

Capital Market Development in Bangladesh



October, 2022

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

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Highlights in October 2022

- *Total number of listed securities of DSE and CSE stood at 656 and 368 respectively at the end of October 2022.*
- *Broad Index of DSE and All Share Price Index of CSE stood at 6307.34 and 18622.81 respectively at the end of October 2022, which were 6512.89 and 19189.28 respectively at the end of September 2022.*
- *DSEX Shariah Index (DSES) and CSE Shariah Index (CSI) stood at 1377.43 and 1186.57 respectively at the end of October 2022, which were 1419.73 and 1234.07 respectively at the end of September 2022.*
- *The market capitalization of DSE and CSE stood at BDT 7669.18 billion and BDT 4289.99 billion respectively at the end of October 2022, which were BDT 5199.14 billion and BDT 4374.71 billion respectively at the end of September 2022.*
- *Total turnover value of traded securities of DSE and CSE stood at BDT 210.92 billion and BDT 4.91 billion respectively during October 2022, which were BDT 354.80 billion and BDT 13.11 billion respectively during September 2022.*
- *The Price-Earning (P/E) ratio of DSE and CSE stood at 14.69 and 15.99 respectively at the end of October 2022 which were 14.91 and 16.08 respectively at the end of September 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 October 2022, Broad Index of the DSE and all share price index of the CSE were 3.16 percent and 2.95 percent lower respectively than that of the previous month. During October 2022, total turnover value of traded securities of DSE and CSE were 40.55 percent and 62.55 percent lower respectively than that of September 2022. The position of some of the important indicators of DSE and CSE for the months from October 2021 to October 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				
Oct-22	656	368	4093.52	918.25	7669.18	4289.99	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
Nov-21	614	353	1458.53	847.86	5364.95	4552.33	266.83	9.56	6703.26	1405.55	19614.38	1197.96	17.79	18.01	3.93	3.51
Oct-21	612	351	1456.74	847.20	5595.79	4782.45	370.17	13.77	7000.95	1470.50	20480.31	1266.48	18.75	18.94	3.72	3.35

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

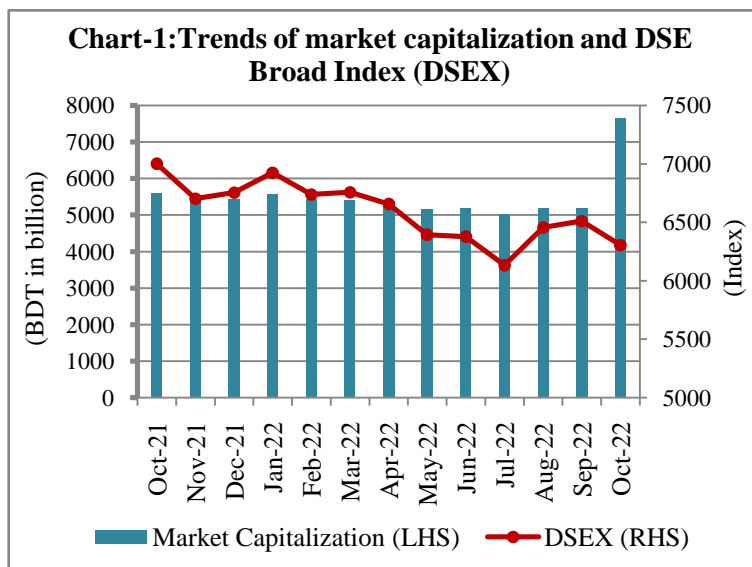
Dhaka Stock Exchange (DSE)

The total number of listed securities stood at 656 at the end of October 2022. Among the listed securities, there were 352 companies, 37 mutual funds, 250 government bonds, 8 debentures, and 9 corporate bonds. The number of companies consists of 33 banks, 23 financial institutions, 55 insurance companies, and 241 other companies.

DSE Broad Index (DSEX) stood at 6307.34 at the end of October 2022 which was 3.16 percent and 9.91 percent lower than that of the previous month and the same month of the preceding

year. The market capitalization of DSE stood at BDT 7669.18 billion at the end of October 2022 which was 47.51 percent higher than that of the previous month and 37.05 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) increased to 17.23 percent at the end of October 2022 which was 11.68 percent at the end of September 2022 and 18.41 percent at the end of the corresponding month of the previous year (Table-2).



