



# *Market Outlook*

September 4, 2020



Inflation

5.83%

Avg. Daily  
Turnover

2,975.61

Number of  
Transaction

159,104

Market Cap  
(BN)

1,998.31

Market Cap/  
GDP

57.68%

## Index

	Close	Change	Percent
NEPSE	1,510.42	52.38	3.59%
Sensitive	304.74	7.64	2.57%
Sensitive Float	100.01	1.81	1.85%
Float	104.72	2.84	2.79%

## NEPSE

	Reading	Change	Percent
Open	1,459.16		
High	1,510.57	51.41	3.52%
Low	1,462.68	3.52	0.24%
Close	1,510.42	51.26	3.51%

## Pivot Analysis

	Classic	Woodie	Camarilla
Support (s3)	1,398.78	1,387.33	1,497.25
Support (s2)	1,446.67	1,425.00	1,501.64
Support (s1)	1,478.54	1,435.22	1,506.03
Pivot Point	1,494.56	1,472.89	1,494.56
Resistance (r1)	1,526.43	1,483.11	1,514.81
Resistance (r2)	1,542.45	1,520.78	1,519.20
Resistance (r3)	1,590.34	1,531.00	1,523.59

## Sub-Index

	Close	Change	Percent
Banking	1,234.80	14.33	1.17%
Development Bank	1,781.45	22.79	1.30%
Finance	675.02	10.55	1.59%
Microfinance	2,508.31	35.69	1.44%
Life Insurance	9,235.03	233.29	2.59%
Non-Life Insurance	7,470.29	269.45	3.74%
Mutual Fund	10.84	0.18	1.69%
Manu. & Processing	3,001.66	110.75	3.83%
Trading	901.79	42.24	4.91%
Hotels	1,544.36	32.61	2.16%
Hydropower	1,082.22	112.24	11.57%
Others	993.87	113.61	12.91%

- The index opened at 1,459.16 points growing steadily for the week and correcting on the last trading day. The market reached a high of 1462.68 and closed at 1510.42 points.
- The NEPSE index by the end of the week grew by around 51.26 points an increase of 3.51%.
- The average daily turnover this week has reached 2,975.61 an increase of 52.75% from the previous week.
- The number of transaction increased to 159,104 a boom of 21.22% from the previous week.
- There was a total of 193 scripts being traded this week.
- The market is showing bullish signs with closing at a higher point than the previous week and supported by increase in the share volume traded.
- The market grew this week and is reflected in all sectors. The highest positive growth rate this week was reported by Others, Hydropower and Trading sector with 12.91%, 11.57% and 4.91% respectively. Whereas Banking, Development Bank and Microfinance sector posted the least positive growth rate of 1.17%, 1.30% and 1.44% respectively.
- In terms of turnover the sectors with the highest unit are Commercial Banks, Hydropower, Mutual Funds, Non life Insurance and Others. However in terms of amount turnover the sectors ranking include Non Life Insurance, Commercial Banks, Others, Life Insurance and Hydropower.
- Nepal Reinsurance was the top security in terms of amount traded this week with NRs.1721.62 Mn followed by Neco Insurance with NRs.504.54 Mn and Nepal Life Insurance Company Limited with 455.70 Mn.
- In terms of shares traded Nepal Reinsurance Limited, ranked the highest followed by Arun Kabeli Power Limited and Nepal Bank Limited.



## Unit Turnover

	Units ('000)	Change	Percent
Total	30,460.3	8,247.2	37%
Commercial Banks	6,793.51	(415.4)	-6%
Hydropower	5,957.80	4,318.1	60%
Mutual Fund	4,474.03	2,741.5	38%
Non Life Insurance	3,763.60	(232.4)	-3%
Others	3,126.62	1,127.7	16%

## Turnover Amt

	Amount (in Mn)	Change	Percent
Total	11,902.5	2,162.1	22%
Non Life Insurance	2,532.54	84.20	1%
Commercial Banks	2,227.69	(5.36)	0%
Others	2,142.27	786.14	35%
Life Insurance	1,854.35	335.39	22%
Hydropower	968.40	711.90	52%

