

Capital Market Developments in Bangladesh*

January-March, 2017



**Research Department
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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 watch-dog regulates the stock exchanges of the country. The quarterly analysis on capital market developments gives some insights to understand overall activities of capital market in Bangladesh. During January-March 2017, both stock exchanges exhibited upward trend in terms of index, turnover and market capitalization. Broad index of DSE and all share price index of CSE stood higher at 5719.61 points and 17738.30 points respectively at the end of March, 2017.

Dhaka Stock Exchange (DSE)

The total number of listed securities stood at 562 at the end of March 2017 which comprise 296 companies, 35 mutual funds, 221 government bonds, 8 debentures, and 2 corporate bonds respectively. The number of companies consists of banks 30, financial Institutions 23, insurance companies 46 and other companies 197.

During the period January-March 2017, a total number of 22.92 billion shares were traded as against 13.70 billion shares during October-December 2016 and 8.15 billion shares during the same period of the previous year. It was 67.29 percent and 181.29 percent higher than that of preceding quarter and the same period of the previous year respectively. During the period under report, the total turnover value of traded shares was Tk. 754.07 billion which was 77.47 percent and 169.42 percent higher than that of the preceding quarter and the same quarter of the previous year respectively (Annex-1).

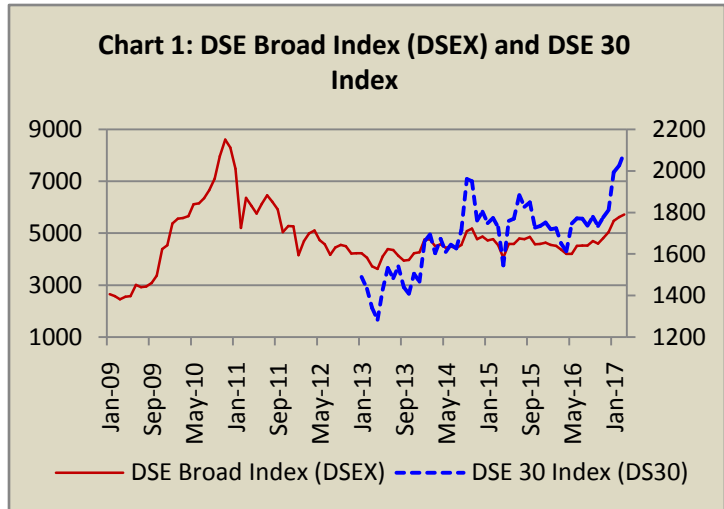
Table 1: Sector wise Performance of DSE during January-March 2017

(Tk./volume in billions)

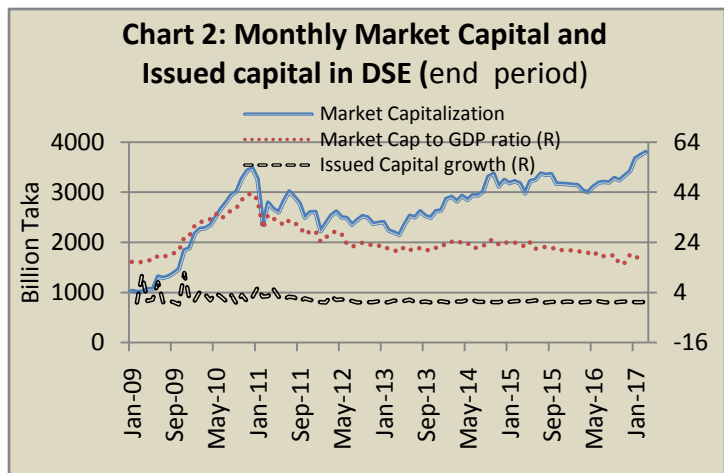
	No. of listed Securities	Issued capital	Market Capitalization	Total turnover	Turnover volume	P/E Ratio	Yield
Banks	30	239.86	594.15	120.87	5.64	10.03	5.77
FIs	23	42.26	251.59	76.73	2.18	25.11	2.47
Insurance Com	46	21.51	92.34	14.59	0.47	14.72	3.02
Mutual Funds	35	50.37	40.89	14.13	1.79	-	-
Govt. T. Bonds	221	548.59	548.59	0.00	0.00	-	-
Corporate Bond	2	5.85	5.98	0.04	0.00	-	-
Debentures	8	0.35	0.58	0.00	0.00	-	-
Other com.	197	243.76	2264.19	527.71	12.84	-	-
Grand Total	562	1152.55	3798.31	754.07	22.92	16.32	3.48