Source: Dhaka Stock Exchange

Table-2: Ratio of Market Capitalization to GDP⁴

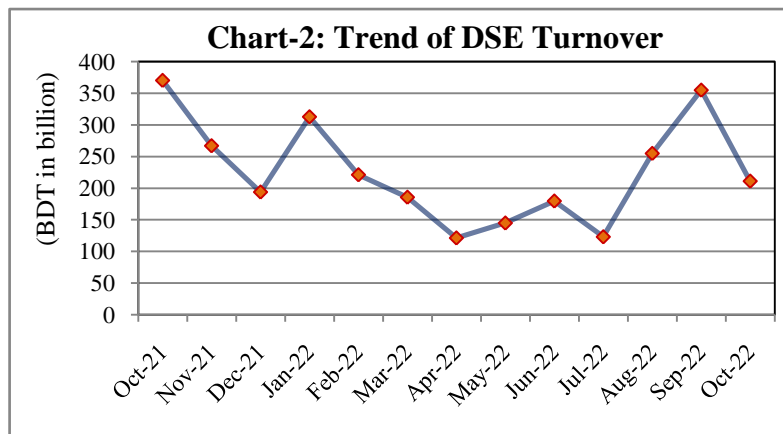
End of Month	Ratio of Market Capitalization to GDP
October-2022	17.23
September-2022	11.68
August-2022	11.66
July-2022	11.30
June-2022	17.04
May-2022	17.00
April-2022	17.67
March-2022	17.75
February-2022	17.89
January-2022	18.33
December-2021	17.84
November-2021	17.58
October-2021	18.41

Source: Wing's own calculation

⁴The ratio of market capitalization to GDP for a particular month is calculated as total market capitalization of that month divided by the total GDP at current market price of the respective fiscal year in which that particular month belongs.

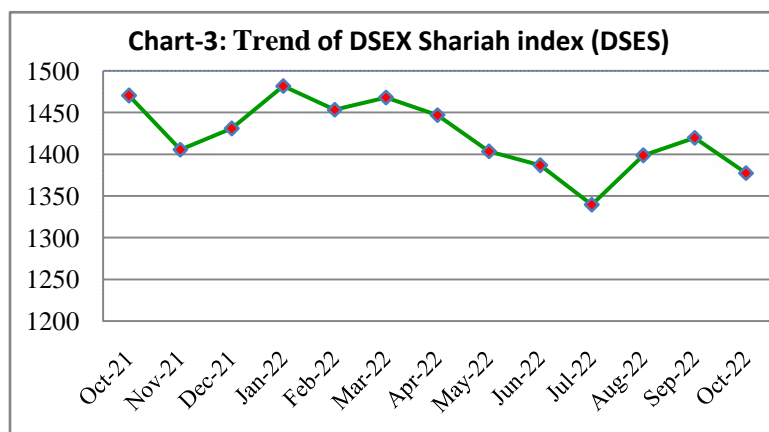
N.B. Proposed GDP (BDT 44499.59 billion for FY23) from the "Budget in Brief 2022-2023" is considered to calculate the ratio for the months which belong to FY23.

During October 2022, value of total turnover of the traded securities of DSE stood at BDT 210.92 billion which was 40.55 percent lower than that of September 2022 and 43.02 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.



