent higher than that of the previous month as well as 37.43 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 increased to 19.27 percent at the end of January 2023 which was 19.16 percent at the end of December 2022 and 14.02 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

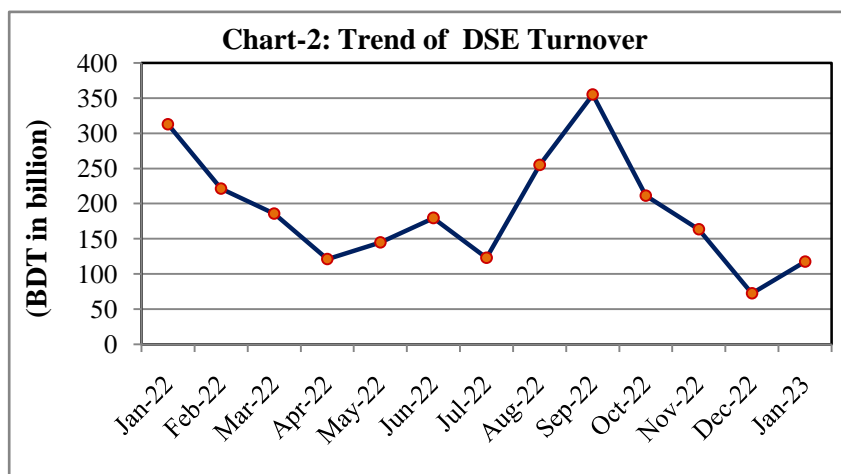
Table-2: Ratio of Market Capitalization to GDP⁵

End of Month	Ratio of Market Capitalization to GDP
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
January-2022	14.02

Source: Wing's own calculation

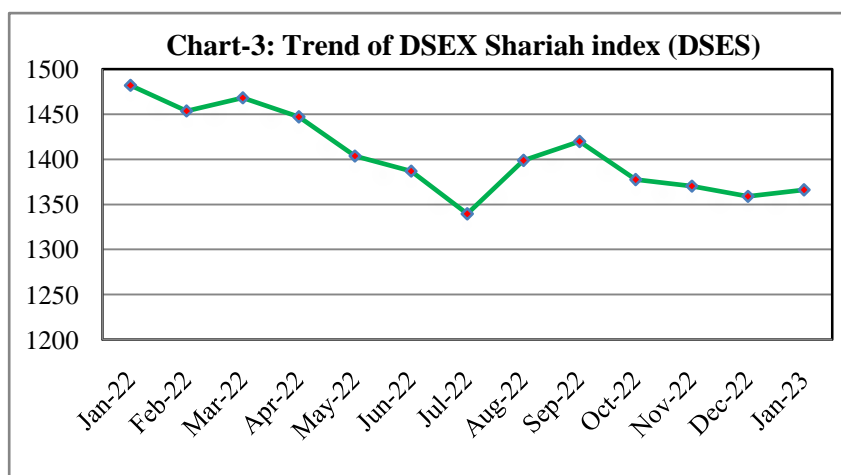
⁵The ratio of market capitalization to GDP is calculated as market capitalization divided by GDP of FY22 at current market price multiplied by 100 [Example: (7654.72/39717.16) x 100 = 19.27 for January-2023].

During January 2023, value of total turnover of the traded securities of DSE stood at BDT 117.27 billion which was 62.18 percent higher than that of December 2022 but 62.49 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.



