



# *Market Outlook*

September 18, 2020



Inflation

5.83%

Avg. Daily  
Turnover

2,857.96

Number of  
Transaction

201,425

Market Cap  
(BN)

2,090.21

Market Cap/  
GDP

60.34%

## Index

	Close	Change	Percent
NEPSE	1,572.19	51.49	3.39%
Sensitive	312.50	11.12	3.69%
Sensitive Float	102.58	3.65	3.69%
Float	108.82	3.99	3.80%

## NEPSE

	Reading	Change	Percent
Open	1,528.15		
High	1,572.19	44.04	2.88%
Low	1,536.04	7.89	0.52%
Close	1,572.19	44.04	2.88%

## Pivot Analysis

	Classic	Woodie	Camarilla
Support (s3)	1,487.84	1,473.93	1,562.25
Support (s2)	1,523.99	1,504.98	1,565.56
Support (s1)	1,548.09	1,510.08	1,568.88
Pivot Point	1,560.14	1,541.13	1,560.14
Resistance (r1)	1,584.24	1,546.23	1,575.50
Resistance (r2)	1,596.29	1,577.28	1,578.82
Resistance (r3)	1,632.44	1,582.38	1,582.13

## Sub-Index

	Close	Change	Percent
Banking	1,249.38	40.98	3.39%
Development Bank	1,837.96	75.91	4.31%
Finance	726.86	45.31	6.65%
Microfinance	2,605.46	(2.05)	-0.08%
Life Insurance	9,879.96	343.91	3.61%
Non-Life Insurance	8,147.48	109.29	1.36%
Mutual Fund	10.97	0.16	1.48%
Manu. & Processing	3,066.18	(17.29)	-0.56%
Trading	1,016.83	(16.53)	-1.60%
Hotels	1,884.54	354.07	23.13%
Hydropower	1,290.05	186.67	16.92%
Others	1,020.69	3.39	0.33%

- The index opened at 1,528.15 points and was showed signs of uncertain until the last day of the week where it shot up to a high and closed at 1572.19 points.
- The NEPSE index by the end of the week expanded by around 44 points an increase of 2.88%.
- The average daily turnover this week has reached 2,857.96 an increase of 24.01% from the previous week.
- The number of transaction increased to 201,425 a boost of 38.57% from the previous week.
- There was a total of 204 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 majority of sectors with only three sectors posting negative growth. Trading, Manufacturing and Microfinance posted negative growth rate of 1.60%, 0.56% and 0.08% respectively. The highest positive growth rate this week was reported by Hotels, Hydropower and Finance with 23.13%, 16.92% and 6.65% respectively.
- In terms of turnover the sectors with the highest unit are Hydropower, Commercial Banks, Mutual Funds, Non-life Insurance and Life Insurance. However in terms of amount turnover the sectors ranking starts with Commercial Banks, Non-Life Insurance, Hydropower, Life Insurance and Others.
- Nepal Reinsurance was the top security in terms of amount traded this week with NRs.824.86 Mn followed by Nepal Life Insurance Co. Limited with NRs.531.57 Mn and Nepal Bank Limited with NRs.410.78 Mn.
- In terms of shares traded Nepal Bank Limited ranked the highest followed by Arun Kabeli Power Limited and Arun Valley Hydropower Development Co. Limited.



## Unit Turnover

	Units ('000)	Change	Percent
Total	42,343.7	15,367.5	57%
Hydropower	12,015.3	6,651.5	25%
Commercial Banks	11,171.5	4,384.0	65%
Mutual Fund	4,321.90	1,607.3	24%
Non Life Insurance	3,799.70	863.3	13%
Life Insurance	2,166.39	385.1	22%

## Turnover Amt

	Amount (in Mn)	Change	Percent
Total	14,289.8	2,767.2	24%
Commercial Banks	3,244.36	1,113.18	52%
Non Life Insurance	2,672.06	638.49	30%
Hydropower	2,105.34	1,167.75	55%
Life Insurance	1,855.21	460.60	33%
Others	1,467.18	(730.04)	-33%

## Top Securities

Traded Amount	NRIC,NLIC,NBL,NIL,CIT
By Market Cap.	NTC,NRIC,NABIL,NLIC,EBL
Shares Traded	NBL,AKPL,AHPC,KBL,API
Number of Trades	NRN,NRIC,RLI,AIL,UPPER

## Fundamental View

- Our economy grew to an estimated 7.1% in FY2019. GDP growth will likely moderate to 2.3% in FY2020 largely owing to the global outbreak of COVID-19 pandemic.
- The economy may rebound to 1.5% in FY2021 with the resurgence of economic activities post-COVID. Inflation rose to 4.6% in FY2019 and will inch up to 6.2% in FY2020 and stay moderate at 5.5% in FY2021.
- Economic growth in FY2020 is anticipated to contract from pre-COVID estimate of 2.3% to 1.5%. 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 Laxmi Unnati Kosh (LUK) shares in the NEPSE on 13 Sep 2020.
- ❖ Share trading of Womi Laghubitta Bittiya Sanstha Limited has been halted due to its merger with Grameen Swayamsewak Laghubitta Bittiya Sanstha Limited (GRSLBSL) on 13 Sep 2020.
- ❖ Dividend declaration of Sunrise First Mutual Fund (SFMF) at 7% cash dividend on 13 Sep 2020.
- ❖ Listing of 15% Bonus share of Mithila Laghubitta Bittiya Sanstha Limited (MLBBL) in the NEPSE on 14 Sep 2020.
- ❖ Conversion of 34,40,323.73 units promoter shares of National Life Insurance Company Limited (NLICL) into Public Shares resulting in the company's promoter to public share ratio to be 55:45.
- ❖ Dividend declaration of Citizen Mutual Fund 1 (CMF1) and Citizen Mutual Fund 2 (CMF2) at 15% and 10% cash dividend respectively.
- ❖ Annual General Meeting (AGM) of Nepal Finance Limited (NFS) is to be held on 2077/06/10.
- ❖ Book closure of Global IME Samunnat Yojana 1 (GIMES1) on 2077/06/09 with regard to the cash dividend distribution of 4%.
- ❖ Dividend declaration of Asha Laghubitta Bittiya Sanstha Limited (ALBSL) with 15% bonus share and 0.7894737% cash dividend on 16 Sep 2020.
- ❖ Dividend declaration of Machhapuchchhre Bank Limited (MBL) with 7.03% bonus share and 3.37% cash dividend on 17 Sep 2020.
- ❖ Listing of IPO Shares of Liberty Energy Company Limited (LEC) in the NEPSE on 18 Sep 2020 with the first transaction open price range set at Rs.100 to Rs.300.



## Technical analysis



The market shrank by 44.04 PTS this week, the market shows signs of bullish trend 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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