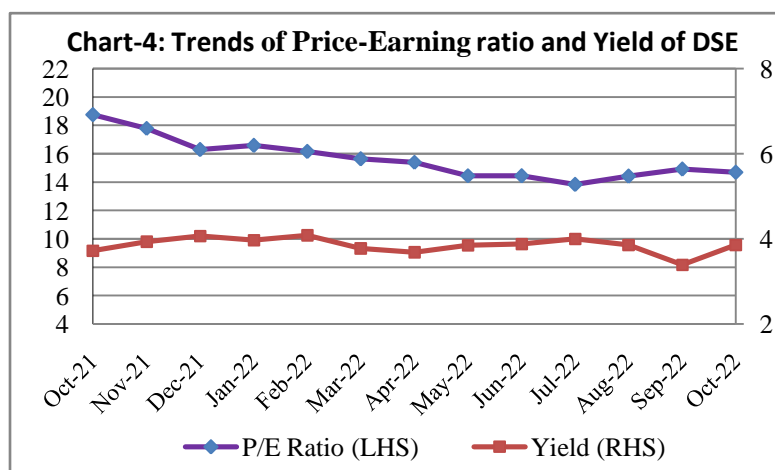
Source: Dhaka Stock Exchange

At the end of October 2022, DSEX Shariah Index (DSES) stood at 1377.43 which was 2.98 percent lower than that of September 2022 and 6.33 percent lower than that of October 2021. 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 14.69 at the end of October 2022 which was 14.91 at the end of September 2022. It may be mentioned that this ratio was 18.75 at the end of October 2021.



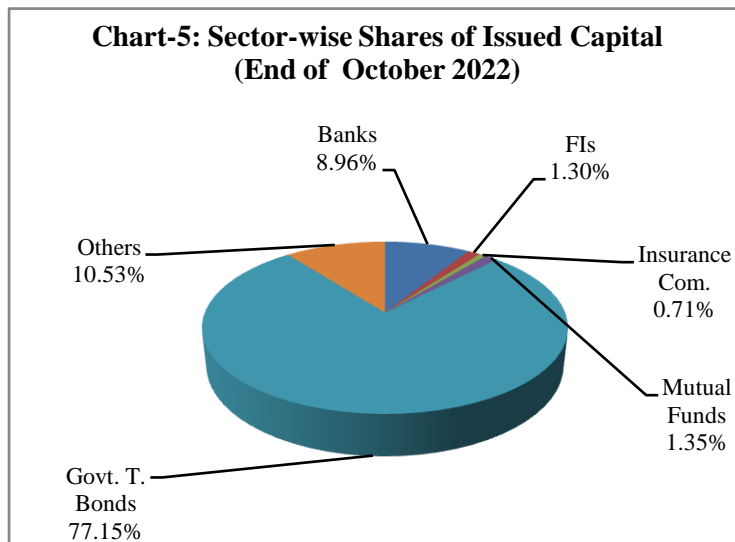
Source: Dhaka Stock Exchange

Sector-wise Issued Capital and Market Capitalization of DSE

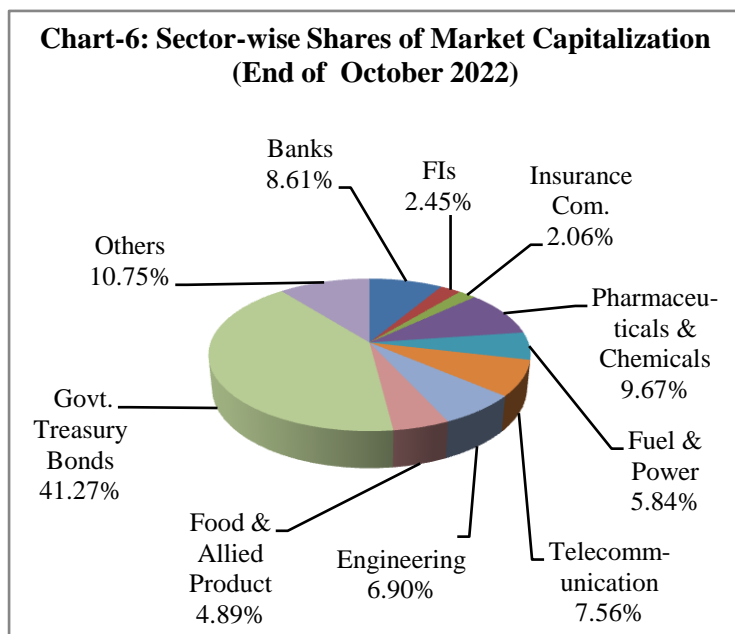
The total amount of issued capital of DSE stood at BDT 4093.52 billion at the end of October 2022, which were BDT 1527.54 billion at the end of September 2022 and BDT 1456.74 billion at the end of October 2021. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominated the market in terms of issued capital at the end of October 2022. This sector alone issued around 77.15 percent of the capital followed by Banks 8.96 percent, Mutual Funds 1.35 percent, Financial Institutions (FIs) 1.30 percent, Insurance Companies 0.71 percent and others 10.54 percent (Chart-5).

