



Market Outlook

September 25, 2020



Inflation

5.83%

Avg. Daily
Turnover

2,430.87

Number of
Transaction

261,849

Market Cap
(BN)

2,080.13

Market Cap/
GDP

60.04%

Index

	Close	Change	Percent
NEPSE	1,561.27	(10.92)	-0.69%
Sensitive	309.57	(2.93)	-0.94%
Sensitive Float	101.68	(0.90)	-0.87%
Float	108.23	(0.60)	-0.55%

NEPSE

	Reading	Change	Percent
Open	1,595.47		
High	1,575.18	(20.29)	-1.27%
Low	1,546.16	(49.31)	-3.09%
Close	1,561.27	(34.20)	-2.14%

Pivot Analysis

	Classic	Woodie	Camarilla
Support (s3)	1,502.83	1,551.94	1,553.29
Support (s2)	1,531.85	1,549.05	1,555.95
Support (s1)	1,546.56	1,580.96	1,558.61
Pivot Point	1,560.87	1,578.07	1,560.87
Resistance (r1)	1,575.58	1,609.98	1,563.93
Resistance (r2)	1,589.89	1,607.09	1,566.59
Resistance (r3)	1,618.91	1,639.00	1,569.25

Sub-Index

	Close	Change	Percent
Banking	1,244.91	(4.47)	-0.36%
Development Bank	1,832.31	(5.65)	-0.31%
Finance	755.22	28.36	3.90%
Microfinance	2,570.73	(34.73)	-1.33%
Life Insurance	9,696.95	(183.00)	-1.85%
Non-Life Insurance	7,930.54	(216.94)	-2.66%
Mutual Fund	10.69	(0.28)	-2.55%
Manu. & Processing	3,055.10	(11.08)	-0.36%
Trading	1,089.51	72.68	7.15%
Hotels	1,733.84	(150.70)	-8.00%
Hydropower	1,296.40	6.34	0.49%
Others	1,017.99	(2.70)	-0.26%

➤ The index opened at 1,595.47 points a jump of 23 points from the last weeks close but contracted in the coming days of the week reaching a as mch as 1546.16 points and closing at 1561.27 points.

➤ The NEPSE index by the end of the week shrank by around 34 points a decrease of 2.14%.

➤ The average daily tunover this week has reached 2,430.87 a decrease of 15% from the previous week.

➤ The number of transaction however increased to 261,849 a boost of 30% from the previous week.

➤ There was a total of 206 scrips being traded this week.

➤ The market is showing bearish signs with closing at a lower point than the previous week and supported by decrease in the share volume traded.

➤ The market contracted this week and is reflected in majority of sectors except three which posted positive growth rate. Trading, Finance and Hydropower sectors posted positive growth rate of 7.15%, 3.90% and 0.49% respectively. While Hotels, Non-Life Insurance and Mutual Funds posted the highest negative growth rate of 8%, 2.66%, 2.55% respectively.

➤ In terms of turnover the sectors with the highest unit are Hydropower, Commercial Banks, Mutual Funds, Non-life Insurance and Development Banks. However in terms of amount turnover the sectos ranking are Commercial Banks, Hydropower, Non-Life Insurance, Life Insurance and Others.

➤ Nepal Bank Limited was the top security in terms of amount traded this week with NRs.728.19 Mn followed by Nepal Reinsurance Company with NRs.617.60 Mn and Shikhar Insurance Co. Limited with NRs.577.41 Mn.

➤ In terms of shares traded Nepal Bank Limited ranked the highest followed by National Hydro Power Company Limited and Arun Kabeli Power Limited.



Unit Turnover

	Units ('000)	Change	Percent
Total	40,479.5	(1,864.2)	-4%
Hydropower	13,169.9	1,154.64	3%
Commercial Banks	12,828.9	1,657.45	15%
Mutual Fund	3,449.33	(872.57)	-8%
Non Life Insurance	2,088.75	(1,711.0)	-15%
Development Banks	1,852.95	121.16	7%

Turnover Amt

	Amount (in Mn)	Change	Percent
Total	12,154.3	(2,135.5)	-15%
Commercial Banks	3,725.06	480.70	15%
Hydropower	2,308.35	203.01	6%
Non Life Insurance	1,640.64	(1,031.4)	-32%
Life Insurance	1,209.96	(645.25)	-35%
Others	1,028.07	(439.11)	-30%

Top Securities

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

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

- ❖ Book Close of Sunrise First Mutual Fund (SFMF) on 2077/06/11 regarding the 7% dividend declaration.
- ❖ SGM of Nepal Bank (NBL) has been scheduled on 2077/06/19 with the book close on 2077/06/08.
- ❖ Civil Bank Limited (CBL) has officially clarified to the NEPSE that no formal decision has been made of being acquired by Himalayan Bank Limited.
- ❖ Book Close of NADEP Laghubitta Bittiya Sanstha Limited (NADEP) on 2077/06/14 and the AGM is being held on 2077/06/28.
- ❖ Book Close of NMB Hybrid Fund L-1 (NMBHF1) and NMB 50 regarding dividend declaration of 8% and 5% on 2077/06/16.
- ❖ Listing of 10% Prabhu Bank Debenture 2084 of Prabhu Bank Limited in the NEPSE on 22 Sep 2020.
- ❖ Merger agreement between Samaj Laghubitta Bittiya Sanstha Limited and Swastik Laghubitta Bittiya Sanstha Limited on 22 Sep 2020 and transaction closed from 2077/06/08.
- ❖ Listing of NMB Bank Limited shares used in the acquisition of Kanchan Development Bank Limited in the NEPSE on 22 Sep 2020.
- ❖ SGM of NRN Laghubitta Bittia Sanstha has been scheduled on 2077/06/18 & book close on 2077/06/11.
- ❖ Listing of 60% right share of NLG Insurance Company (NLG) in the NEPSE on 23 Sep 2020.
- ❖ Listing of 5% bonus share of Chhyangdi Hydropower (CHL) in the NEPSE on 23 Sep 2020.
- ❖ Book Close of Citizen Mutual Fund 1 (CMF1) regarding 15% dividend declaration 2077/06/15.



Technical analysis



The market shrank by 34 PTS this week, the market shows bearish signs but 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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