Source: Dhaka Stock Exchange (DSE)

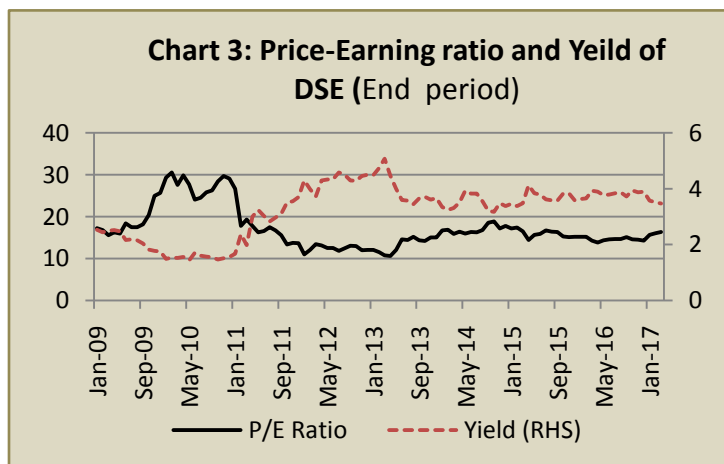
All Share Price Index of DSE (DSEX) stood at 5719.61 points at the end of March 2017, which was 13.57 percent higher than 5036.05 points at the end of December 2016 and 31.26 percent higher than 4357.54 points at the end of March 2016 (Chart-1). DSE30 index¹ stood at 2090.76 points at the end of March 2017, which was 15.45 percent and 26.79 percent higher than 1810.91 and 1648.95 points at the end of December 2016 and March 2016 respectively. Shariah Compliant index named DSES rose to 1303.72 points at the end of March 2017 which was 1191.87 points at the end of December 2016 and 1052.14 points at the end of March 2016.



The market capitalization of DSE stood at Tk. 3798.31 billion at the end of March, 2017, which was 11.31 percent and 25.34 percent higher than that of the previous quarter and the same period of the previous year respectively. The ratio of market capitalization to GDP stood at 18.49 percent at the end of March 2017, which registered the peak at 43.52 during the month of December 2010 (Chart-2).



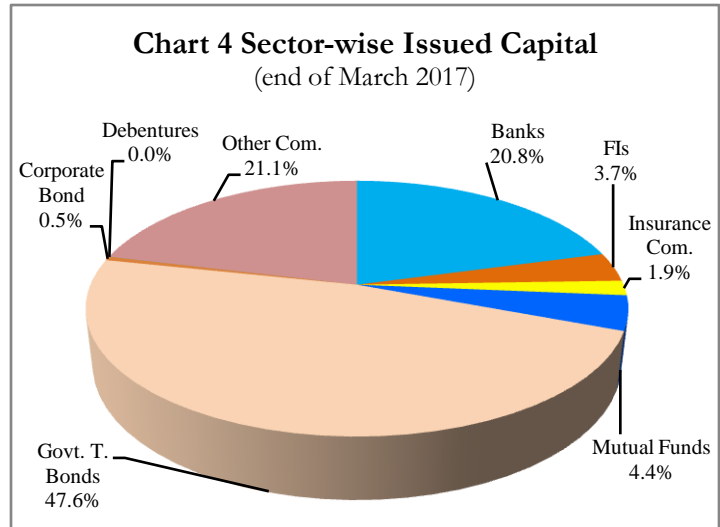
The price-earning (P/E) ratio slightly increased to 16.32 during the period under report which was 14.29 at the end of the preceding quarter. The same reported 14.26 at the end of the same quarter of the preceding year. In contrast, the yield of all share stood at 3.48 at the end of March 2017 which was 3.90 at the end of December 2016 and 3.93 at the end of March 2016. The relation between price-earnings ratio and yield shows opposite direction (Chart 3).