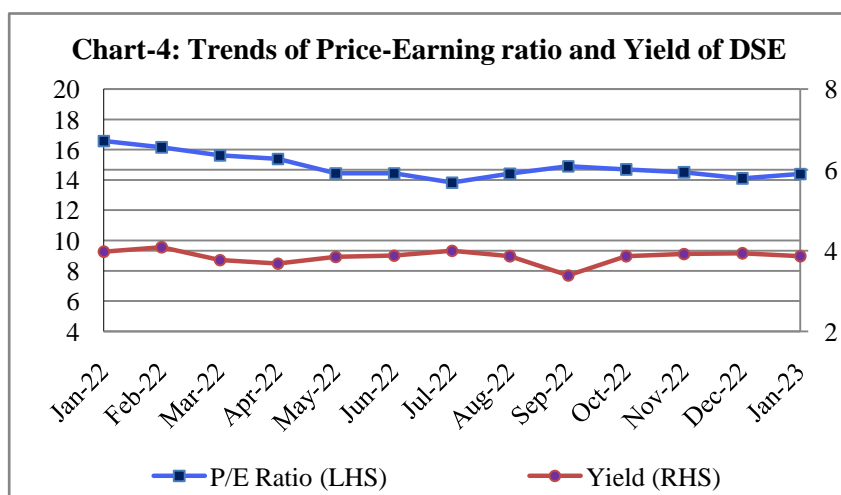
Source: Dhaka Stock Exchange

At the end of January 2023, DSEX Shariah Index (DSES) stood at 1366.01 which was 0.53 percent higher than that of December 2022 but 7.82 percent lower than that of January 2022. The trend of the DSEX Shariah index (DSES) is shown in chart-3.



Source: Dhaka Stock Exchange

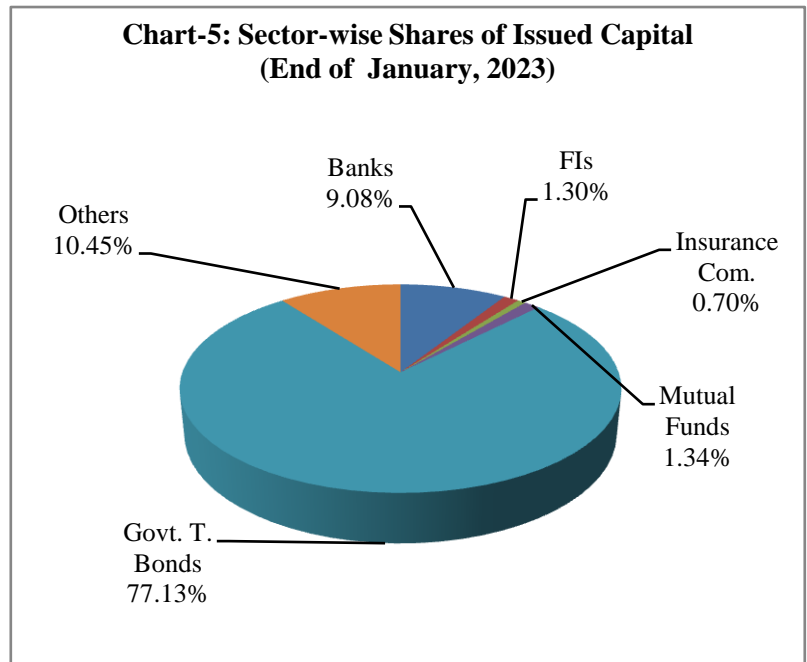
The Price-Earning (P/E) ratio of all securities of DSE stood at 14.40 at the end of January 2023 which was 14.10 at the end of December 2022. It may be mentioned that this ratio was 16.58 at the end of January 2022.



Source: Dhaka Stock Exchange

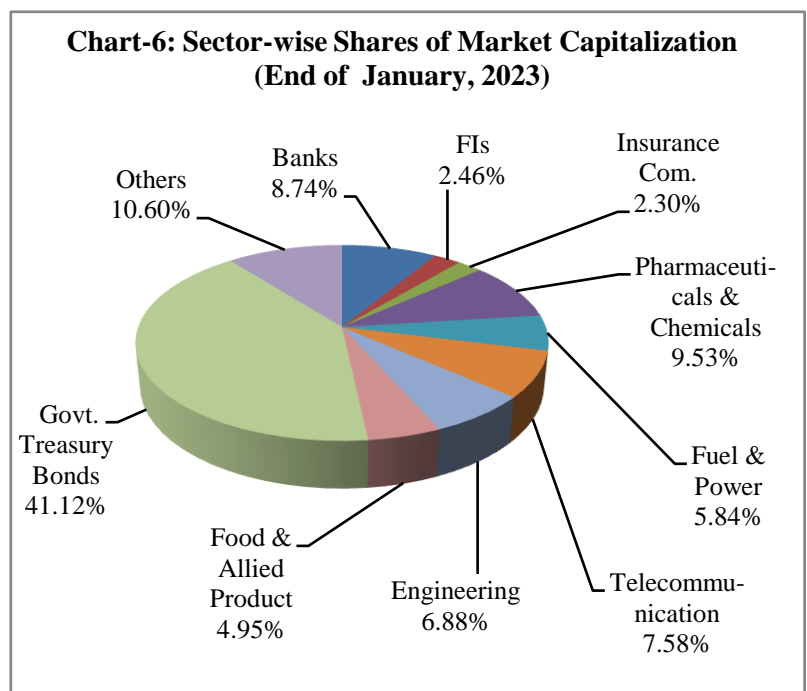
Sector-wise Issued Capital and Market Capitalization of DSE

