FINANCIAL MARKET REVIEW

May 2026

Endeavour Education Excellence

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The BICM Financial Market Review provides analytical insights about the performance of the financial market in Bangladesh on a monthly basis.

"Stable short-term rates and robust deposits anchor financial stability, though rising long-term yields and cautious investment temper outlook"

— Imran Mahmud [Lecturer, BICM] & Md. Adnan Ahmed [Lecturer, BICM]

Economy of Bangladesh

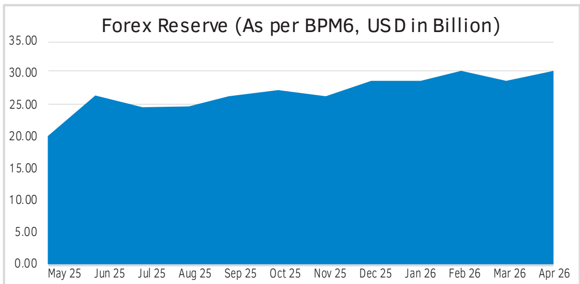

Figure-01 Forex Reserve

Bangladesh's foreign exchange reserves according to the IMF BPM6 increased to USD 30.51 billion in April 2026 from USD 29.36 billion in March (Fig-01).

Remittance inflow declined to USD 3.13 billion in April 2026 from USD 3.75 billion in March (-16.61% MoM). Inflows remained above USD 3 billion since December 2025, indicating a higher average remittance base in recent months despite short-term fluctuations (Fig-02).

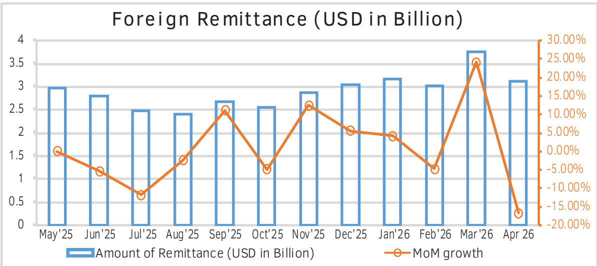

Figure-02 Foreign Remittance

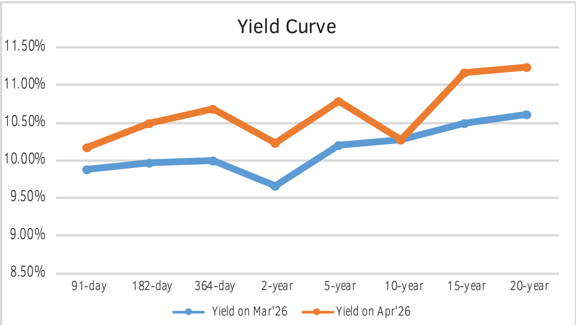

Figure-03 Yield Curve

Between March and April 2026, yields increased across most government securities. Short-term T-bill rates saw a notable rise. The 91-day yield climbed to 10.17% from 9.88%, and the 182-day yield increased to 10.50% from 9.97%. The 364-day yield also advanced significantly to 10.69%. Medium tenors such as the 2-year and 5-year bonds observed upward movements, with the 2-year yield rising to 10.23% and the 5-year yield reaching 10.79%. Long tenure bonds also trended higher, as the 15-year yield increased to 11.16% and the 20-year yield rose to 11.24%, while the 10-year yield remained unchanged at 10.27% (Fig-03).

From May 2025 to April 2026, the call money rate remained within a narrow band of 9.80%–10.05%, and the interbank repo rate stayed fixed at 10.00% since July 2025. The 10-year T-bond yield declined from 12.35% in June 2025 to 9.89% in September 2025, then gradually increased to 10.50% by April 2026 (Fig-04).

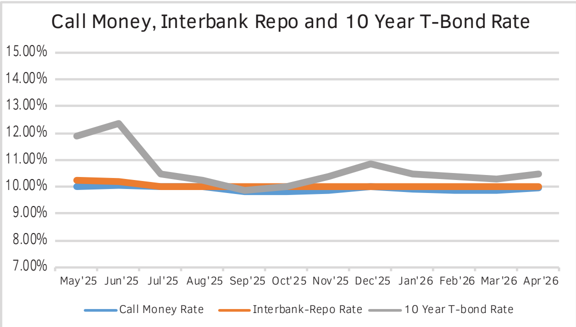

Figure-04 Call Money, Interbank Repo and 10 Year T-Bond Rate

A Visual Tour of the Key Statistics

According to International Monetary Fund (IMF), GDP growth slowed from 4.20% in FY24 to 3.50% in FY25, while inflation increased from 9.70% to 10.00%. Growth is forecasted to rise to 4.70% in FY26 and 4.30% in FY27 as inflation declines to 9.20% and 6.00%, respectively. From FY28 to FY30, GDP growth is projected to increase from 4.50% to 5.80%, while inflation is expected to remain within the 5.00%–5.50% range (Fig-05).

