



WEEKLY MARKET INSIGHT



Market Performance

Market lost 112 Points



Technical View

Golden Crossover formed at 2040 level



Fundamental Watch Ahead

Political debate over new Presidency, Inter-Bank Rate



Market Ahead

Likely to rebound after small drop

Date: 12th Feb. to 17th Feb. 2023

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Weekly Market Insight

Review Period: 12th Feb. – 17th Feb. 2023

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गरिमा क्यापिटल लिमिटेड
GARIMA CAPITAL LIMITED

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The Week in Review:

- ✓ Market traded in between 2,181.20 and 2,066.78 level in the week; closing at 2,070.41 on Thursday, losing 112.23 points (5.14%) over the review period.
- ✓ Sensitive, float and Sensitive Float Index dropped by 4.57%, 5.37% and 5.24% respectively.
- ✓ Compared to last review week, average Turnover, Volumes, Transaction size and market capitalization dropped by 18.29%, 15.95%, 1.05% and 5.14% respectively.
- ✓ Among sectoral indices, Finance, Hydropower and Investment indices lost the most by 7.45%, 7.19 % and 6.65 % respectively.
- ✓ Likewise, Mutual fund and banking lost by 2.26% and 3.84% respectively.

Market Fundamental Chart Board

Index Measure	16.02.23	09.02.23	% Change	Week Avg. value
NEPSE	2,070.41	2,182.64	-5.14%	2,097.33
Sensitive	396.44	415.42	-4.57%	400.68
Float	145.29	153.54	-5.37%	147.26
Sensitive Float	132.81	140.16	-5.24%	134.54
Turnover (Million)	1,684.94	2,062.06	-18.29%	2,063.07
Shares Volumes	4,747,567.00	5,648,212.00	-15.95%	5,597,084.00
Total Transactions	35,079.00	35,450.00	-1.05%	39,167.00
Total Scrips Traded	256.00	257.00	-0.39%	255.00
Market Cap (Rs. Million)	2,987,711.99	3,149,654.74	-5.14%	3,026,550.16
Float Market Cap (Rs. Million)	1,059,004.42	1,119,107.78	-5.37%	1,073,364.32

NEPSE Statistics

Average Return	18.54%
Std. Deviation	25.23%

Note: Data taken 01/01/20 - 16/02/23.

Assumed annual 225 trading days.

Market Valuation

Market Cap / GDP Ratio	61.58%
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Conclusion: Undervalued

Market Top 3

Gainers	SLCF, RHGCL, UNL
Losers	ULBSL, ILBS, NUBL
Stocks Traded	API, HDL, NGPL
Transactions	NGPL, API, HIDCL
Turnover	HDL, NGPL, API
Buyer Broker	58, 49, 45
Seller Broker	58, 49, 45

Sub-Indices Measures	Weekly %	Price (Rs.)	Median		
	Change		P/E	ROE	Beta
Banking	-3.84	245.60	14.56	11.90%	0.88
Development Bank	-6.28	340.45	25.9824	6.58%	1.19
Finance	-7.45	340.00	69.4864	2.73%	1.14
Microfinance	-5.01	963.00	50.81	9.06%	1.02
Life Insurance	-6.38	608.00	45.36	9.88%	1.03
Non-Life Insurance	-5.13	592.00	37.71	9.19%	1.18
Hydropower	-7.19	325.00	40.15	4.92%	1.31
Hotels	-5.96	490.95	61.24	4.35%	0.96
Mfg. & Processing	-4.76	7783.05	42.88	14.23%	0.94
Investment	-6.65	578.00	52.05	5.44%	1.25
Trading	-4.12	3,903.50			0.925
Others	-4.04	817.45	78.4055	6.40%	1.15
Mutual Fund (Close ended)	-2.26	8.32	Weekly Median NAV: 10.675		

Key Events of the Week:

1. The Ministry of Finance cuts budget expenditure for F.Y 2079/80 by 13.6% to Rs. 1,549.99 billion; now the allocation stands: Recurrent – 65.93%, Capital – 20.25%, and Financing – 13.82%.
2. NRB published Inflation Expectations Survey (IES) for the Q2 of FY 2022/23; Median inflation expectations for three months and one year ahead stands at 10.0 percent and 12.0 percent respectively.
3. NRB issued Rs. 30 Arba Repo of 14 days maturity on 3rd Falgun after the maturity of its Rs. 30 Arba Repo.
4. Of issued Rs. 18 Arba, treasury bill, subscription of Rs. 2 Arba 91 days treasury bill and Rs. 6 Arba, 182 days treasury bill was made while no any subscription to the 28 days treasury bill.
5. Nepal proposes to sell up to 1200 MW electricity to India. The proposal will be reviewed and finalized during a subsequent meeting of the Joint Working Group (JWG) of Nepal and India.

Dividend Announcement

Company	Bonus	Cash
CORBL	5.00%	0.26%
NGPL	4.75%	0.25%

NEPSE Technical Chart Board



Technical Indicator	Value
RSI	43.08
MACD line	9.14
Signal line	23.26
Bollinger Upper Band	2215.50
Bollinger Middle Band	2139.60
Bollinger Lower Band	2063.71
ADX	29.40

Technical Overview:

Market breached the strong support level of 2080 and a month-long side way trading of 2200 - 2090 level at the last trading day of review week, closing at 2070. Three black crows, indicating the possible continuation of down trend, has developed and is confirmed by sliding RSI, despite weakening volumes. On contrary, golden cross over formed on Sunday where 50-day SMA crossed 200-day SMA from below giving the bullish outlook. However, for the validity of golden cross over market has to trade above 2040 level, the phenomena which looks much dubious especially at the current down momentum market. Our support and resistance for the coming week will be 2010 to 2130.