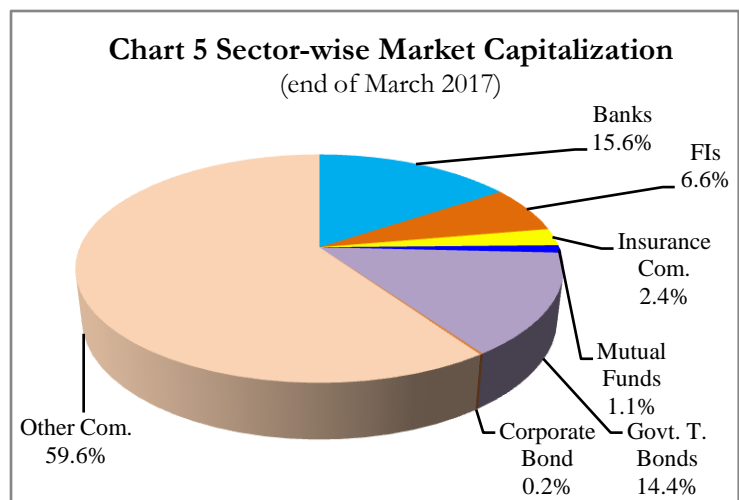
¹ DSE30 index is being calculated based on the best performing 30 companies' share prices from January 2013.

Sector wise Issued capital and market capitalization of DSE

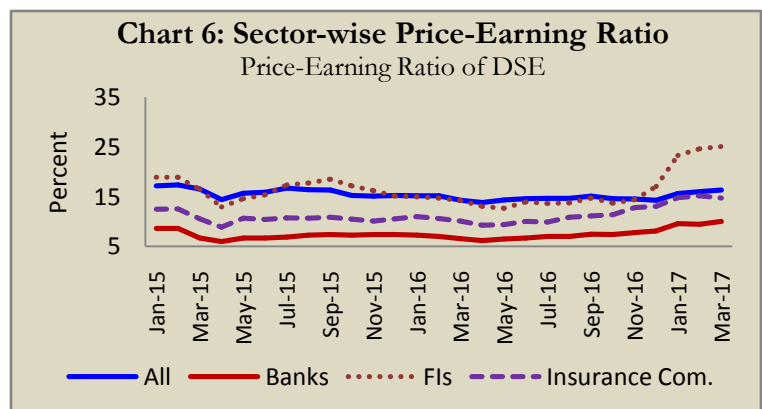
The total amount of issued capital increased to Tk. 1152.55 billion at the end of March 2017 which was Tk. 1145.30 billion and Tk. 1111.62 billion at the end of December 2016 and March 2016 respectively. At the end of March 2017 among different sectors, Bangladesh Govt. Treasury Bonds (BGTBs) dominate the bourse in terms of issued capital. This sector issued around 47.6 percent of the capital followed by other companies (21.1 percent) and banking sectors (20.8 percent) share of issued capital. At the same time the shares of Mutual Fund, Financial institutions (FIs), Insurance companies and corporate bonds were 4.4 percent, 3.7 percent, 1.9 percent, and 0.5 percent respectively (Chart 4).



It is observed that, the contribution of Banks to the total market capitalization is 15.6 percent. The contribution of Govt. Treasury Bonds (BGTBs), Financial Institutions (FIs), Insurance Companies, Mutual Fund and Corporate Bonds was approximately 14.4 percent, 6.6 percent, 2.4 percent, 1.1 percent and 0.2 percent respectively. During the same period, except financial sector the contribution of other listed companies (manufacturing, service and others) captured the highest portion (59.6 percent) among all listed securities in DSE (chart 5).

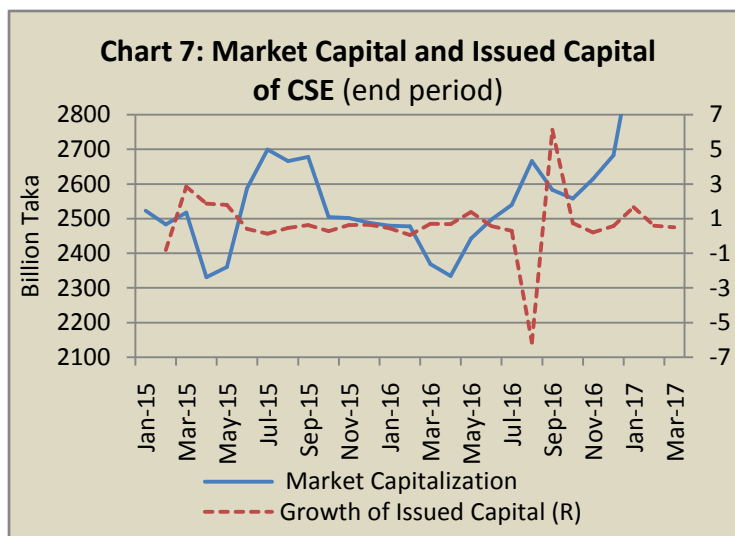


Price-earnings (P/E) ratio of all securities of DSE registered 16.32 percent at the end of March 2017. Within the financial sector companies the P/E ratios for banking sector historically performs the best. P/E ratios for banks, FIs and Insurances companies are 10.03, 25.11 and 14.72 percent respectively (chart 6).