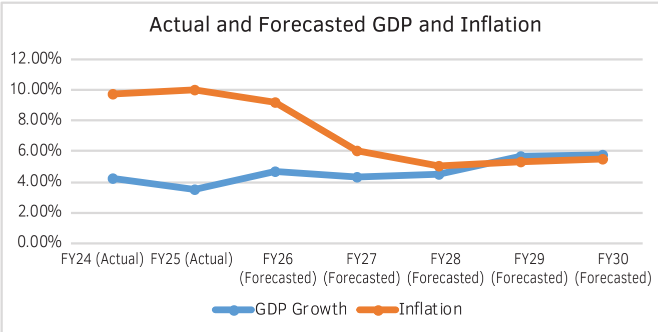

Figure-05 Actual and Forecasted GDP and Inflation

During FY26 (Jul–Feb), the trade deficit increased to USD 16.9 billion from USD 13.70 billion in FY25. Exports declined slightly to USD 29.2 billion from USD 29.98 billion, while imports rose to USD 46.2 billion from USD 43.75 billion. The current account deficit narrowed to USD 1.0 billion from USD 1.40 billion. The financial account improved significantly to USD 4.0 billion from USD 0.44 billion, resulting in a balance of payments surplus of USD 3.43 billion compared to a deficit of USD 0.87 billion in the previous year. (Figure-06).

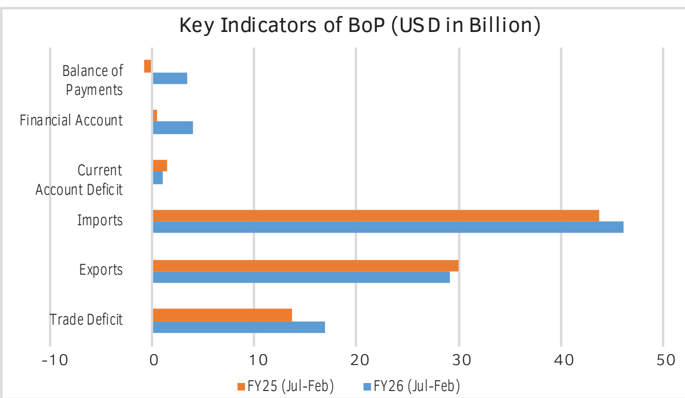

Figure 06- Key Indicators of Balance of Payment (BoP)

E-banking and E-commerce growth turned negative in February 2026 across all channels: ATM (-5.39%), POS (-3.68%), e-commerce (-11.02%), and CRM (-12.22%), bringing total transaction growth to -7.84%. This followed modest positive growth in January (Total 0.21%) and December (2.60%), after contractions in November (-1.12%). Earlier months showed mixed performance, with stronger CRM growth in October (14.10%) and overall weakness in September (-2.15%) (Figure – 07).

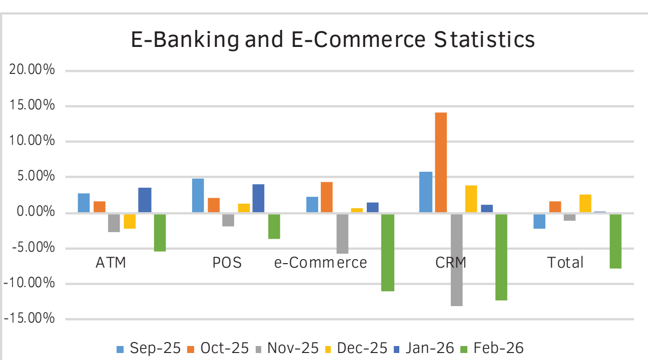

Figure-07 E-Banking and E-Commerce Statistics

In February 2026, total deposits in banks rose by 1.40% month-on-month and 11.28% year-on-year, with time deposits growing by 1.31% MoM and 11.84% YoY. Total bank credit increased by 1.09% MoM and 11.02% YoY, led by a 3.77% MoM and 28.68% YoY surge in investments, while advances grew marginally by 0.19% MoM and bills financing declined by 1.54% MoM and 18.49% YoY (Table -01).

Items	Feb, 2026	Jan, 2025	Feb, 2025	Percentage Changes	
				Feb, 2026 over Jan, 2025	Feb, 2026 over Feb, 2025
Deposits held in Banks (TK in mllions)					
Demand Deposits*	2,027,860	1,984,048	1,903,033	2.21	6.56
Time Deposits*	17,921,281	17,689,889	16,023,826	1.31	11.84
Total	19,949,141	19,673,937	17,926,859	1.40	11.28
Bank Credit (TK in mllions)					
Advances	17,758,935	17,725,392	16,707,827	0.19	6.29
Bills (Import & Inlands Bills)	251,529	255,457	308,598	-1.54	-18.49
Investments	6,424,784	6,191,467	4,992,760	3.77	28.68
Total	24,435,248	24,172,316	22,009,185	1.09	11.02

Note:
1. Advances include Loans &Advance, Money at Call, Balances & R. Repo with NBFI's & Accrued Interest.
2. Investments include Treasury Bills, Treasury Bonds, Share & Securities with accrued interest.

Table-01 Deposits and Credit in Banking Industry of Bangladesh

Insights from Numbers

► The April 2026 reserve rebounding to USD 30.51 billion signals renewed strength in Bangladesh's external buffer after the temporary moderation in March. The broader trend from mid-2025 shows a structural shift from a USD 20–25 billion range to a sustained USD 28–30+ billion band, indicating improved balance of payments management, steadier foreign currency inflows, and tighter control over external outflows.

► April's remittance inflows moderated to USD 3.13 billion from March's exceptional USD 3.75 billion, which was likely driven by Eid festival transfers. Consequently, the decline in April was normal rather than a sign of weakness. Importantly, remittance inflows have consistently exceeded the USD 3 billion mark since late 2025, reflecting a structurally stronger base compared to mid-2025, when monthly receipts remained below USD 2.5 billion.