The total amount of issued capital of DSE stood at BDT 4141.55 billion at the end of January 2023, which were BDT 4117.16 billion at the end of December 2022 and BDT 1505.10 billion at the end of January 2022. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominated the market in terms of issued capital at the end of January 2023. This sector alone issued around 77.13 percent of the capital followed by Banks 9.08 percent, Mutual Funds 1.34 percent, Financial Institutions (FIs) 1.30 percent, Insurance Companies 0.70 percent and others 10.45 percent (Chart-5).



Source: Dhaka Stock Exchange

The total amount of market capitalization of DSE was BDT 7654.72 billion at the end of January 2023, which were BDT 7609.37 billion at the end of December 2022 and BDT 5569.82 billion at the end of January 2022. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) alone recorded as the highest contributor of market capitalization which was 41.12 percent followed by Pharmaceuticals & Chemicals 9.53 percent, Banks 8.74 percent, Telecommunication 7.58 percent, Engineering 6.88 percent, Fuel & Power 5.84 percent, Food & Allied Product 4.95 percent, Financial Institutions 2.46 percent, Insurance Companies 2.30 percent and others 10.60 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)

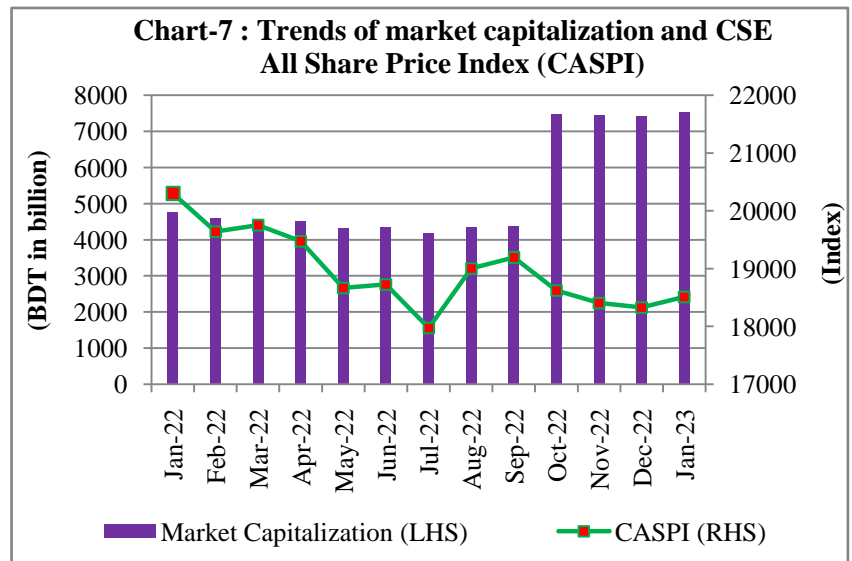
The total number of listed securities in the CSE stood at 619 at the end of January 2023. The total amount of issued capital stood at BDT 4147.75 billion at the end of January 2023 which were BDT 3662.73 billion at the end of December 2022 and BDT 891.12 billion at the end of the same month of the previous year. All Share Price Index of CSE (CASPI) stood at 18513.67 at the end of January 2023 which was 1.01 percent higher than that of December 2022 but 8.79 percent lower than that of the same month of the previous year. CSE Shariah Index

(CSI) stood at 1172.71 at the end of January 2023 which was 1160.95 at the end of December 2022 and 1265.70 at the corresponding month of the previous year. The market capitalization of the CSE stood at BDT 7534.33 billion at the end of January 2023 which was 1.62 percent higher than that of December 2022 as well as 58.76 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 January 2023, value of total turnover of traded securities of CSE stood at BDT 2.84 billion which was BDT 2.87 billion during December 2022 and BDT 9.41 billion during the same month of the previous year. Price Earnings (P/E) ratio in CSE increased to 14.48 at the end of January 2023 which was 14.35 at the end of December 2022. However, this ratio was 17.66 at the end of January 2022. The yield stood at 3.53 at the end of January 2023 which was 3.59 at the end of December 2022 and 3.63 at the end of January 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>



Source: Chittagong Stock Exchange