



# *Market Outlook*

August 28, 2020



Inflation

5.83%

Avg. Daily  
Turnover

1,948.07

Number of  
Transaction

131,251

Market Cap  
(BN)

1,928.47

Market Cap/  
GDP

55.67%

## Index

	Close	Change	Percent
NEPSE	1,458.04	60.47	4.33%
Sensitive	297.10	202.18	212.99%
Sensitive Float	98.19	(190.18)	-65.95%
Float	101.88	4.07	4.16%

## NEPSE

	Reading	Change	Percent
Open	1,399.48		
High	1,462.04	62.56	4.47%
Low	1,410.34	10.86	0.78%
Close	1,458.04	58.56	4.18%

## Pivot Analysis

	Classic	Woodie	Camarilla
Support (s3)	1,340.07	1,321.93	1,443.82
Support (s2)	1,391.77	1,366.14	1,448.56
Support (s1)	1,424.91	1,373.63	1,453.30
Pivot Point	1,443.47	1,417.84	1,443.47
Resistance (r1)	1,476.61	1,425.33	1,462.78
Resistance (r2)	1,495.17	1,469.54	1,467.52
Resistance (r3)	1,546.87	1,477.03	1,472.26

## Sub-Index

	Close	Change	Percent
Banking	1,220.47	41.67	3.54%
Development Bank	1,758.66	31.01	1.80%
Finance	664.47	8.93	1.36%
Microfinance	2,472.62	117.06	4.97%
Life Insurance	9,001.74	481.52	5.65%
Non-Life Insurance	7,200.84	465.53	6.91%
Mutual Fund	10.66	0.08	0.76%
Manu. & Processing	2,890.92	194.40	7.21%
Trading	859.54	(7.32)	-0.84%
Hotels	1,511.76	14.55	0.97%
Hydropower	969.99	18.97	1.99%
Others	880.26	51.89	6.26%

- The index opened at 1,399.48 points growing steadily for the week and correcting on the last trading day. The market reached a high of 1462.04 and closed at 1458.04 points.
- The NEPSE index by the end of the week grew by around 58.56 points an increase of 4.18%.
- The average daily turnover this week has reached 1,948.07 an increase of 97.07% from the previous week.
- The number of transaction increased to 131,251 a boom of 63.38% from the previous week.
- There was a total of 193 scripts being traded this week.
- The market is showing bullish signs with the 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 except trading which reported a negative growth rate of 0.84%. The highest positive growth rate this week was reported by Manufacturing, Non-Life Insurance and Others sector with 7.21%, 6.91% and 6.26% respectively. Whereas Hotels and Mutual Funds sector posted the least positive growth rate of 0.97% and 0.76% respectively.
- In terms of turnover the sectors with the highest unit are Commercial Banks, Non life Insurance, Life Insurance, Others and Mutual fund. However in terms of amount turnover the sectors ranking include Non Life Insurance, Commercial Banks, Life Insurance, Others and Microfinance.
- Nepal Reinsurance was the top security in terms of amount traded this week with NRs.1150.81 Mn followed by Neco Insurance with NRs.681.55 Mn and Nepal Life Insurance Company Limited with 459.38 Mn.
- In terms of shares traded Nepal Reinsurance Limited, ranked the highest followed by Neco Insurance and Nepal Bank Limited.



## Unit Turnover

	Units ('000)	Change	Percent
Total	22,213.2	6,446.9	41%
Commercial Banks	7,208.87	1,547.5	27%
Non Life Insurance	3,996.04	2,295.6	41%
Life Insurance	2,011.38	1,452.9	260%
Others	1,998.91	1,233.2	161%
Mutual Fund	1,732.52	(1,185.8)	-155%

## Turnover Amt

	Amount (in Mn)	Change	Percent
Total	9,740.36	4,797.7	97%
Non Life Insurance	2,448.34	1,469.39	30%
Commercial Banks	2,233.05	594.23	36%
Life Insurance	1,518.96	1,025.24	208%
Others	1,356.13	737.11	119%
Microfinance	1,096.29	627.30	101%

## Top Securities

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

## 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 questions 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 12.50% Bonus share of Prime Life Insurance Company Limited (PLIC) has been carried out in the NEPSE on 23 August 2020.
- ❖ Joint Transaction commenced from 23 August 2020 for NMB Bank Limited after the acquisition of Kanchan Development Bank Limited.
- ❖ Postponement of Annual General Meeting (AGM) of Nepal Finance Limited (NFS) in regard to decision made according to the Covid-19 crisis.
- ❖ Listing of Initial Public Offering (IPO) Shares of NRN Infrastructure and Development Limited (NRN) has been carried out in the NEPSE on 25 August 2020.
- ❖ Listing of 6% Bonus shares of Saptakoshi Development Bank Limited (SAPDBL) has been carried out in the NEPSE on 26 Aug 2020.
- ❖ Listing shares and transactions release of Unnati Sahakarya Laghubitta Bittiya Sanstha Limited (USLB) after the merger of Unnati Laghubitta Bittiya Sanstha Limited and Sahakarya Laghubitta Bittiya Sanstha Limited on 27 August 2020.
- ❖ Dividend declaration of Nabil Balance d Fund II and Nabil Equity Fund (NEF) with approx. 9% and 6% respectively on 27 August 2020.
- ❖ Dividend declaration of 9.5% bonus share and 4.1842% cash dividend by First Microfinance Laghubitta Bittiya Sanstha Limited (FMDBL) on 27 August 2020.
- ❖ Listing of 32% bonus share of Samudayik Laghubitta Bittiya Sanstha Limited (SLBSL) has been carried out in the NEPSE on 28 August 2020.
- ❖ Price adjustment of Samriddhi Finance Company Limited (SFCL) at Rs. 108.33 after 200% right share on 28



## Technical analysis



The market grew by 58.56 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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