



# *Market Outlook*

August 14, 2020



Inflation

5.83%

Avg. Daily  
Turnover

1,161.21

Number of  
Transaction

132,681

Market Cap  
(BN)

1,859.67

Market Cap/  
GDP

53.68%

## Index

	Close	Change	Percent
NEPSE	1,408.79	27.41	1.98%
Sensitive	293.85	4.29	1.48%
Sensitive Float	96.71	1.54	1.62%
Float	98.73	2.01	2.08%

## NEPSE

	Reading	Change	Percent
Open	1,383.98		
High	1,430.42	46.44	3.36%
Low	1,392.68	8.70	0.63%
Close	1,408.79	24.81	1.79%

## Pivot Analysis

	Classic	Woodie	Camarilla
Support (s3)	1,335.15	1,327.37	1,398.41
Support (s2)	1,372.89	1,360.03	1,401.87
Support (s1)	1,390.84	1,365.11	1,405.33
Pivot Point	1,410.63	1,397.77	1,410.63
Resistance (r1)	1,428.58	1,402.85	1,412.25
Resistance (r2)	1,448.37	1,435.51	1,415.71
Resistance (r3)	1,486.11	1,440.59	1,419.17

## Sub-Index

	Close	Change	Percent
Banking	1,201.73	21.82	1.85%
Development Bank	1,765.55	26.94	1.55%
Finance	659.13	4.84	0.74%
Microfinance	2,377.62	29.86	1.27%
Life Insurance	8,516.57	236.83	2.86%
Non-Life Insurance	6,652.54	345.67	5.48%
Mutual Fund	10.68	0.28	2.69%
Manu. & Processing	2,713.49	20.81	0.77%
Trading	830.39	(1.66)	-0.20%
Hotels	1,510.25	(13.69)	-0.90%
Hydropower	955.42	11.58	1.23%
Others	809.43	14.54	1.83%

- The index opened at 1,383.98 points expanding for the first two trading days of the week gaining 46 points, however the market corrected itself by shedding almost 50% of its gains amounting to 24.65 points in the remaining trading days of the week closing at level of 1408.79.
- The NEPSE index by the end of the week gained around 24.81 points a decrease of 4.15% this week.
- The average daily turnover this week has reached 1,161.21 a decrease of 12.14% from the previous week.
- However the number of transaction increased to 132,681 a positive growth of 55% from the previous week.
- There was a total of 197 scripts being traded this week.
- The market shows signs of bullish trend due to the market closing at a level higher than the previous week and supported by increase in the share volume traded.
- The market has grown this week and is reflected in the sub indices with only two sub indices registering negative growth rate. Hotels and Trading posted a negative growth rate of 0.90% and 0.20% respectively. While Non-Life Insurance, Life Insurance and Mutual Funds posted the highest positive growth rate of 5.48%, 2.86% and 2.69% respectively.
- In terms of unit turnover the sectors with the units are Commercial Banks, Mutual fund, Non life Insurance, Hydropower and Microfinance. However in terms of amount the sectors ranking include Commercial Banks, Non life Insurance, Microfinance, Life insurance and others.
- Nepal Reinsurance was the top security in terms of amount traded this week with NRs.466.20 Mn followed by Nepal Life Insurance with NRs.398.87 Mn and Ajod Insurance Limited with 264.23 Mn.
- In terms of shares traded Nepal Reinsurance ranked the highest followed by Nepal Bank Limited and Ajod Insurance Limited.



## Unit Turnover

	Units ('000)	Change	Percent
Total	17,472.5	1,678.5	11%
Commercial Banks	5,794.77	316.2	6%
Mutual Fund	3,883.84	2,482.84	45%
Non Life Insurance	2,034.71	1,211.95	22%
Hydropower	1,334.70	249.22	5%
Microfinance	943.78	70.33	1%

## Turnover Amt

	Amount (in Mn)	Change	Percent
Total	5,806.03	519.6	10%
Commercial Banks	1,843.71	81.52	5%
Non Life Insurance	1,091.86	597.76	34%
Microfinance	756.63	39.61	2%
Life Insurance	749.92	89.45	14%
Others	583.36	(64.29)	-10%

## Top Securities

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

## 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 20% Bonus shares of Naya Nepal Laghubitta Bittiya Sanstha Limited (NNLB) has been listed in the NEPSE on 9 August, 2020.
- ❖ Book Closure of Mahuli Laghubitta Bittiya Sanstha Limited (MSLB) from 2077/04/32 to 2077/05/9 and the AGM is held on 2077/05/9 i.e. 25 August, 2020.
- ❖ Support Microfinance Bittiya Sanstha Limited has changed his name to Support Laghubitta Bittiya Sanstha Limited from 9 August, 2020.
- ❖ Listing of 5% Bonus share of Nepal Bangladesh Bank Limited (NBB) has been listed in the NEPSE in 10 August, 2020.
- ❖ Nepal stock Exchange has delisted NIDC Development Bank after acquired by Rastriya Banijya Bank on 10 August, 2020.
- ❖ Dividend declaration of NIC Asia Growth Fund of 12% and NIC Asia Balanced Fund of 8% on 11 August, 2020.



## Technical analysis



The market grew by 24 PTS this week, however due to the volatility in the market the trend is bearish for the upcoming week. 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 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.

### Disclaimer :

The intention of this report is for general guidance and information purposes only. The material in this report is obtained from various sources as per requirement. The research team at CCML has taken reasonable care to ensure that the information contained herein is accordance to the facts and to the best of our knowledge. This report is under no circumstances intended to be used or considered as financial or investment advice, a recommendation or an offer to sell or solicitation of any offer of buy any securities or other form of financial assets.