

## The Week in Review:

- ✓ NEPSE index closed at 1,866.79 level on Thursday, losing 41.76 points (2.19%) over the review period.
- ✓ Sensitive, float and Sensitive Float Index lost by 1.79%, 2.22% and 1.90% respectively.
- ✓ Compared to last review week, average Turnover, Volume, Transaction and Market capitalization dropped by 18%, 13.59%, 18.47% and 1.78% respectively.
- ✓ Non-Life Insurance, Hydropower and Finance indices lost by 3.56%, 3.45% and 3.08% respectively.
- ✓ Likewise, Hotels, Microfinance and trading indices lost by 0.32%, 1.50% and 1.47% respectively.

## Market Fundamental Chart Board

Index Measure	6.04.23	30.03.23	% Change	Week Avg. value
NEPSE	1,866.79	1,908.55	-2.19%	1,873.79
Sensitive	353.03	359.48	-1.79%	353.49
Float	130.54	133.51	-2.22%	131.05
Sensitive Float	117.25	119.52	-1.90%	117.45
Turnover (Million)	920.69	899.53	2.35%	956.34
Shares Volumes	2,870,819.00	2,750,655.00	4.37%	3,012,477.80
Total Transactions	23,388.00	26,434.00	-11.52%	25,586.00
Total Scrips Traded	269.00	254.00	5.91%	263.00
Market Cap (Rs. Million)	2,704,165.08	2,764,663.07	-2.19%	2,714,311.01
Float Market Cap (Rs. Million)	962,433.76	984,298.68	-2.22%	966,151.96

### NEPSE Statistics

Average Return	14.55%
Std. Deviation	24.95%

Note: Data taken 01/01/20 - 06/04/23.

Assumed annual 225 trading days.

### Market Valuation

Market Cap / GDP Ratio	55.74%
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Conclusion: Undervalued

### Market Top 3

Gainers	KDL, GILB, SAGF
Losers	GLICL, ADLB, AIL
Stocks Traded	SHIVM, GBIME, NIMB
Transactions	SMH, MKHC, AHL
Turnover	SHIVM, NICA, NABIL
Buyer Broker	58, 49, 45
Seller Broker	58, 49, 45

Sub-Indices Measures	Weekly % Change	Price (Rs.)	Median		
			P/E	ROE	Beta
Banking	-1.60	219.60	13.69	11.90%	0.89
Development Bank	-2.86	299.45	23.81	6.58%	1.19
Finance	-3.08	309.00	61.17	2.73%	1.15
Microfinance	-1.50	690.00	34.85	8.97%	1.03
Life Insurance	-1.61	559.90	39.43	9.88%	1.03
Non-Life Insurance	-3.56	482.00	36.66	9.19%	1.23
Hydropower	-3.45	309.00	36.65	4.92%	1.31
Hotels	-0.32	499.40	62.02	4.35%	0.97
Mfg. & Processing	-2.39	6,977.00	37.37	14.23%	0.92
Investment	-2.58	540.95	49.51	5.44%	1.24
Trading	-1.47	3,479.50			0.925
Others	-2.13	765.25	64.24	6.48%	1.15
Mutual Fund (Close ended)	-1.19	7.94	Weekly Median NAV: 9.845		

## Key Events of the Week:

1. Nepal's ruling coalition has unveiled a Common Minimum Programme: aims to control the interest rates and reduce the interest spread rates; vows to design fiscal and monetary policy to address the declining stock market, low capital expenditure and decreasing revenue collection.
2. BFIs in Nepal have collected deposits of more than Rs. 5.4 trillion as per NRB, the highest deposit ever; CD ratio at 85.51%.
3. Supreme Court has recommended the hearing on the case of *issuing license to stock exchanges and brokers* to be carried by the Joint Bench (संयुक्त इजलास) rather than by Constitutional Bench (संवैधानिक इजलास).
4. NRB issued Repo worth Rs. 20 billion through auction for 14 days on 23rd Chaitra.
5. The MoF has cut down conditional grants that were allocated to the provincial and local government as the federal government struggles to manage expenses due to low revenue collection.
6. Nepal Insurance Authority has directed insurance companies to remove incompetent directors according to Insurance Act 2079, Section 50.
7. The World Bank (WB) and Asian Development bank (ADB) has projected the economy of Nepal to grow by 4.1% in 2023 (earlier 5.8%); tight monetary policy, weak domestic demand, unwinding of COVID-19 stimulus and persistent global headwinds behind the reasons for the slow economic growth.