► The sharp rise in yields across almost all maturities in April indicates renewed upward pressure in the government securities market after several months of easing. The increase is more pronounced in medium-to-long tenures, especially 15- and 20-year bonds, suggesting that investors are demanding higher term premiums amid expectations of sustained government borrowing and slower disinflation than previously anticipated.

► Short-term money market conditions remain tightly anchored, as reflected by the near-unchanged call money and interbank repo rates over the months. This stability shows that Bangladesh Bank has successfully maintained balanced liquidity in the overnight market. However, the movement in the 10-year T-bond yield tells a different story. The rise again in April after a gradual softening phase suggests that bond market participants are adjusting expectations about future borrowing needs and inflation persistence.

► The GDP growth–inflation path according to IMF shows an economy moving through a stabilization phase before entering a gradual recovery cycle. After two years of subdued growth and double-digit inflation, the projections indicate that macroeconomic pressures are expected to ease from FY26 onward. Inflation is forecasted to fall steadily while growth recovers in a measured manner rather than sharply, suggesting that the adjustment is driven by policy stabilization, improved external balances, and restored investment confidence. The trajectory implies a transition from crisis management toward medium-term normalization, where lower inflation creates room for growth to strengthen sustainably rather than through demand overheating.

► The external sector position reflects a structural shift rather than simple trade dynamics. Although the trade deficit widened due to higher import payments and slightly lower exports, the overall balance of payments turned strongly positive because of a sharp improvement in the financial account. This indicates that foreign inflows, through loans, investments, and external financing, are now playing a larger role in stabilizing the external position than trade earnings alone. At the same time, the narrowing current account deficit suggests that remittance strength and controlled non-essential imports are cushioning the pressure from the trade gap.

► The volatility in e-banking and e-commerce transaction growth indicates fluctuating consumer and business payment activity rather than a steady digital expansion trend. After a moderate recovery in December and January, February recorded a sharp contraction across all channels, particularly in e-commerce and CRM transactions. The data implies that digital transaction platforms are closely mirroring real economic activity, where reduced purchasing power and subdued trade are directly translating into lower electronic payment volumes.

► Deposit growth in February 2026 remained strong, driven mainly by continued expansion in time deposits, indicating a preference for savings amid high interest rates and cautious spending behavior. On the credit side, overall bank credit growth was sustained not by advances to businesses but by a sharp rise in investments in government securities. The decline in bills financing and marginal growth in advances suggest weak trade activity and subdued private borrowing demand. Banks appear to be channeling excess liquidity into risk-free government instruments rather than expanding private sector lending, reflecting the ongoing shift in bank asset composition under tight macroeconomic conditions.

Data Source: Bangladesh Bank, International Monetary Fund

"April 2026: Marginal Benchmark Gains Amid Strong SME Rally"

DSEX remained largely flat in April 2026, while DSMEX surged sharply, indicating SME-driven momentum amid weak broad market performance and limited investor confidence.

Faima Akter [Lecturer, BICM] &
Gourav Roy [Lecturer, BICM]

The Dhaka Stock Exchange exhibited mixed performance in April 2026, reflecting uneven market dynamics across segments (Table-2). The benchmark DSEX recorded a marginal gain of 0.27%, indicating overall market stability with limited upward momentum. Similarly, the blue-chip DS30 index increased by 0.77%, suggesting relatively stronger performance among fundamentally sound large-cap stocks. In contrast, the DSES declined by 1.19%, highlighting weakness in Shariah-compliant securities, potentially due to sector-specific corrections or reduced investor demand. The CDSET also experienced a slight contraction of 0.26%, indicating subdued activity in corporate debt instruments. Notably, the DSMEX surged by 8.01%, signaling heightened speculative interest and liquidity inflow in SME stocks, which may reflect short-term trading opportunities rather than fundamental strength.

Index Name	1-Apr-26	30-Apr-26	Change	% Change
DSEX	5,272.79	5,286.87	14.08	0.27%
DSES	1,065.46	1,052.79	-12.67	-1.19%
DS30	2,001.65	2,017.01	15.36	0.77%
CDSET	10.76	10.73	-0.0285	-0.26%
DSMEX	1,041.31	1,124.71	83.4	8.01%

Table-02 Performance of Capital Market Indices in April, 2026

The daily movements of DSEX and DSES in April 2026, in Figure 08, indicate a volatile and directionless market with frequent reversals. Both indices experienced sharp declines early in the month, particularly on April 5, followed by intermittent recoveries, suggesting the absence of sustained momentum. Positive spikes on April 1 and April 9 reflect short-lived buying pressure, but these gains were not maintained. The close co-movement between DSEX and DSES implies broad market sentiment rather than segment-specific trends, although DSES generally exhibited slightly weaker performance. Toward the end of the month, fluctuations narrowed, indicating reduced volatility and possible consolidation, with investors remaining cautious and lacking strong directional conviction.