Thought of/for the Week:

The selloff in the review week can be majorly attributed to the absence of market favorable changes in the mid-term monetary policy review as was expected by the market participant. Further, the Finance Minister revised down the budget expenditure by ~ 14% while nearly 25% shortage in Revenue collection till Poush is observed. The revert of interbank rate to 8.5% following the maturity of Rs. 50 billion Repo also created liquidity fear although this rate may not be long lasting after the NRB issuance of Rs. 30 billion. Rise of deposits compared to lending could likely keep the present 86% CD ratio intact, if not any decrement. The process in appointment of new President could potentially pull more volatility in coming period. However, we still remain positive for the market to find upward momentum in the coming week after little room of dropdown

The Week Ahead:

1. HBL to commence joint operation after acquiring CBL from Falgun 12, 2079.
2. NRB to auction (8th Falgun) and issue (10th Falgun) Rs. 13.23 billion worth of treasury bills of 28 days (Rs. 5 billion), 91 days (Rs. 2.23 billion) and 182 days (Rs. 6 billion).
3. Bhugol Energy Development Company Limited to issue 5,44,053 units IPO shares to the project-affected locals of Dailekh Districts and 1,08,811 units IPO shares to the Nepalese Employed Abroad from Falgun 8.
4. Dolti Power Company Limited to issue 1,07,298 units IPO shares to the Nepalese Employed Abroad and 5,36,486 units IPO shares to the project-affected locals of Dailekh Districts from Falgun 8.
5. Menchhiyam Hydropower Limited to issue 5,42,583 units IPO shares to project-affected locals Sankhuwasabha District and 1,08,517 units IPO shares to the Nepalese Employed Abroad from Falgun 10.
6. Aatmanirbhar Laghubitta Bittiya Sanstha to issue 1,69,755 units IPO shares to General Public from Falgun 11.

Fundamental and Technical Stock Screen (Commercial Banks)

Pricing	Ticker	LTP (Rs.)	Fair Price (Rs.)	% Prem./ (Disc.)	RSI	Remarks
Under	LBL	192	252.79	-23.97	36.13	Q2 reported net profit of Rs. 107 crores
	SANIMA	238	279.26	-14.77	38.33	Q2 reported net profit of Rs.124 crores
	SRBL	188	257.13	-27.08	39	Q2 reported net profit of Rs. 65.395 crores
Over	KBL	185	110.84	67.18	42.47	Q2 reported net profit of Rs. 101 crores
	NICA	811	605.11	34.11	54.15	Q2 reported net profit of Rs. 207 crores
	NABIL	670	464.59	44.26	34.88	Q2 reported net profit of Rs. 341 crores
Fairly	CZBIL	186	182.18	2.1	38.25	Q2 reported net profit of Rs. 84.133 crores
	SBL	282	277.11	1.54	40.02	Q2 reported net profit of Rs. 116 crores
	PRVU	189	177.83	6.39	39.26	Q2 reported net profit of Rs. 119 crores

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

Liquidity Indicator

Total BFIs Deposit	Rs. 5,380 Bill.
Total BFIs Lending	Rs. 4,822 Bill.
CD Ratio	86.24%
Wt. Avg. Interbank Rate	8.50%
91 Days T-Bill Rate	10.22%

Note: As per latest NRB data (14/02/2023)

NRB - 6 Month CME (2079/80)

Inflation (CPI)	7.26%
Import	- 20.68%
Export	- 32.01%
Trade Deficit	- 19.15%
BoP – Surplus	Rs. 97.10 billion
Remittance	+ 24.3%
FX Reserve (suffice 9.1 mnths merchandise & service import)	\$10.3 billion
Deposit	+ 4.2%
Private Sector Credit	+ 3%



Global Market Outlook:

Key Stock Market Indices:		
Key Global Indices	17.02.23	Weekly change
SENSEX	61,021.93	-0.79%
S&P 500	4,090.41	-1.75%
NASDAQ	12,442.48	1.18%
SHANGHAI	3224.02	-0.98%
NIKKEI	27,513.13	-0.57%
US Dollar Index Future	104.350	0.081%
Crude Oil	77.65	-2.633%
Gold	1836.05	-1.43%
US 10 Year Bond Yield	3.894	4.034%

Major Global News and Events Ahead:

- 1) Turkish stock market resumed trading after a pause following two strong earthquakes. The BIST 100 index dropped by 8.62% on February 7, but on February 15, it increased by 9%.
- 2) The central bank of India may hike rates again in April as core inflation remains a concern.
- 3) Pakistan imposes new taxes to secure bailout and avoid default as IMF delays \$1.1 billion
- 4) UK inflation rate fell for the third consecutive month in January, coming in at 10.1%, below economists' forecast of 10.3%. However, high food and energy prices remain persistent.
- 5) Global oil demand is expected to rise by 2 million barrels per day this year, according to the International Energy Agency as China reopens its economy after Covid lockdowns.
- 6) Tata's Air India placed its largest-ever order for 470 aircraft from Boeing and Airbus, including 40 Airbus A350s, 20 Boeing 787s, and 10 Boeing 777-9s, along with 400 narrow-body planes.

10 Years Demat & Meroshare Renewal at RS 999	5 Years Demat & Meroshare Renewal at RS 499	Lifetime Demat & Meroshare Renewal at RS 1999	1 Year Regular Demat & Meroshare Renewal at RS 150
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