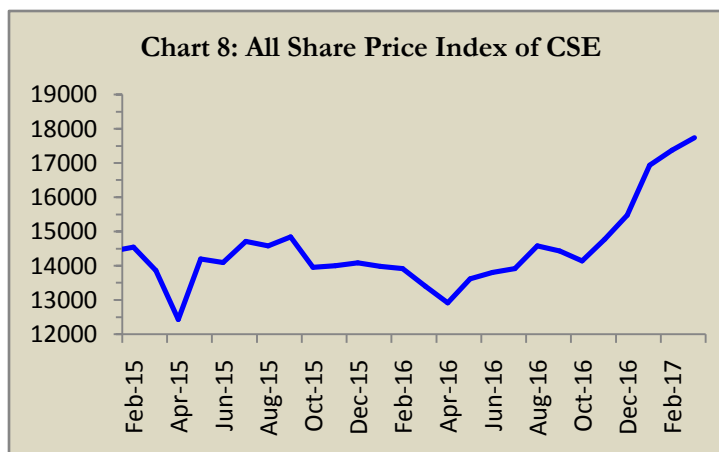
Chittagong Stock Exchange (CSE)

The total number of listed securities in Chittagong Stock Exchange (CSE) stood at 302 at the end of March 2017. During the period January-March 2017, a total number of 1620.50 million shares were traded as against 986.22 million shares during October-December 2016 and 704.43 million shares during the same period of the previous year. It was 64.31 percent and 130.04 percent higher than that of preceding quarter and the same period of the previous year respectively.



During January-March 2017, the total turnover value of traded shares was Tk. 45.73 billion which was 74.87 percent and 134.33 percent higher than that of the preceding quarter and the same quarter of the previous year respectively. The market capitalization of CSE stood at Tk. 3118.87 billion at the end of the period under report, which was 16.24 percent and 31.69 percent higher than the same of period of the preceding quarter and the same period of the preceding year respectively (Annex-3).

All Share Price Index of CSE stood at 17738.30 points at the end of March 2017, which was 14.61 percent and 32.30 percent higher than 15477.66 points and 13407.24 points at the end of December 2016 and March 2016 respectively. The CSE is also calculating CSE30 index based on the best performing 30 companies' share prices. The CSE 30 index stood at 15583.37 points at the end of March 2017, which is 14.72 percent and 16.23 percent higher than 13583.60 and 13407.24 points at the end of December 2016 and March 2016 respectively. The Shariah Compliant index 'CSES' rose to 1188.15 points at the end of March 2017 which was 1072.08 points at the end of December 2016 and 921.23 points at the end of March 2016.



The total amount of issued capital rose to Tk. 590.06 billion at the end of March 2017 which was Tk. 574.11 billion and Tk. 551.35 billion at the end of December 2016 and March 2016 respectively. During January-March 2017, Price Earnings (P/E) ratio in CSE increased to 17.08 from 14.00 and 14.67 at the end of the preceding quarter and the same period of the preceding

year in that order. In Chittagong Stock Exchange, the yield slightly reduced to 2.82 at the end of March 2017 which was 3.22 at the end of December 2016 and 2.05 at the end of March 2016.