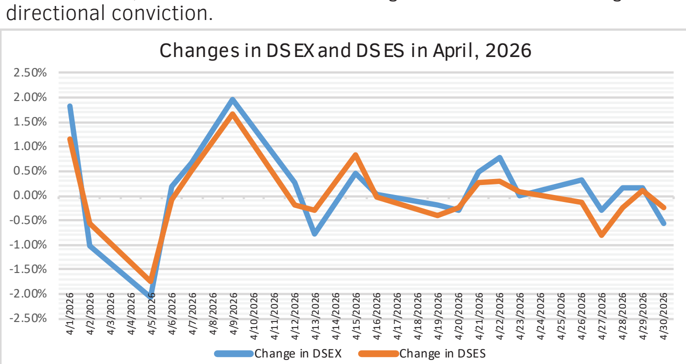

Figure-08 Percentage Changes in DSEX and DSES in April, 2026

On the other hand, both CASPI and CSE30 (Figure-09) exhibited a highly volatile pattern throughout April 2026, fluctuating between intermittent gains and frequent declines without establishing a sustained upward trend. Although a notable rebound was observed in the early part of the month, it lacked continuity. The indices ultimately closed the month on a negative note, reflecting cautious sentiment and persistent market uncertainty.

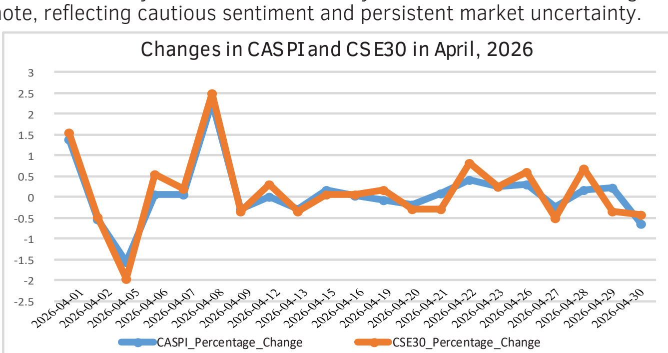

Figure-09 Percentage Changes in CASPI and CSE30 in April, 2026

The Advance to Decline (A/D) ratio in April 2026, shown in figure 10, reflects a highly unstable market breadth with sharp fluctuations. An extreme spike on April 8 indicates temporary broad-based buying, followed immediately by a steep reversal, suggesting unsustainable momentum. Most trading days recorded ratios below or near 1, implying dominance of declining stocks. Overall, breadth remained weak and inconsistent, confirming fragile market sentiment despite occasional bullish surges.

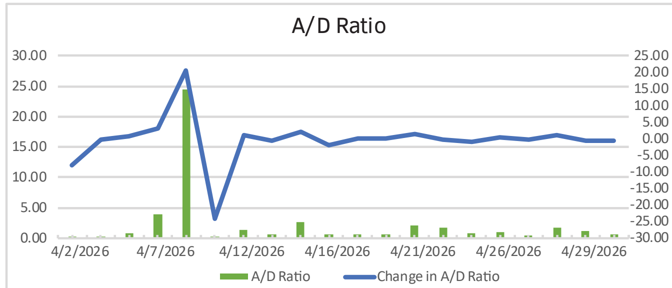

Figure-10 A/D Ratio in April, 2026

Despite a 1.96% decline in average market capitalization, trading activity increased significantly in April 2026 (Table-03). Average traded value surged by 36.29%, and the number of trades rose by 27.45%, indicating heightened market participation. Meanwhile, trade volume grew modestly by 5.48%, suggesting increased transaction frequency and possible short-term speculative trading rather than strong long-term investment inflows.

Parculars	31 March 2026	31 March 2026	Change	% Change
Average Market Capital (TK Million)	6995969.7	6,859,132.8	-136,836.9	-1.96%
Average Traded Value (TK Million)	6009.0	8,189.7	2,180.7	36.29%
Average Number of Trades	172299.9	219,597.7	47,297.8	27.45%
Average Trade Volume	275796913.6	290,896,810.3	15,099,896.7	5.48%

Table-03 Market Aggregates in April, 2026

The turnover concentration in Table-04 indicates that liquidity was largely driven by a few specific stocks, with CITYBANK and DOMINAGE leading trading activity, reflecting focused investor attention rather than broad-based participation. However, mixed price changes among high-turnover stocks suggest absence of uniform buying pressure. On the performance side, top gainers such as APEXSPINN and BDLAMPS posted strong double-digit returns, indicating short-term momentum-driven rallies. Conversely, significant losses in stocks like PRIMEFIN and BBS highlight persistent selling pressure in certain sectors. Notably, KBPPWBIL appears in both high turnover and top losers, suggesting active distribution or profit booking. Overall, the pattern reflects selective trading, speculative positioning, and fragmented market sentiment.

Turnover				Gainer			Loser		
Sl	Stock	Turn Over	Total (%)	Sl	Stock	Return (%)	Sl	Stock	Return (%)
1	CITYBANK	318.39	5.19%	1	APEXSPINN	31.26%	1	PRIMEFIN	-10.00%
2	DOMINAGE	244.44	11.19%	2	BDLAMPS	28.47%	2	BBS	-8.53%
3	ACMEPL	210.99	-3.85%	3	SAMATALETH	24.83%	3	NBL	-8.51%
4	KBPPWBIL	197.85	-8.26%	4	CONTININS	20.24%	4	KBPPWBIL	-8.26%
5	SAPORTL	191.46	1.00%	5	AGNISYSL	20.18%	5	FAREASTFIN	-7.69%

Table-04 Top Turnover Leaders, Gainers and Losers

The sectoral Price to Earnings (P/E) landscape (Figure-11) reveals notable dispersion in valuation multiples across industries relative to the market average P/E of 10.62. Tannery, Paper and Printing, and Miscellaneous sectors are trading at significantly elevated P/E levels, suggesting either strong growth expectations or potential overvaluation. In contrast, sectors such as Bank, Fuel and Power, and NBFI remain below or close to the market average, indicating comparatively conservative valuations and subdued earnings expectations. This divergence highlights uneven investor sentiment and sector-specific outlooks within the market.

