



# *Market Outlook*

August 7, 2020



Inflation

5.83%

Avg. Daily  
Turnover

1,321.61

Number of  
Transaction

85,600

Market Cap  
(BN)

1,822.91

Market Cap/  
GDP

52.62%

## Index

	Close	Change	Percent
NEPSE	1,381.38	(57.68)	-4.01%
Sensitive	289.56	(11.40)	-3.79%
Sensitive Float	95.17	(4.18)	-4.21%
Float	96.72	(4.27)	-4.23%

## NEPSE

	Reading	Change	Percent
Open	1,441.26		
High	1,403.87	(37.39)	-2.59%
Low	1,381.38	(59.88)	-4.15%
Close	1,381.38	(59.88)	-4.15%

## Pivot Analysis

	Classic	Woodie	Camarilla
Support (s3)	1,343.90	1,407.53	1,375.20
Support (s2)	1,366.39	1,394.45	1,377.26
Support (s1)	1,373.88	1,430.02	1,379.32
Pivot Point	1,388.88	1,416.94	1,388.88
Resistance (r1)	1,396.37	1,452.51	1,383.44
Resistance (r2)	1,411.37	1,439.43	1,385.50
Resistance (r3)	1,433.86	1,475.00	1,387.56

## Sub-Index

	Close	Change	Percent
Banking	1,179.91	(58.62)	-4.73%
Development Bank	1,738.61	(68.42)	-3.79%
Finance	654.29	(17.57)	-2.62%
Microfinance	2,347.75	(100.26)	-4.10%
Life Insurance	8,279.74	(336.89)	-3.91%
Non-Life Insurance	6,306.87	(269.73)	-4.10%
Mutual Fund	10.40	(0.14)	-1.33%
Manu. & Processing	2,692.68	(90.36)	-3.25%
Trading	832.05	(18.48)	-2.17%
Hotels	1,523.94	(65.61)	-4.13%
Hydropower	943.84	(25.07)	-2.59%
Others	794.89	(15.65)	-1.93%

- The index opened at 1,441.26 points shedding 42 points on the first trading day of the week managing to gain back 7 points in the second day before contracting by 21 points on the last two trading days to close at 1381.38.
- The NEPSE index by the end of the week shed around 59.88 points a decrease of 4.15% this week.
- The average daily turnover this week has reached 1,321.61 a decrease of 17.63% from the previous week.
- The number of transaction also decreased to 85,600 a negative growth of 33.73% from the previous week.
- There was a total of 194 scripts being traded this week.
- The market is signalling bearish trend due to the market closing at a lower level than the previous week and supported by decrease in the share volume traded.
- The market has contracted this week and is reflected in the sub indices as well with all the sub indices registering negative growth rate. Banking, Hotels, Microfinance and Non-Life Insurance posted the highest negative growth rate of 4.73%, 4.13%, 4.10% and 4.10% respectively. The indices with the least negative growth rate are Mutual Funds, Others and Trading with 1.33%, 1.93% and 2.17% respectively.
- In terms of unit turnover the sectors with the highest ranking are Commercial Banks, Mutual fund, Others, Hydropower and Microfinance. However in terms of amount the ranking include Commercial Banks, Microfinance, Life insurance, others and Non-Life Insurance.
- Nepal Reinsurance was the top security in terms of amount traded this week with NRs.581.17 Mn followed by Nepal Life Insurance with NRs.394.14 Mn and Prabhu Bank Limited Promoter Share with 342.96 Mn.
- In terms of shares traded Nepal Reinsurance ranked the highest followed by NMB Bank Limited and NIC Asia Bank Limited.



## Unit Turnover

	Units ('000)	Change	Percent
Total	15,794.0	(3,481.1)	-18%
Commercial Banks	5,478.53	(1,720.5)	-24%
Mutual Fund	1,401.00	(671.89)	-9%
Others	1,085.55	(699.39)	-10%
Hydropower	1,085.48	(508.59)	-7%
Microfinance	873.45	(671.69)	-9%

## Turnover Amt

	Amount (in Mn)	Change	Percent
Total	5,286.46	(2,735.9)	-34%
Commercial Banks	1,762.19	(722.93)	-29%
Microfinance	717.02	(612.45)	-25%
Life Insurance	660.47	(543.99)	-45%
Others	647.65	(410.49)	-39%
Non Life Insurance	494.10	(391.41)	-37%

## Top Securities

Traded Amount	NRIC,NLIC,PRVUPO,NMB,NICA
By Market Cap.	NTC,NABIL,NLIC,NIB,EBL
Shares Traded	NRIC,NMB,NICA,NBL,GBIME
Number of Trades	NRIC,NICLBSL,AIL,NMB,NLIC

## 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 21.10% Bonus Shares of Summit Laghubitta Sanstha Limited (SMFDB) in the NEPSE on 2 August, 2020.
- ❖ Book Closure date of Nepal Finance Limited (NFS) on 2077/04/26.
- ❖ Listing of IPO Shares of Sadhana Laghubitta Bittiya Sanstha Limited (SDLBSL) in the NEPSE on 5 August, 2020.
- ❖ Listing of 15% Bonus shares of Soaltee Hotel Limited (SHL) in the NEPSE on 5 August, 2020.
- ❖ Listing of 17.10% Bonus Share of Excel Development Bank Limited (EDBL) in the NEPSE on 6 August, 2020.
- ❖ Listing of 2,95,59,190.28 units shares of Kumari Bank Limited (KBL) used for the acquisition of Deva Bikas Bank Limited in the NEPSE on 6 August, 2020.
- ❖ Listing of 17.5% Bonus shares of Global IME Laghubitta Bittiya Sanstha Limited (GILB) in the NEPSE on 6 August, 2020.
- ❖ Listing of 5% Bonus Share of Prabhu Insurance Limited (PRIN) in the NEPSE on 6 August, 2020.
- ❖ Dividend declaration of 12% by NIBL Samridhhi Fund -1 (NIBSF1) on 7 August, 2020.
- ❖ Dividend declaration of 5% by Siddhartha Investment Growth Scheme 2 (SIGS-2) on 7 August, 2020.
- ❖ Dividend declaration of 7.5% by Siddhartha Equity Fund (SEF) on 7 August, 2020.



## Technical analysis



The index shed 59.88 PTS this week, signalling a correction & profit booking this week. Since the market is trading above its 50 and 200 days EMA bullish bias in the market remains intact. Sustaining this level and close above 1400 will push the market towards 1550 area. Alternatively, reversal in the market is likely if the current level is not sustained, where market might plunge towards 1350 to 1280 to 1230 area. Enter Long above 1380 with a 1st target to 1550 and enter short below 1350 to the target of 1280 to 1230 is Likely.

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