A comparative picture of the two stock exchanges (Table-2) is given below:

Table 2: Summary of Capital Market Developments in Bangladesh

(Billion Taka)

End period	Number of listed Securities		Issued capital (Billion Taka)		Market Capitalization (Billion Taka)		Total Turnover (Billion Taka)		Indices	
	DSE	CSE	DSE	CSE	DSE	CSE	DSE	CSE	DSE	CSE
Jun-15	555	295	1,091.95	529.77	3,247.31	2,588.08	305.99	30.74	4,583.11	14,097.17
Sep-15	556	296	1,096.80	536.27	3,355.50	2,678.26	311.33	24.87	4,852.08	14,845.00
Dec-15	559	299	1,105.92	544.68	3,159.76	2,487.49	243.39	17.47	4,629.64	14,089.63
Mar-16	560	300	1,111.64	551.35	3,030.37	2,368.35	279.89	19.52	4,357.54	13,407.24
Jun-16	559	298	1,127.41	566.08	3,185.75	2,496.85	237.85	16.20	4,507.58	13,802.59
Sep-16	559	299	1,131.39	565.57	3,281.91	2,582.65	248.92	21.21	4,695.19	14,429.44
Dec-16	560	300	1,145.30	574.10	3,412.44	2,683.04	424.90	26.15	5,036.05	15,477.66
Mar-17	562	302	1,152.55	590.06	3,798.31	3,118.87	754.07	45.73	5,719.61	17,738.30

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

Regional Markets

Main indices of the regional stock markets of 6 selected countries (Bangladesh, India, Indonesia, Sri Lanka, Pakistan and Thailand) at the end of March 2017, showed an upward trend except Thailand and Pakistan. It is observed that, Thailand has the highest market capitalization (% of GDP) among the selected countries, which recorded at 117.53 percent followed by 83.43 percent in India, 48.33 percent in Indonesia, 34.12 percent in Pakistan, 21.47 percent in Sri Lanka and 18.49 percent in Bangladesh. However, Pakistan has highest Interest rate of 10 Year Government Bond (8.25 percent) while it was 6.62 percent in Bangladesh at the end of March 2017 (Table 3).

Table 3: Regional markets as on March 2017

Country	Index		Interest Rate 10-Yr-G-Bond % a year	M. Cap to GDP ratio %	yield	P/E ratio
	In Name	% change over previous month				
Thailand	SET	-0.43	2.65	117.53	1.93	17.38
India	BSE	3.59 (BSE 30)	6.81 (BSE 30)	83.43	1.33 (BSE 100)	24.70 (BSE 100)
Indonesia	ISE	2.85 (JC)	7.07 (JC)	48.33	-	-
Pakistan	Pakistan SE	-0.40 (KSE 100)	8.25 (KSE 100)	34.12	-	-
Sri Lanka	Colombo SE	-	-	21.47	3.00	11.82
Bangladesh	DSEX	1.90	6.62	18.49	3.44	16.36

Source: Monthly Review of Dhaka Stock Exchange

Conclusion

Though capital market plays significant role in economic development by channeling long term funds from savers to investors, capital market in Bangladesh is still lagging behind compared to those of South Asian and South-east Asian countries. Banks play dominant roles in financing economic activities in Bangladesh. However, banks are not in a position to finance a long term productive investment activities continuously following higher level of non-performing loan and risk of maturity mismatch of funds. Given this, Bangladesh needs to undertake measures to expand capital market for financing productive investments and infrastructural projects. To this end, regulator of capital market BSEC may take some pragmatic steps to ensure good corporate governance, motivate good companies for floating bonds, shares and continue legal facilitation.