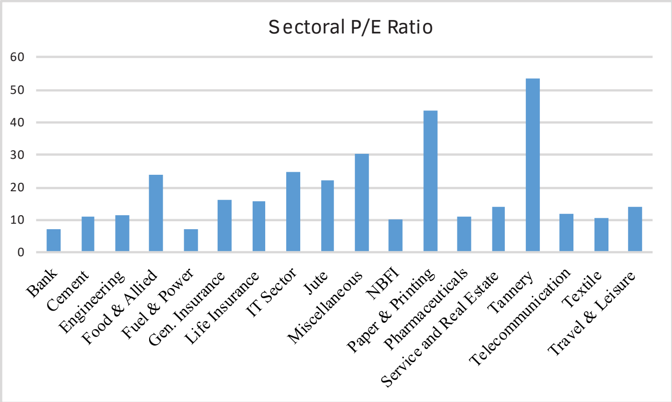

Figure-11 Sectoral P/E Ratio

The sector return profile (Figure-12) reflects mixed but largely subdued performance. Travel & Leisure recorded a sharp decline, while Mutual Fund, NBFI, and Cement also remained in negative territory. In contrast, General Insurance, Tannery, IT, and Jute posted notable gains. Meanwhile, Bank and Telecommunications showed marginal positive returns, indicating cautious investor sentiment.

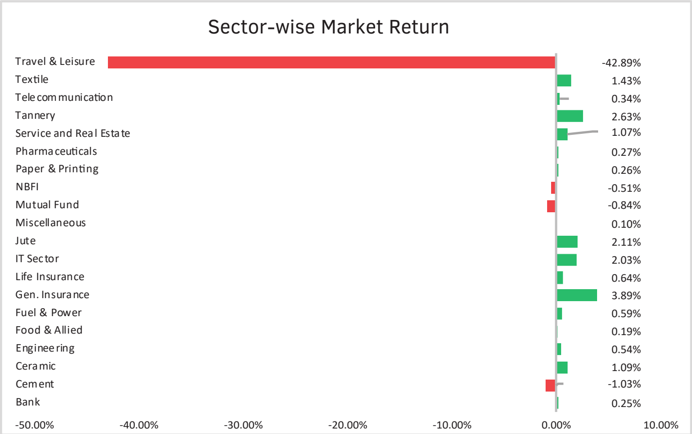

Figure-12 Sector-wise Market Return

The turnover distribution (Figure-13) indicates that trading activity was concentrated in a few key sectors, with Engineering, Pharmaceuticals, Textiles, and General Insurance capturing a significant share. Bank and Food & Allied also contributed notably to the overall turnover. In contrast, sectors such as Jute, Tannery, NBFI, and Cement showed minimal participation, reflecting limited investor interest. Overall, liquidity remained skewed toward a handful of active sectors.

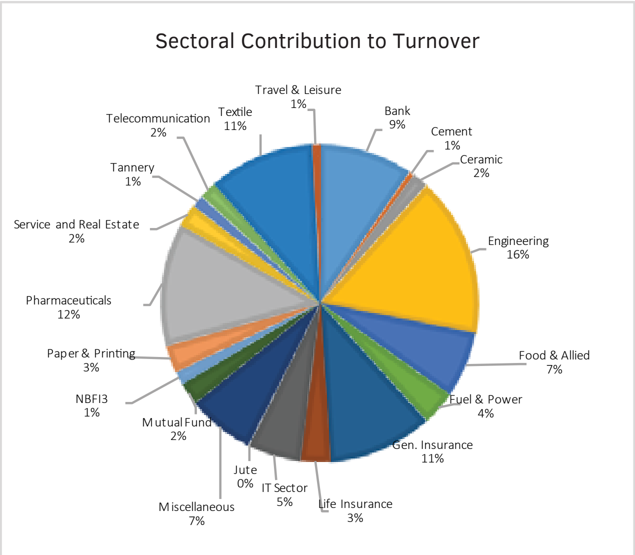

Figure-13 Sectoral Contribution to Turnover

The DSEX significantly underperformed compared to other emerging markets in April 2026, recording only a 0.27% return (Table-05). In contrast, Turkey (12.91%), China (7.42%), and India (6.90%) posted strong gains, while Japan remained modest. This divergence indicates relatively weak momentum and limited investor confidence in Bangladesh's capital market.

Performance Comparison of World's Emerging Index		
Country	**Index Name**	**Return**
India	BSESENSEX	6.90%
China	China A50	7.42%
Japan	Nikkei 225	0.38%
Turkey	BIST 100	12.91%
Bangladesh	DSEX	0.27%

Table-05 Performance Comparison of the World's Major Indexes in April, 2026

Commodity futures exhibited divergent performance in April 2026 (Table-06), reflecting sector-specific dynamics. Cotton recorded a sharp increase of 18.71%, indicating strong demand or supply constraints, while soybeans showed modest gains. In contrast, crude oil declined significantly by 8.61%, suggesting easing global energy demand or price corrections. Gold also decreased, signaling reduced safe-haven demand. Meanwhile, sugar and natural gas remained relatively stable with minor negative returns.

