



Market Outlook

September 11, 2020



Inflation

5.83%

Avg. Daily Turnover

2,304.53

Number of Transaction

145,359

Market Cap (BN)

2,021.75

Market Cap/ GDP

58.36%

Index

	Close	Change	Percent
NEPSE	1,520.69	10.27	0.68%
Sensitive	301.38	(3.36)	-1.10%
Sensitive Float	98.93	(1.08)	-1.08%
Float	104.84	0.12	0.11%

NEPSE

	Reading	Change	Percent
Open	1,538.42		
High	1,520.69	(17.73)	-1.15%
Low	1,487.81	(50.61)	-3.29%
Close	1,520.69	(17.73)	-1.15%

Pivot Analysis

	Classic	Woodie	Camarilla
Support (s3)	1,443.97	1,489.10	1,511.65
Support (s2)	1,476.85	1,488.46	1,514.66
Support (s1)	1,498.77	1,521.98	1,517.68
Pivot Point	1,509.73	1,521.34	1,509.73
Resistance (r1)	1,531.65	1,554.86	1,523.70
Resistance (r2)	1,542.61	1,554.22	1,526.72
Resistance (r3)	1,575.49	1,587.74	1,529.73

Sub-Index

	Close	Change	Percent
Banking	1,208.39	(26.41)	-2.14%
Development Bank	1,762.05	(19.39)	-1.09%
Finance	681.54	6.53	0.97%
Microfinance	2,607.51	99.20	3.96%
Life Insurance	9,536.05	301.01	3.26%
Non-Life Insurance	8,038.19	567.90	7.60%
Mutual Fund	10.81	(0.03)	-0.28%
Manu. & Processing	3,083.47	81.81	2.73%
Trading	1,033.37	131.58	14.59%
Hotels	1,530.47	(13.89)	-0.90%
Hydropower	1,103.38	21.16	1.96%
Others	1,017.30	23.43	2.36%

- The index opened at 1,538.42 points and plummeted on the first and second day reaching 1,487.81 points then slowly recovering the rest of the week but still closing at a level lower than the opening at 1520.69 points.
- The NEPSE index by the end of the week shrank by around 17.73 points a decrease of 1.15%.
- The average daily turnover this week has reached 2,304.53 a decrease of 22.55% from the previous week.
- The number of transaction decreased to 145,359 a shrinkage of 8.64% from the previous week.
- There was a total of 203 scripts 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 shrank this week but isn't reflected in majority of sectors with only four sectors posting negative growth. Banking, Development Bank, Hotels and Mutual funds posted negative growth rate of 2.14%, 1.09%, 0.90% and 0.28% respectively. The highest positive growth rate this week was reported by Trading, Non-Life Insurance and Microfinance with 14.59%, 7.60% and 3.96% respectively.
- In terms of turnover the sectors with the highest unit are Commercial Banks, Hydropower, Non life Insurance, Mutual Funds and Others. However in terms of amount turnover the sectors ranking starts with Others, Commercial Banks, Non-Life Insurance, Microfinance and Life Insurance.
- Nepal Reinsurance was the top security in terms of amount traded this week with NRs.1358.23 Mn followed by Citizen Investment Trust with NRs.639.30 Mn and Neco Insurance Co. Limited with 459.81 Mn.
- In terms of shares traded Nepal Reinsurance Limited, ranked the highest followed by Arun Kabeli Power Limited and Nepal Bank Limited.



Unit Turnover

	Units ('000)	Change	Percent
Total	26,976.1	(3,484.2)	-11%
Commercial Banks	6,787.46	(6.1)	0%
Hydropower	5,363.81	(594.0)	-9%
Non Life Insurance	2,936.40	(827.2)	-12%
Mutual Fund	2,714.64	(1,759.4)	-26%
Others	2,241.74	(884.9)	-13%

Turnover Amt

	Amount (in Mn)	Change	Percent
Total	11,522.6	(379.8)	-3%
Others	2,197.22	54.95	0%
Commercial Banks	2,131.18	(96.51)	-4%
Non Life Insurance	2,033.57	(498.97)	-22%
Microfinance	1,426.69	465.54	21%
Life Insurance	1,394.61	(459.74)	-25%

Top Securities

Traded Amount	NRIC,CIT,NIL,SHIVM,NLIC
By Market Cap.	NTC,NRIC,NABIL,NLIC,EBL
Shares Traded	NRIC,AKPL,NBL,SHIVM,NIL
Number of Trades	NRIC,NRN,AIL,CIT,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 15% Bonus share of Shine Resunga Development Bank Limited (SHINE) has been carried out in the NEPSE on 6 Sep 2020.
- ❖ Listing of 60% Right Share of Prudential Insurance Company Limited (PICL) has been carried out in the NEPSE on 6 Sep 2020.
- ❖ Revision of Dividend declaration of Gurans Life Insurance Company Limited (GLICL) to 10.50% bonus shares on 6 Sep 2020.
- ❖ Listing of IPO Shares of Reliance Life Insurance Limited (RLI) has been carried out in the NEPSE on 7 Sep 2020 with the first transaction open price range set at Rs.107.59 to 322.77.
- ❖ Dividend Declaration of RMDC Laghubitta Bittiya Sanstha Limited (RMDC) with 15% bonus share and 5% cash Dividend on 7 Sep 2020.
- ❖ Listing of 10% Bonus share of Support Laghubitta Bittiya Sanstha Limited (SMB) has been carried out in the NEPSE on 8 Sep 2020.
- ❖ Listing of 5% Bonus share of Civil Laghubitta Bittiya Sanstha Limited (CLBSL) has been carried out in the NEPSE on 8 Sep 2020.
- ❖ Listing of 26% Bonus share of Nagbeli Laghubitta Bittiya Sanstha Limited (NBBL) has been carried out in the NEPSE on 9 Sep 2020.
- ❖ Listing of 10% Bonus share of Womi Laghubitta Bittiya Sanstha Limited (WOMI) has been carried out in the NEPSE in 10 Sep 2020.
- ❖ Price adjustment of NIC Asia Growth Fund (NICGF) at Rs.9.99 after deducting 12% cash dividend from the previous closing price of Rs.11.19 on 10 Sep.
- ❖ Book closure notice of Narayani Development Bank Limited (NABBC) from 2077/06/08 to 2077/06/16 and



Technical analysis



The market shrank by 17.73 PTS this week, the market shows signs of bearish market with the final close lower 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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