The total amount of market capitalization of DSE was BDT 7669.18 billion at the end of October 2022, which was BDT 5199.14 billion at the end of September 2022 and BDT 5595.79 billion at the end of October 2021. Among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) alone recorded as the highest solo contributor of market capitalization which was 41.27 percent followed by Pharmaceuticals & Chemicals 9.67 percent,

Banks 8.61 percent, Telecommunication 7.56 percent, Engineering 6.90 percent, Fuel & Power 5.84 percent, Food & Allied Product 4.89 percent, Financial Institutions 2.45 percent, Insurance Companies 2.06 percent and others 10.75 percent (Chart-6). It may be mentioned that debentures are not included in the sector-wise market capitalization of all listed securities because this type of product is not currently traded in the market.



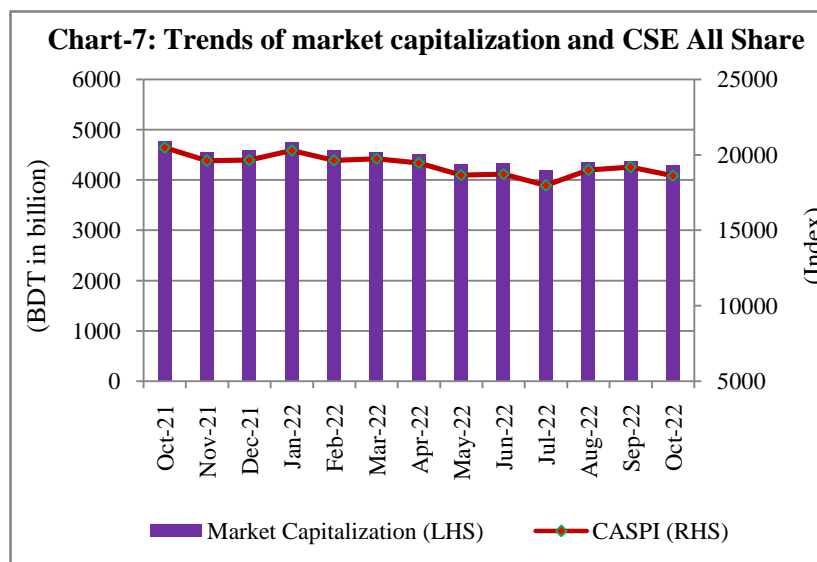
Source: Dhaka stock Exchange



Source: Dhaka Stock Exchange

Chittagong Stock Exchange (CSE)

The total number of listed securities in the CSE stood at 368 at the end of October 2022. The total amount of issued capital stood at BDT 918.25 billion at the end of October 2022 which were BDT 916.70 billion at the end of September 2022 and BDT 847.20 billion at the end of the same month of the previous year. All Share Price Index of CSE (CASPI) stood at 18622.81 at the end of October 2022 which was



Source: Chittagong stock Exchange

2.95 percent lower than that of September 2022 and 9.07 percent lower than that of the same month of the previous year. CSE Shariah Index (CSI) stood at 1186.57 at the end of October 2022 which was 1234.07 at the end of September 2022 and 1266.48 at the corresponding month of the previous year. The market capitalization of the CSE stood at BDT 4289.99 billion at the end of October 2022 which was 1.94 percent lower than that of September 2022 as well as 10.30 percent lower 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 October 2022, value of total turnover of traded securities of CSE stood at BDT 4.91 billion which was BDT 13.11 billion during September 2022 and BDT 13.77 billion during the same month of the previous year. Price Earnings (P/E) ratio in CSE decreased to 15.99 at the end of October 2022 which was 16.08 at the end of September 2022. However, this ratio was 18.94 at the end of October 2021. On the other hand, the yield stood at 3.56 at the end of October 2022 which was 3.49 at the end of September 2022 and 3.35 at the end of October 2021.