Performance Comparison of Commodity Futures			
Commodity name	**Return**	**Price (USD)**	**Parameter**
SUGAR	-0.33%	14.95	Lbs
NATURAL GAS	-0.71%	2.78	MMBtu
COTTON	18.71%	84.19	Lbs
SOYBEAN	2.08%	1187.75	Bu
GOLD	-1.39%	4612.50	t.oz
CRUDEOIL	-8.61%	101.94	Barrel

Table-06 Performance Comparison of Commodity Futures

The macroeconomic environment in April remained challenging, with persistent inflationary pressures and liquidity expansion concerns continuing to weigh on investor sentiment. Recent reports indicate that inflation hovered around 8.8%, driven largely by rising food and energy costs, while global oil price shocks and fuel adjustments are expected to intensify inflation further. Additionally, expansionary monetary measures, including increased reserve money supply, have raised concerns about renewed inflationary pressure and macroeconomic instability. On the external front, geopolitical tensions and energy market disruptions continued to exert pressure through higher import costs and supply chain constraints.

On the regulatory front, the Bangladesh Securities and Exchange Commission continued to prioritize market stability through tighter surveillance and investor protection measures. Ongoing efforts to enhance transparency and strengthen institutional participation signal a gradual shift toward a more resilient and efficient capital market.

Overall, the market in April remained under pressure, characterized by cautious sentiment, uneven sectoral performance, and concentrated liquidity. While macroeconomic headwinds and global uncertainties continued to weigh on performance, ongoing regulatory efforts provide a gradual pathway toward improved stability and long-term market resilience.

Data Source: DSE, CSE, Lanka Bangla Financial Portal, Investing.com, and Trading Economics

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Revolution, Reform, and Returns: The Impact of Bangladesh's 2024 Political Uprising on Bank Earnings and Stock Volatility

Insights

1. Introduction

Bangladesh experienced a watershed political event in August 2024 when a student-led uprising known as the July Revolution forced the resignation of Prime Minister Sheikh Hasina, ending a 15-year Awami League government (Islam & Faisal, 2026). What began as a protest against a discriminatory job quota system escalated into a nationwide movement claiming over 800 lives, culminating in an interim government under Nobel laureate Dr. Muhammad Yunus on August 8, 2024 (Wikipedia, 2024). The Dhaka Stock Exchange (DSE) reflected this upheaval dramatically. Its composite index fell to 5,200 amid violence before rebounding to 5,924 under the new administration (NEPSE Trading, 2025). Against this backdrop, the banking sector faced simultaneous reform pressure, with Bangladesh's NPL ratio reaching 20.2% by December 2024, the highest in Asia against a regional average of 1.6% (ADB, 2025), as the interim government enforced stricter Basel III-aligned loan classification. This study investigates how earnings announcements of DSE-listed banks were reflected in stock return dynamics and trading volatility before and after the regime change, contributing to the limited literature on earnings informativeness during political transitions in emerging markets.

2. Motivation of the Study

Three phenomena motivate this study. First, politically influenced lending and suppressed NPL reporting under the previous regime distorted the earnings landscape for DSE-listed banks (New Age, 2024). Post-uprising enforcement saw NPLs surge to BDT 4.20 trillion (24.13% of loans) by Q1 2025 (The Business Standard, 2025), exposing hidden losses that directly impacted EPS disclosures. Second, the DSE's dramatic market swings which stabilized only after replacement of 14 private bank boards by the new central bank governor suggest that political events substantially reshape the information environment surrounding earnings announcements (Ainvest, 2025). Third, prior studies by Sehgal and Bijoy (2015), Iqbal and Farooqi (2011), and Emerald (2024) document significant pre-announcement abnormal returns in emerging market banks but do not address the moderating role of regime change. This study fills that gap.

3. Methodology

This study employs an event study methodology following MacKinlay (1997), Ball and Brown (1968), and Beaver (1968). The event is the annual earnings announcement of each DSE-listed bank, operationalized as the disclosure of current EPS relative to the prior period. The sample covers 25 banks over 2022–2025, yielding 246 announcement events. EPS news was classified as Positive EPS Change (current EPS > prior EPS, n = 148) or Negative EPS Change (n = 91). Cumulative returns were computed over four windows relative to each announcement: Pre-30 Days, Post-30 Days, Pre-60 Days, and Post-60 Days. Standard deviation of returns measures volatility within each window. Annual sub-samples isolate the pre-uprising period (2022–2023) from the post-uprising period (2024–2025). All processing was performed in Python using pandas and NumPy, with visualizations in Matplotlib and Seaborn.

4. Results and Findings

4.1 Distribution of EPS Categories

Of the 239 valid observations (Table 1), 148 (61.9%) recorded a Positive EPS Change and 91 (38.1%) a Negative EPS Change. The proportion of negative news grew more pronounced in 2024–2025 as NPL disclosures intensified under the new regulatory regime.

EPS News Category	Frequency	Percentage
Positive EPS Change	148	61.9%
Negative EPS Change	91	38.1%
Total	239	100%

Table-01 Distribution of EPS News Category

4.2 EPS Descriptive Statistics by Year

Table 2 shows mean EPS remained stable from 2022 (0.804) through 2024 (0.803), with standard deviations rising from 0.652 to 1.202. The sharpest shift occurs in 2025, when mean EPS turned negative at -0.258 (std dev: 3.566, min: -16.78), as post-uprising enforcement of 90-day NPL classification rules exposed previously concealed loan losses (The Business Standard, 2025).

