



नेपाल विद्योपय बोर्डिंगाट मर्केट बैङ्कको सयमा कार्य गन अनुमतिपय प्राप्त संस्था

गरिमा क्यापिटल लिमिटेड
GARIMA CAPITAL LIMITED

(A Subsidiary of GARIMA BIKAS BANK LIMITED)

समृद्धिको साथी

WEEKLY MARKET INSIGHT



Week in Review

Up momentum with bullish sentiments



Key Rationale

Appointment of Bishnu Poudel as FM



Liquidity Issue

Pouch stress likely to shrink



The Week Ahead

Expect to close high with correction

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Kamalpokhari, Kathmandu, Nepal

Date: 25th Dec. to 31st Dec. 2022



The Week in Review:

- ✓ NEPSE created the upward momentum following the appointment of new Finance Minister. Market rose by massive 161.82 points, closing at 2029.03 points (8.67%) on Thursday.
- ✓ Sensitive, Float, and Sensitive Float Index all rose by 6.60%, 8.52%, and 8.10% respectively.
- ✓ Compared to last review week, on average Turnover, Volumes, and Transaction size gained massively by 173%, 140%, and 86% respectively. On average Market Cap increased by 6.08% in the week.
- ✓ All Sub-indices made notable gain, mainly Finance, Hydropower, Investment and Insurance category made the most.
- ✓ Stocks like GHL, HDHPC, AKBSL remained the hot stocks in the week.

Market Fundamental Chart Board

Index Measure	29.12.22	22.12.22	% Change	Week Avg. value
NEPSE	2029.03	1867.21	8.67%	1977.31
Sensitive	391.3	367.07	6.60%	383.53
Float	142.22	131.06	8.52%	138.88
Sensitive Float	129.49	119.79	8.10%	126.46
Turnover (Million)	2,833.07	1,119.79	153.00%	2,707.96
Shares Volumes	7,262,239	3,111,833	133.38%	7,236,048.75
Total Transactions	45,393	23,054	96.90%	46,231.50
Total Scrips Traded	257	247	4.05%	256.25
Market Cap (Rs. Million)	2,934,488.51	2,700,026.06	8.68%	2,859,343.09
Float Market Cap (Rs. Million)	1,260,721.61	1,156,927.98	8.97%	1,229,393.75

NEPSE Statistics

Average Return	18.70%
Std. Deviation	25.44%

Note: Data taken 01/01/20 - 29/12/22.

Assumed annual 225 trading days.

Market Valuation

Market Cap / GDP Ratio	60.48%
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Conclusion: Undervalued

Market Top 3

Gainers	SHLB, DLBS, KLBS
Losers	CYCL, NTC, NBLD87
Stocks Traded	LBL, HDHPC, API
Transactions	PHCL, NABIL, NIFRA
Turnover	NTC, HDL, NABIL
Buyer Broker	58, 49, 34
Seller Broker	58, 49, 45

Sub-Indices Measures	Weekly % Change	Price (Rs.)	Median		
			P/E	ROE	Beta
Banking	6.96%	232.60	12.91	12.49%	0.85
Development Bank	10.30%	322.75	30.28	5.23%	1.18
Finance	17.39%	341.00	64.30	2.05%	1.12
Microfinance	5.70%	960.50	49.02	5.40%	1.00
Life Insurance	11.23%	569.90	38.73	8.64%	1.03
Non-Life Insurance	12.16%	464.90	36.95	11.93%	1.15
Hydropower	16.27%	271.90	20.33	4.77%	1.28
Hotels	7.02%	451.00	101.74	4.35%	0.95
Mfg. & Processing	6.33%	9328.00	18.06	32.49%	0.93
Investment	12.86%	475.50	37.06	4.18%	1.24
Trading	7.81%	3566.00	-	-	0.88
Others	2.55%	843.00	76.33	6.58%	1.15
Mutual Fund	4.10%	8.01	Weekly Median NAV: 9.62 (Close ended)		

Key Events of the Week:

- Pushpa Kamal Dahal “Prachanda” appointed as new PM
- Bihsnu Paudel appointed as new Finance Minister.
- NRB issued Rs. 50 billion Repo for 45 days which was fully subscribed by BFIs at 9% rate.
- Banks can now account upto 80% of amount maintained as reserve fund of local level govt. till Ashad end 2080.
- All Mutual Funds published the Monthly NAV Report for the Month of Mangsir; majority reported falling NAV and profitability.
- NRB directed Banks to return excess premium amount (approx. Rs.4.67 billion) collected from borrowers.
- Supreme Court dismissed the petition challenging New Stock Exchange and Broker Licensing Regulations.
- Mr. Tulshi Ram Pokharel appointed as new Acting CEO of Mega Bank as former CEO Ms. Rabina Desraj Shrestha exited.

Dividend Announced during the week

Company	Bonus	Cash
AKBSL	30%	-
PIC	14.25%	-
GMFIL	6.50%	-
ULI	8.65%	-
LGIL	7%	-

GHL proposes to issue 200% Rights.