## Top Securities

Traded Amount	NRIC,NIL,NLIC,SHIVM,SICL
By Market Cap.	NTC,NRIC,NABIL,NLIC,EBL
Shares Traded	NRIC,AKPL,NBL,NIL,GBIME
Number of Trades	NRN,NRIC,AIL,NIL,SHIVM

## Fundamental View

- Our economy grew to an estimated 7.1% in FY2019. GDP growth will likely moderate to 5.3% in FY2020 largely owing to the global outbreak of COVID-19 pandemic.
- The economy may rebound to 6.4% in FY2021 with the resurgence of economic activities post-COVID. Inflation rose to 4.6% in FY2019 and will inch up to 6.0% in FY2020 and stay moderate at 5.5% in FY2021.
- Economic growth in FY2020 is anticipated to contract from pre-COVID estimate of 6.3% to 5.3%. However, growth could further contract if the economic and financial crisis deepens due to this pandemic. The impact on livelihood of daily wagers and informal workers could be huge if the situation persists for much longer period.
- The outbreak of the COVID and the fear in the sentiment of the investors is likely to push the markets below. The rising cases and the shutdown implemented by Local government has questioned the path of the Market as investors level of confidence decline on performance of economy.
- Private consumption growth will stumble on the back of diminishing remittance growth and recent depreciation of Nepali rupee vis-à-vis US dollar, eroding purchasing capacity.
- The external debt increased by 6.2% to NRs 631.4 billion (18.2% of GDP) in the first quarter of FY2020. The internal debt only marginally increased by 0.06%, reflecting the early improved fiscal balance. The total public debt increased by 3.5% to NRs 1,084.9 billion (31.3% of GDP) in the first quarter of the fiscal year 2020.

## Corporate Actions

- ❖ Listing of 30% right share of Shikhar Insurance Company Limited (SICL) has been carried out in the NEPSE on 30 August 2020.
- ❖ Dividend declaration of Laxmi Equity Fund (LEMF) for the FY 2076/77 at 4.25% cash dividend on 30 August 2020.
- ❖ Listing of government Bond 2080 "Gha" with a coupon rate of 6.49% and a period of 5 years on 31 August 2020.
- ❖ Dividend declaration of Global IME Samunnat Yojana 1 (GIMES1) for the FY 2076/77 at 4% cash dividend on 31 August 2020.
- ❖ Book Closure of Laxmi Equity Fund (LEMF) in regard to the distribution of dividend on 2077/05/23.
- ❖ Book Closure of NIC Asia Balanced Fund (NICBF) and NIC Asia Growth Fund (NICGF) in regard to the distribution of dividend of 8% and 12% cash dividend respectively on 2077/05/25.
- ❖ Swap Ratio between City Express Finance Limited (CEFL) and Nepal Investment Bank Limited (NIBL) has been approved at 100:30 ratio.
- ❖ Listing of shares and transaction release of NRN Laghubitta Bittiya Sanstha Limited (NLBSL) on 3 Sep 2020.
- ❖ Book Closure of Nabil Balance Fund 2 (NBF2) Nabil Equity Fund (NEF) in regard to the distribution of dividend of 9% and 6% cash dividend respectively on 2077/05/25



## Technical analysis



The market grew by 51.26 PTS this week, the market shows signs of bull market with the final close higher than the opening. On a shorter term if market holds above its 9 and 21 period EMA around the level of 1420 the market will be under bullish bias. Holding these levels in short term the market will push itself towards 1560 where its major upper resistance lies. On a longer term if the market is able to sustain above 1400 the market is likely to start a new bullish trend where its first upper trajectory will find resistance at 1680.

Alternatively, a level of 1350 can be considered a major support for this year and lowest turnaround point for the market. Since the market is already under short term bullish bias any long position is only to be opened with a high risk appetite and holding a 20% cash to re balance the portfolio.

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