Year	N	Mean EPS	Std Dev	Min	Q1	Median	Q3	Max
2022	57	0.804	0.652	-0.57	0.350	0.78	1.10	2.75
2023	61	0.801	0.719	-1.55	0.350	0.75	1.14	3.25
2024	67	0.803	1.202	-2.38	0.295	0.76	1.29	7.58
2025	60	-0.258	3.566	-16.78	0.145	0.55	1.41	2.77

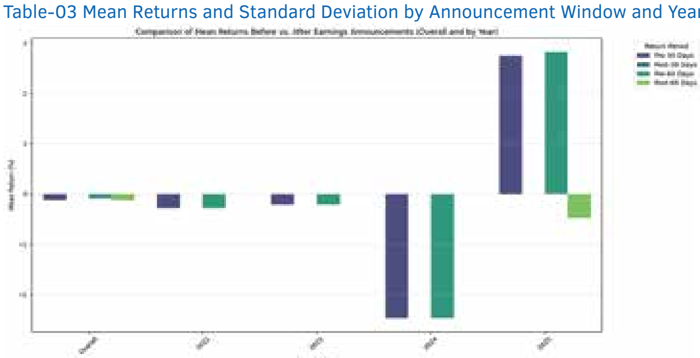
Table-02 Descriptive Statistics for Current EPS by Year

4.3 Mean Returns and Volatility: Overall and Yearly

Table 3 summarizes mean cumulative returns and volatility across windows and years. Overall pre-announcement returns were modestly negative (Pre-30: -0.11%; Pre-60: -0.09%), while post-announcement windows registered near-zero returns. Yearly decomposition reveals a two-regime pattern: 2022–2023 saw mild pre-announcement returns (-0.28% to -0.21%) and low volatility (3.71%–7.96%), while 2024 saw a structural break with Pre-30 returns of -2.47% and standard deviation of 18.75%. In 2025, Pre-30 returns rebounded to 2.74% amid reform optimism, though volatility remained elevated at 14.08%.

Period	Return Window	Mean Return (%)	Std Dev (%)	Notes
Overall	Pre-30 Days	-0.11	12.86	Mild pre-announcement drag
Overall	Post-30 Days	0.00	0.00	No post-30 return recorded
Overall	Pre-60 Days	-0.09	12.84	Consistent with Pre-30
Overall	Post-60 Days	-0.12	1.33	Minimal variation
2022	Pre-30 Days	-0.28	3.71	Stable, low vol
2023	Pre-30 Days	-0.21	7.96	Mild uptick in vol
2024	Pre-30 Days	-2.47	18.75	Peak political risk
2025	Pre-30 Days	+2.74	14.08	Post-uprising rebound
2025	Pre-60 Days	+2.83	13.98	Recovery sustained
2025	Post-60 Days	-0.48	2.66	Modest post-announcement decline

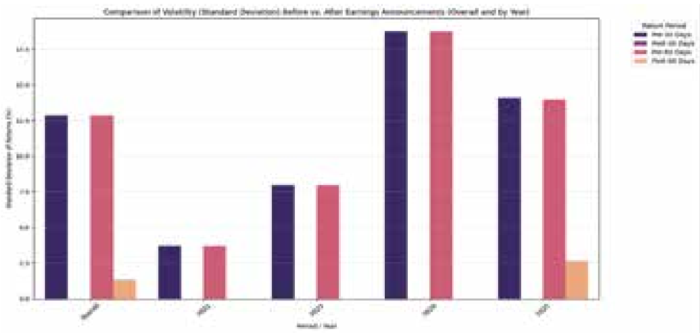
Table-03 Mean Returns and Standard Deviation by Announcement Window and Year



Note: Bars represent mean cumulative returns (%) across pre- and post-announcement windows by year.

Figure-01 Comparison of Mean Returns Before vs After Earnings Announcements (Overall and by Year)

Figure 1 confirms the structural break in Table 3. Pre-30 and Pre-60 day return hover near zero in 2022–2023, fall to approximately -2.5% in 2024, then rebound to 2.75–2.83% in 2025. The Post-60 bar for 2025 registers -0.48%, as early optimism was tempered by full NPL disclosures. The near-absence of post-30 variation across all years indicates that the DSE banking sector largely prices in announcement information beforehand, consistent with pre-event anticipation in emerging markets (Sehgal & Bijoy, 2015)

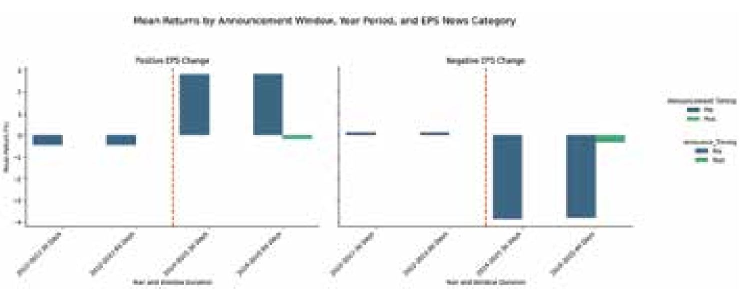


Note: Bars represent standard deviation of cumulative returns (%) across pre- and post-announcement windows by year.