Market Technical Chart Board



Technical Indicator

Value

RSI	69.55
MACD line	11.60
Signal line	-2.11
Bollinger Upper Band	2011.05
Bollinger Middle Band	1918.09
Bollinger Lower Band	1825.12
ADX	23.06

Technical Overview:

Market is trading on the upper limit of the RSI, and Bollinger band; however the upswing is supported by the volumes and rising ADX, indicating the growing bullish sentiment. This notion is further supported by MACD and EMA 9 & EMA 20. Moving forward, we wait for major correction for healthy upward run. Our anticipated resistance are 2130 and 2220, while our support are 1970 and 1910.

Thought of/for the Week:

The twist in formation of the new Govt. especially the comeback of Mr. Bishnu Poudel as Finance Minister have turned up the direction and sentiment of rather year-long depressing stock market. The market which opened 4 days, posted significant gain of 161.82 points and maintained daily average turnover of Rs. 2.7 billion plus. Following the appointment, Mr. Poudel extended the facility to account 80% of reserve fund amount of local govt. as deposit till Asadh 2080. Besides, NRB issue of massive Rs.50 billion 45 days Repo would add to ease liquidity stress in BFIs during Poush end. We can expect and wait some cut in existing interest rate and certain relaxation in policies, which would further boosts investor confidence. There was just a minor 11.81 point correction on Wednesday, so a correction of 100 points in the coming week shouldn't drop the investor sentiment. Overall, we expect the market to close high in the coming week. Still, we recommend a cautious investment as the economy and liquidity issues hasn't been fully addressed evidenced by BFIs subscription to latest Repo at 9%.

The Week Ahead:

- Share trading of KBL and NCCB Ltd. to be halted from 17th Poush for 15 days; integrated transactions after M&A between the two to start from 17th Poush in the name of KBL.
- Molung Hydropwer Co. Ltd. to issue 272,850 units of IPO to Migrant workers and Locals from Poush 19th.
- AGM – PPCL, NRN, CGH, UPHEWA, SPC, BHDC, CHCL, UNHPL, GBBL, NICL.

Fundamental and Technical Stock Screen (Insurance Sector)

Pricing	Ticker	LTP (Rs.)	Fair Price (Rs.)	% Prem./ (Disc.)	RSI	Remarks
Under	PLI	371.47	482.12	(22.95)	64.15	In merger with Mahalaxmi Life; trading resumed on.
	SLI	392.70	439.77	(10.70)	67.81	In merger with RLI; No dividend for FY 2077/78.
	PRIN	464.90	493.04	(5.71)	66.31	In merger process with AIL.
Over	AIL	423.70	267.59	58.34	55.70	AGM for FY 2078/79 to be held on 14 th Jan
	NLIC	702.00	442.14	58.77	76.11	Distributed 15.79% for F.Y 2077/78
	RBCL	13,051	6,141.02	112.52	61.14	Rs. 1.31 bill. premium raised in 1 st 4 mnths
Fairly	NICL	464.50	474.96	(2.20)	80.78	8.42% dividend for F.Y 2078/79.
	ALICL	592.00	540.12	9.61	76.43	Distributed 14.5% bonus div. for F.Y 2077/78.
	PICL	404.50	372.75	8.52	73.55	Posted profit of Rs. 9.67 mill. for Q1FY2079/80

Note: Fair Price derived is the average of Pricing as per P/E, P/B, Graham Number, and 180 days average price.

Liquidity Status

Total BFIs Deposit	Rs. 5,278 bill
Total BFIs Lending	Rs. 4,761 bill
CRR Requirement	Rs.211.12 bill
Balance at NRB	Rs. 231.74 bill
Excess Liquidity	Rs.20.62 bill
CD Ratio	86.46 %
Wt. Avg. Interbank Rate	8.45 %
91 Days T-Bill Rate	11.42 %

Mutual Fund Investment Status

Total Fund Size (Rs. Bill)	35.08
% Equity Invested	51.52%
% Cash Holding	28.71%

Note: As per latest Mangsir NAV report

Investment Climate

Inflation (CPI) (Mid.Nov 2022)	8.08%
Import (in 1 st 5 months of current FY)	-20.71%
Export (in 1 st 5 months of current FY)	-34.61%
BoP (Mid.Nov 2022)	Rs. 20.03 bill
Trade deficit (in 1 st 5 months of current FY)	Rs.597 bill
Remittance (Mid.Nov 2022)	+ 20.4%
FX Reserve (4 month)	+ 1%
Govt. Revenue (Dec. end, 2022)	- 20.68%
Govt. Expenditure (Dec. end, 2022)	+ 9.20%

Global Market Outlook:

Key Stock Market Indices:

Key Global Indices	30.12.22	Weekly change
SENSEX	60,840.74	+1.66%
S&P 500	3,839.50	-0.14%
NASDAQ	10,466.48	-0.30%
SHANGHAI	3,089.26	+1.42%
NIKKEI	26,094.50	-0.54%

Major Global News and Events Ahead:

- IMF now projects that global GDP growth will slow from 6% in 2021 to 3.2% in 2022 and 2.7% in 2023. (CNBC, 2022)
- China officially announced to end quarantine requirements for inbound travelers from January 8. (CNBC, 2022)
- International oil markets tumble due to rising COVID-19 cases in Japan and China. (CNBC & Investing, 2022)
- US Initial Jobless Claims, Nonfarm Payrolls (Dec), Unemployment Rate (Dec)
- ECB Central Banker along with Federal Reserve fear of Stagflation.



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