Table-01: Performance of all listed Securities of DSE

Annex-1

Performance of all listed Securities	2016				2017			
	Jan-March	April-June	Jul-Sept	Oct-Dec	Jan-March	April-June	Jul-Sept	Oct-Dec
Total no. of listed securities	560	559	559	560	562			
Issued capital (BDT in million)	1,111,636.28	1,127,409.97	1,131,387.75	1,145,300.10	1,152,551.96			
DSE Broad Index (DSEX)	4,357.54	4,507.58	4,695.19	5,036.05	5,719.61			
DSE 30 Index (DS30)	1,648.95	1,770.82	1,778.70	1,810.91	2,090.76			
DSEX Shariah index (DSES)	1,052.14	1,110.84	1,125.86	1,191.87	1,303.72			
Market Capitalization								
BDT in million	3,030,366.13	3,185,749.34	3,281,909.47	3,412,441.49	3,798,305.99			
USD in million	38,647.70	40,634.56	41,861.09	43,299.60	47,747.40			
Total turnover (BDT in mn)	279,890.44	237,852.54	248,922.95	424,905.34	754,069.96			
Turnover volume (in mn)	8,148.44	6,453.11	6,608.87	13,701.58	22,920.96			
P/E Ratio	14.26	14.61	15.12	14.29	16.32			
Yield	3.93	3.79	3.73	3.90	3.48			
Daily Average turnover	4,442.71	3,836.33	4,525.87	6,965.66	11,969.36			
Total trading day	63	62	55	61	63			
Number of active brokerage houses	235	235	235	236	236			
1. Performance of listed companies								
Number of listed Companies	289	292	293	294	296			
Issued capital (BDT in million)	510,587.32	526,401.01	530,342.01	541,386.47	547,387.96			
Market Capitalization								
BDT in million	2,452,648.27	2,600,356.96	2,694,850.97	2,822,299.08	3,202,262.65			
USD in million	31,279.79	33,167.82	34,373.10	35,811.43	40,254.72			
Total turnover (BDT in mn)	277,568.13	236,170.04	244,993.60	420,835.88	739,903.20			
Turnover volume (in mn)	7,800.32	6,169.45	6,023.67	13,092.60	21,132.25			
2. Performance of listed Mutual Funds								
Number of listed Mutual Fund	40	36	35	35	35			
Issued capital (BDT in million)	46,151.96	46,111.96	46,148.72	49,016.62	50,367.93			
Market Capitalization								
BDT in million	28,549.91	30,284.43	31,904.20	35,078.88	40,892.48			
USD in million	364.11	386.28	406.94	445.11	514.05			
Total turnover (BDT in mn)	2,275.90	1,658.00	3,899.22	4,043.80	14,126.58			
Turnover volume (in mn)	348.08	283.63	585.17	608.95	1,788.67			
3. Performance of listed Govt. T. Bonds								
Number of listed govt. bond	221	221	221	221	221			
Issued capital (BDT in million)	548,592.24	548,592.24	548,592.24	548,592.24	548,592.24			
Market Capitalization								
BDT in million	548,592.24	548,592.24	548,592.24	548,592.24	548,592.24			
USD in million	6,996.46	6,997.35	6,997.35	6,960.95	6,896.19			
Total turnover (BDT in mn)								
Turnover volume (in mn)								
4. Performance of listed Corporate Bond								
Number of listed Corporate bonds	2	2	2	2	2			
Issued capital (BDT in million)	5,951.08	5,951.08	5,951.08	5,951.08	5,850.15			
Market Capitalization								
BDT in million	5,999.60	5,890.27	5,986.35	5,895.58	5,982.90			
USD in million	76.52	75.13	76.36	74.81	75.21			
Total turnover (BDT in mn)	46.41	24.50	30.13	25.65	40.18			
Turnover volume (in mn)	0.05	0.03	0.03	0.03	0.04			
5. Debentures								
Number of listed Companies	8	8	8	8	8			
Issued capital (BDT in million)	353.693	353.693	353.693	353.693	353.693			
Market Capitalization								
BDT in million	575.71	625.44	575.71	575.71	575.71			
USD in million	7.34	7.98	7.34	7.31	7.27			
Total turnover (BDT in mn)								
Turnover volume (in mn)								

Source: Dhaka Stock Exchange(DSE)

Table-02: Performance of banking sectors securities of DSE

Annex-2

Particulars	2016				2017			
	Jan-March	April-June	Jul-Sept	Oct-Dec	Jan-March	April-June	Jul-Sept	Oct-Dec
1. Performance of Banking Sector								
Number of listed Banks	30	30	30	30	30			
Issued capital (BDT in million)	229,678.63	238,119.47	239,472.34	239,472.34	239,864.30			
Market Capitalization								
BDT in million	374,911.85	395,556.03	441,835.84	484,068.34	594,150.86			
USD in million	4,781.43	5,045.36	5,635.66	6,142.22	7,468.90			
Total turnover (BDT in mn)	20,273.41	18,870.55	26,515.37	39,984.82	120,873.19			
Turnover volume (in mn)	1,171.26	1,117.31	1,388.17	2,432.93	5,643.33			
P/E Ratio	6.59	6.70	7.44	8.14	10.03			
Yield	7.29	7.82	7.46	6.89	5.77			
2. Performance of listed Financial Institutions								
Number of listed Financial Institutions	23	23	23	23	23			
Issued Capital (BDT in million)	39,916.103	40,529.90	40,529.90	40,587.92	42,259.87			
Market Capitalization								
BDT in million	142,002.519	145,672.43	153,209.71	160,990.32	251,587.42			
USD in million	1,811.026	1,858.07	1,954.21	2,042.77	3,162.63			
Total turnover (BDT in mn)	16,912.666	12,426.34	18,859.82	27,876.31	76,734.48			
Turnover volume (in mn)	647.994	434.66	686.19	1,261.73	2,176.05			
P/E Ratio	14.241	13.95	14.76	17.05	25.11			
Yield	4.061	4.07	3.94	3.63	2.47			
3. Performance of listed Insurance Companies								
Number of listed Insurance Companies	46	47	47	47	46			
Issued Capital (BDT in million)	20,155.56	21,082.01	21,481.19	21,481.19	21,510.77			
Market Capitalization								
BDT in million	76,451.63	71,419.58	74,817.39	84,553.15	92,344.25			
USD in million	975.02	910.96	954.30	1,072.87	1,160.83			
Total turnover (BDT in mn)	7,034.27	4,226.03	4,783.65	11,355.27	14,591.23			
Turnover volume (in mn)	191.89	138.70	208.94	502.21	474.99			
P/E Ratio	10.13	10.03	11.16	13.06	14.72			
Yield	3.50	3.84	3.69	3.31	3.02			

