



Market Outlook

October 2, 2020

Inflation

5.83%

Avg. Daily
Turnover

2,283.92

Number of
Transaction

189,951

Market Cap
(BN)

2,093.15

Market Cap/
GDP

60.42%

Index

	Close	Change	Percent
NEPSE	1,571.04	9.77	0.63%
Sensitive	310.16	0.59	0.19%
Sensitive Float	102.25	0.57	0.56%
Float	109.25	1.02	0.94%

NEPSE

	Reading	Change	Percent
Open	1,569.06		
High	1,571.04	1.98	0.13%
Low	1,550.43	(18.63)	-1.19%
Close	1,571.04	1.98	0.13%

Pivot Analysis

	Classic	Woodie	Camarilla
Support (s3)	1,522.95	1,538.15	1,565.37
Support (s2)	1,543.56	1,544.29	1,567.26
Support (s1)	1,557.30	1,558.76	1,569.15
Pivot Point	1,564.17	1,564.90	1,564.17
Resistance (r1)	1,577.91	1,579.37	1,572.93
Resistance (r2)	1,584.78	1,585.51	1,574.82
Resistance (r3)	1,605.39	1,599.98	1,576.71

Sub-Index

	Close	Change	Percent
Banking	1,258.48	13.58	1.09%
Development Bank	1,946.90	114.58	6.25%
Finance	784.31	29.09	3.85%
Microfinance	2,556.86	(13.87)	-0.54%
Life Insurance	9,639.14	(57.82)	-0.60%
Non-Life Insurance	8,044.05	113.51	1.43%
Mutual Fund	10.81	0.12	1.12%
Manu. & Processing	3,039.98	(15.12)	-0.49%
Trading	1,057.33	(32.18)	-2.95%
Hotels	1,749.17	15.32	0.88%
Hydropower	1,292.38	(4.02)	-0.31%
Others	1,011.61	(6.38)	-0.63%

- The index opened at 1,569.06 points and contracted in the coming days of the week reaching a low of 1550.43 points before rallying and closing at 1571.04 points.
- The NEPSE index rallied on the last day of the week covering its losses and growing by 1.98 points an increase of 0.13% from last week.
- The average daily turnover this week has reached 2,283.92 a decrease of 6% from the previous week.
- The number of transaction also decreased to 189,951 a shrinkage of 27.46% from the previous week.
- There was a total of 201 scripts being traded this week.
- The market showed bearish signs for most of the week, only rallying on the last day covering the weeks losses, this could be a sign of bullish trend and need to be confirmed in the coming days. However the decreasing share volume doesn't support the bullish sign shown this week.
- The market grew showed uncertainty and is reflected in the mixed performance in sectors divided the positive and negative side in equal halves. Development Bank, Finance and Non-life insurance sectors posted the highest positive growth rate of 6.25%, 3.85% and 1.43% respectively. While Trading, Others and Life Insurance posted the highest negative growth rate of 2.95%, 0.63% and 0.60% respectively.
- In terms of turnover the sectors with the highest unit are Hydropower, Commercial Banks, Hotels Development Banks and Mutual Funds. However in terms of amount turnover the sectors ranking are Hydropower, Commercial Banks, Non-Life Insurance, Others and Life Insurance.
- Soaltee Hotel Limited was the top security in terms of amount traded this week with NRs.502.80 Mn followed by Himal Dolakha Hydropower Company with NRs.472.37 Mn and Nepal Reinsurance Company with NRs.428.80 Mn.
- In terms of shares traded Soaltee Hotel ranked the highest followed by Himal Dolakha Hydropower Company and National Hydro power Company.

Unit Turnover

	Units ('000)	Change	Percent
Total	52,225.3	11,745.8	29%
Hydropower	18,686.0	5,516.05	14%
Commercial Banks	11,206.7	(1,622.2)	-13%
Hotels	8,656.36	8,265.97	64%
Development Banks	3,078.79	1,225.8	66%
Mutual Fund	3,024.90	(424.43)	-3%

Turnover Amt

	Amount (in Mn)	Change	Percent
Total	11,419.6	(734.7)	-6%
Hydropower	3,099.41	791.06	7%
Commercial Banks	3,037.57	(687.49)	-18%
Non Life Insurance	1,166.09	(474.6)	-13%
Others	820.36	(207.71)	-6%
Life Insurance	779.75	(430.21)	-36%

Top Securities

Traded Amount	SHL,HDHPC,NRIC,AKPL,AHPC
By Market Cap.	NTC,NABIL,NRIC,NLIC,EBL
Shares Traded	SHL,HDHPC,NHPC,AHPC,AKPL
Number of Trades	RLI,NRIC,HDHPC,LEC,NRN

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

- ❖ Dividend declaration of Unilever Nepal Limited (UNL) at NPR.100 per share on 25 Sep 2020.
- ❖ Share transaction of Aarambha Chautari Laghubitta Bittiya Sanstha Limited (ACLBSL) has been suspended due to the merger agreement with Shaligram Laghubitta and CYC Nepal Laghubitta on 2077/06/11.
- ❖ MOU for merger and acquisition signed between Mirmire Laghubitta Bittiya Sanstha Limited (MMFDB) and Shrijamshil Laghubitta Bittiya Sanstha Limited on 28 Sep 2020.
- ❖ Resignation of chairman/Director of Synergy Power Development Limited (SPDL) on 29 Sep 2020.
- ❖ Price adjusted for Nadep Laghubitta Bittiya Sanstha Limited (NADEP) after the 10% bonus share distribution on 30 Sep 2020.
- ❖ Book closure of Machhapuchchhre Bank Limited (MBL) on 2077/6/22 and the AGM is being held on 2077/07/06.
- ❖ Listing of 20,07,123.615 units of Mirmire Laghubitta Bittiya Sanstha Limited (MMFDB) share in the NEPSE, used in the acquisition of Nagbeli Laghubitta Bittiya Sanstha Limited on 01 Oct 2020.
- ❖ Dividend declaration of Bank of Bank of Kathmandu Limited (BOKL) at 3% cash dividend and 13% bonus dividend on 01 Oct 2020.
- ❖ Price adjusted of Citizen Mutual Fund 2 (CMF2) at Rs.9 after the 10% cash dividend distribution on 1 Oct 2020.
- ❖ Price Adjusted of Citizen Mutual Fund 1 (CMF1) at Rs.9.95 after 15% cash dividend distribution on 1 Oct 2020.

Technical analysis



The market grew by 2 PTS this week, the market shows bearish signs for most of the week only rallying in the last day covering all the losses of this week as well as rising above the last weeks close. The trend still appears to be bullish if the market maintains the 1525 level. 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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