



Market Outlook

August 21, 2020



Inflation

5.83%

Avg. Daily
Turnover

988.53

Number of
Transaction

80,334

Market Cap
(BN)

1,844.85

Market Cap/
GDP

53.25%

Index

	Close	Change	Percent
NEPSE	1,397.57	(11.22)	-0.80%
Sensitive	94.92	(198.92)	-67.70%
Sensitive Float	288.37	191.66	198.17%
Float	97.80	(0.92)	-0.94%

NEPSE

	Reading	Change	Percent
Open	1,407.85		
High	1,407.90	0.05	0.00%
Low	1,391.30	(16.55)	-1.18%
Close	1,397.57	(10.28)	-0.73%

Pivot Analysis

	Classic	Woodie	Camarilla
Support (s3)	1,365.72	1,382.95	1,393.01
Support (s2)	1,382.32	1,387.13	1,394.53
Support (s1)	1,389.95	1,399.55	1,396.05
Pivot Point	1,398.92	1,403.73	1,398.92
Resistance (r1)	1,406.55	1,416.15	1,399.09
Resistance (r2)	1,415.52	1,420.33	1,400.61
Resistance (r3)	1,432.12	1,432.75	1,402.14

Sub-Index

	Close	Change	Percent
Banking	1,178.80	(22.93)	-1.91%
Development Bank	1,727.65	(37.90)	-2.15%
Finance	655.54	(3.58)	-0.54%
Microfinance	2,355.57	(22.05)	-0.93%
Life Insurance	8,520.23	3.65	0.04%
Non-Life Insurance	6,735.31	82.76	1.24%
Mutual Fund	10.58	(0.10)	-0.94%
Manu. & Processing	2,696.52	(16.97)	-0.63%
Trading	866.86	36.47	4.39%
Hotels	1,497.21	(13.04)	-0.86%
Hydropower	951.02	(4.40)	-0.46%
Others	828.37	18.94	2.34%

- The index opened at 1,407.85 points showing signs of indecision this week, the market grew to a high of 1407.90 and shrank to a low of 1391.30 before closing at 1397.57.
- The NEPSE index by the end of the week shrank by around 10.28 points a decrease of 0.73%.
- The average daily turnover this week has reached 988.53 a decrease of 14.87% from the previous week.
- The number of transaction decreased to 80,334 a shrinkage of 39.45% from the previous week.
- There was a total of 193 scripts being traded this week.
- The market shows signs of indecision due to the re-establishment of the lockdown this week. However the market is showing bearish signs closing at a point lower than the previous week and supported by decrease in the share volume traded.
- The market shrank this week however there were some sectors that posted positive growth this week. Trading, Others and Non-life Insurance posted positive growth rate of 4.39%, 2.34% and 1.24% respectively. Whereas, Development Bank, Banking and Microfinance posted the highest negative growth rate of 2.15%, 1.91% and 0.93% respectively.
- In terms of unit turnover the sectors with the units are Commercial Banks, Mutual fund, Non life Insurance, Hydropower and Others. However in terms of amount the sectors ranking include Commercial Banks, Non life Insurance, Others, Life insurance and Microfinance.
- Nepal Reinsurance was the top security in terms of amount traded this week with NRs.298.07 Mn followed by Citizen Investment Trust with NRs.291.06 Mn and Nepal Life Insurance Company Limited with 273.58 Mn.
- In terms of shares traded Nepal Bank Limited, ranked the highest followed by Kumari Bank Limited and Global IME Bank Limited.



Unit Turnover

	Units ('000)	Change	Percent
Total	15,766.3	(1,706.2)	-10%
Commercial Banks	5,661.37	(133.4)	-2%
Mutual Fund	2,918.29	(965.55)	-17%
Non Life Insurance	1,700.40	(334.31)	-6%
Hydropower	1,243.89	(90.81)	-2%
Others	765.72	(169.36)	-3%

Turnover Amt

	Amount (in Mn)	Change	Percent
Total	4,942.63	(863.4)	-15%
Commercial Banks	1,638.82	(204.89)	-11%
Non Life Insurance	978.95	(112.91)	-6%
Others	619.02	35.66	2%
Life Insurance	493.72	(256.20)	-34%
Microfinance	468.99	(287.64)	-49%

Top Securities

Traded Amount	NRIC,CIT,NLIC,NIL,NBL
By Market Cap.	NTC,NABIL,NLIC,EBL,NIB
Shares Traded	NBL,KBL,GBIME,NRIC,NMB
Number of Trades	AIL,NRIC,SDLBSL,NBL,CIT

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 22% of Bonus shares of Citizen Investment Trust (CIT) has been listed in the NEPSE on 16 Aug 2020.
- ❖ Transaction blocked of NIC Asia Laghubitta Bittiya Sanstha Limited and (NICLBSL) and Swadeshi Laghubitta Bittiya Sanstha Limited (SDESI) from 2077/04/32 due to their intention merging with each other.
- ❖ Dividend declaration of National Life Insurance Company Limited (NLICL) of 15% cash bonus and 2.5% bonus dividend on 16 Aug 2020.
- ❖ Listing of 5% Bonus share of Nepal Insurance Company Limited (NICL) has been listed in the NEPSE on 17 Aug 2020.
- ❖ Listing of 6% Bonus share of IME General Insurance Limited (IGI) has been listed in the NEPSE on 17 Aug 2020.
- ❖ Right Issue of Samriddhi Finance Company Limited (SFCL) at the ratio 1:2 has been approved on 18 Aug 2020.
- ❖ Book Closure of Samriddhi Finance Company Limited (SFCL) from 2077/05/12 in relation to the right issue.
- ❖ Price Adjustment of NIBL Sambriddhi Fund – 1 (NIBSF1) at Rs. 9.10 after the 12% cash dividend on 20 Aug 2020.
- ❖ Dividend declaration of SMATA Laghubitta Bittiya Sanstha Limited (SMATA) of 6.32% Cash dividend and 20% Bonus Share on 21 Aug 2020.



Technical analysis



The market shrank by 10.28 PTS this week, the market shows signs of uncertainty though it did show bearish signals with the final close lower than the opening. 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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