Source: Dhaka Stock Exchange (DSE)

Table- 3: Performance of all listed Securities of CSE

Annex-3

Particulars	2016				2017			
	Jan-March	April-June	Jul-Sep	Oct-Dec	Jan-March	April-June	Jul-Sep	Oct-Dec
Performance of all listed Securities								
Total no. of listed securities	300	298	299	300	302			
Issued capital (BDT in million)	551,345.60	566,076.00	565,574.70	574,106.47	590,061.60			
All share price Index (CASPI)	13,407.24	13,802.59	14,429.44	15,477.66	17,738.30			
CSE-30 Index (closing)	13,407.24	12,773.70	13,096.15	13,583.60	15,583.37			
CSE Sharia index (closing)	921.23	1,027.88	1,005.13	1,072.08	1,188.15			
Market Capitalization								
BDT in million	2,368,359.40	2,496,848.90	2,582,654.70	2,683,039.95	3,118,872.20			
USD in million	300,362.60	31,835.38	33,217.42	34,508.55	401,141.10			
Total turnover (BDT in mn)	19,516.30	16,200.00	21,208.80	26,151.64	45,731.60			
Turnover volume (in mn)	704.43	550.87	504.14	986.22	1,620.50			
Yield	2.05	1.69	3.25	3.22	2.82			
P/E Ratio	14.67	14.60	15.23	14.00	17.08			
Daily Average turnover (BDT mn)	314.78	261.29	385.61	432.98	725.90			
Total trading day	62	62	55	61	63			
Number of brokerage house	148	148	148	148	148			
1. Performance of listed companies								
Number of listed Companies	258	261	262	263	265			
Issued capital (BDT in million)	499193.60	514,014.00	513,943.80	519,607.75	533,843.50			
Market Capitalization								
BDT in million	2,334,984.30	2,462,513.20	2,546,236.10	2,642,741.25	3,072,535.50			
USD in million	29612.99	31,397.59	32,749.02	33,990.24	39,518.14			
Total turnover (BDT in mn)	19426.6	16,070.90	21,071.00	25,813.77	45,012.70			
Turnover volume (in mn)	-	-	-	-	-			
2. Performance of listed Mutual Funds								
Number of listed Mutual Fund	40	35	35	35	35			
Issued capital (BDT in million)	46152.00	46,062.00	45,679.80	48,547.65	50,367.90			
Market Capitalization								
BDT in million	27,585.10	28,569.60	30,705.10	34,479.90	40,404.00			
USD in million	249.84	364.27	394.92	443.47	519.67			
Total turnover (BDT in mn)	87.1	127.10	227.30	250.04	716.10			
Turnover volume (in mn)	-	-	-	-	-			
3. Performance of listed Corporate Bond								
Number of listed Corporate bonds	2	2	2	2	2			
Issued capital (BDT in million)	6000.00	6,000.00	5,951.10	5,951.10	5,850.10			
Market Capitalization	0	-	-	-	-			
BDT in million	5790	5,766.00	5,713.50	5,818.80	5,932.70			
USD in million	73.43	73.52	73.49	74.84	76.30			
Total turnover (BDT in mn)	2.7	1.90	1.80	1.13	3.10			
Turnover volume (in mn)	-	-	-	-	-			

Source: Chittagong Stock Exchange (CSE)