Figure-02 Comparison of Volatility (Standard Deviation) Before vs. After Earnings Announcements (Overall and by Year)

Figure 2 highlights volatility escalation in 2024. Pre-30- and Pre-60-day standard deviations reached approximately 18.75% which was more than double of 2023 levels. In 2025, volatility partially normalized to 14.08% pre-announcement. Post-announcement volatility is negligible except in 2025's Post-60 window (2.66%), reflecting modest residual uncertainty during the ongoing reform period.

4.4 Returns Conditioned on EPS News Category

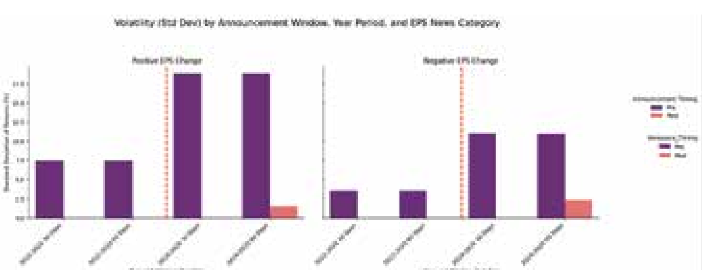


Note: Left panel shows Positive EPS Change; Right panel shows Negative EPS Change. Red dashed line separates pre- and post-uprising periods.

Figure-03 Mean Returns by Announcement Window, Year Period, and EPS News Category

Figure 3 disaggregates returns by EPS category across sub-periods. For Positive EPS Change banks, pre-announcement returns rose from approximately -0.2% in 2022–2023 to 2.8% in 2024–2025. For Negative EPS Change banks, pre-announcement returns declined from near-zero to approximately -3.8% to -4.0% in 2024–2025. Post-announcement returns remained negligible throughout. The political transition substantially amplified the market's directional sensitivity to earnings news in both categories — consistent with Emerald's (2024) finding of sharper bank EPS responses during periods of institutional stress.

4.5 Volatility Conditioned on EPS News Category



Note: Bars represent standard deviation of returns (%) for Pre and Post windows, by EPS category and sub-period.

Figure-04 Volatility (Std Dev) by Announcement Window Year Period, and EPS News Category

Pre-announcement volatility spikes in 2024–2025 for both EPS categories. For Positive EPS Change banks, standard deviation rises from approximately 7.5% in 2022–2023 to 19% in 2024–2025. For Negative EPS Change banks, it rises from approximately 3.5% to 11%. Positive-news banks exhibit roughly double the volatility of negative-news banks, reflecting greater uncertainty around the magnitude of earnings improvements in the transformed regulatory environment.

4.6 Individual Stock Return Dynamics

Table 4 reveals considerable cross-sectional heterogeneity. BRACBANK recorded the highest cumulative pre-announcement return (9.77%) with daily returns of 22.1% in 2025. ISLAMIBANK peaked at 30.0% daily in 2024 before declining to -7.20% in 2025. PREMIERBAN was the worst performer, averaging -28.57% daily in 2025 (cumulative: -7.27%), reflecting severe NPL stress. These divergent outcomes confirm that political transitions affect banks selectively based on loan portfolio quality.

Stock	2022 Avg Daily Ret (%)	2023 Avg Daily Ret (%)	2024 Avg Daily Ret (%)	2025 Avg Daily Ret (%)	Cum Pre-30 Return (%)
BRACBANK	-0.26	-7.01	9.67	22.07	9.77
ISLAMIBANK	0.77	-0.41	30.01	-7.20	4.59
PRIMEBANK	N/A	-0.19	3.71	13.42	4.70
PUBALIBANK	N/A	28.05	-2.79	5.99	4.49
EBL	-3.89	-2.52	-10.28	13.50	-1.74
NBL	7.64	0.00	-11.76	-4.93	-2.99
PREMIERBAN	1.57	0.04	-10.41	-28.57	-7.27
DHAKABANK	-3.85	-2.65	-6.60	6.15	-1.31

Table-04 Average Daily Returns (%) and Cumulative Pre-30 Returns (%) for Selected DSE-Listed Banks (2022–2025)

5. Conclusions

This study provides empirical evidence that the July 2024 political uprising constituted a structural break in the earnings-return dynamics of DSE-listed banks. Four key conclusions emerge. First, pre-announcement returns and volatility are substantially higher in the post-uprising period. The pre-30 day mean return swings from -2.47% in 2024 to +2.74% in 2025, with standard deviations reaching nearly 19% well above the 3.71% of 2022. Second, earnings announcement informativeness is asymmetrically sensitive to the political environment: positive EPS surprises generate larger pre-announcement gains in 2024–2025, while negative EPS changes drive deeper pre-announcement losses as hidden banking vulnerabilities surface through stricter NPL standards (Bonikbarta, 2025). Third, the near-universal absence of post-announcement returns across all years indicates that return dynamics are concentrated pre-announcement, pointing to information leakage or superior investor analysis consistent with Sehgal and Bijoy (2015) and MacKinlay (1997). Fourth, significant heterogeneity among individual banks confirms that political transitions affect institutions selectively based on their underlying loan portfolio quality. For investors, elevated pre-announcement volatility during political transitions necessitates wider risk premia. For policymakers, the DSE's rapid repricing of banking fundamentals post-July 2024 underscores the market-disciplining value of credible institutional reform (Ainvest, 2025). Future research should employ formal abnormal return test statistics and explore foreign investor flows as a mediating variable between political risk and earnings informativeness.

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