## Dividend Announcement

Company	Bonus	Cash
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KSBBL	4.41%	-
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## NEPSE Technical Chart Board



### Technical Indicator

### Value

RSI	32.14
MACD line	-39.70
Signal line	-39.35
Bollinger Upper Band	1991.48
Bollinger Middle Band	1919.42
Bollinger Lower Band	1847.35
ADX	26.66

### Technical Overview:

Market reeled under the bearish mode losing 41.76 point (2.19%) over the review period. Previously, market neared the middle level of Bollinger band but by the end of the review period, market again whirled down near to Lower-level Bollinger band. Additionally, 20D (1919.42), 50D (2025.12), and 200D (1991.84) SMA are all above the current index level, showing the bearish market. RSI is at oversold zone with ADX standing above 25. Daily volume has lowered and has remained persistent at approx.90 crores. Market is testing the very support level of 1860 and confirmation of breach of this level in coming period could land the market at an undesired level of 1700 or even below.

## Thought of/for the Week:

High price volatility with subdued volumes especially in last three trading session reiterates participants being indecisive about the direction of the market. Participants are unsure about the effect of probably high NPLs among banks, subsequent asset quality review of banks, effect of Counter Cyclical Buffer on lending capacity of banks, end of bank's facility to account 80% of reserve fund of local government into deposits by Asadh end 2080. We expect these provisions will affect liquidity among BFIs in near future. However, government's aim of reducing banks interest spread along with addressing the problem of decreasing market through some policy changes can provide a cause for market revival but actual implementation of these policies is yet to be seen. As Investors were pessimistic from before, event of Honorable Supreme Court of Nepal not addressing the issue of further issue of broker license has added more fuel to pessimism. Upcoming meeting of NBA (Nepal Bankers Association) to decide interest rate for Baisakh, 2080, publication of Q3 financial results of listed firms, Current Macroeconomic Reports of eight month by NRB can be major decider for market direction.

## The Week Ahead:

1. "Siddhartha Investment Growth Scheme – 3" a close-ended Mutual Fund, NPR. 1.2 billion size ie. 120 million units at Rs.10, to be issued from Sunday, 26<sup>th</sup> Chaitra.
2. Dolti Power Company Limited to issue 12,71,861 units IPO shares to the General Public from 28th Chaitra.
3. Nepal Bankers Association (NBA) Meeting; decision on interest rates for the month of Baisakh, 2080.
4. MLBL to issue 10,00,000 units of "11% Mahalaxmi Debenture 2089" to the General Public and institutions from Chaitra 29.
5. AGMs: JSLBB (15% bonus), BHPL, KLBSL (7% bonus), VLBS (20% bonus), HEI (2.75% bonus), USLB, KMCDB (19% bonus), JBLB (14.285% bonus), ACLBSL,
6. Book Closure: SGM of ULI, GLICL and PLIC (share swap ratio of 1:1:1, to be named as Himalayan life insurance), NSLB (19% bonus), MSLB (14.25% bonus), NICLBSL (14.75% cash dividend), DLBS and KLBS (for merger).

## Fundamental and Technical Stock Screen (Commercial and Development Bank)

		LTP	Fair Price	% Prem./	RSI	
Pricing	Ticker	(Rs.)	(Rs.)	(Disc.)		Remarks
Under	LBL	177.50	231.34	-23.27	35.24	Q2 reported net profit of Rs.1.07 billion.
	ADBL	239	297.42	-19.64	22.81	Q2 reported net loss of Rs.128.93 million.
	GBIME	182	214.26	-15.04	32.63	Q2 reported net profit of Rs.2.78 billion.
Over	GRDBL	245.60	144.82	69.59	41.25	Q2 reported net profit of Rs.2.82 million
	CORBL	301.90	214.58	61.42	48.99	Q2 reported net profit of Rs.11.74 million
	JBBL	261.50	172.55	51.55	37.45	15 <sup>th</sup> AGM endorsed 3% bonus share and 3.8% cash dividend
Fairly	KSBBL	297	293.99	1.02	35.10	Q2 reported net profit of Rs.195.8 million
	SADBL	283.90	275.86	2.92	37	Q2 reported net profit of Rs.165.5 million
	KBL	169.10	163.63	3.34	33.17	Q2 reported net profit of Rs.1.01 billion.

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

# Weekly Market Insight

Review Period: 2<sup>nd</sup> April – 7<sup>th</sup> April 2023

Publication date: 7<sup>th</sup> April, 2023



गरिमा क्यापिटल लिमिटेड  
GARIMA CAPITAL LIMITED

(A Merchant Banker Licensed by SEBON)

## Liquidity Indicator

Total BFIs Deposit	Rs. 5,430 bill.
Total BFIs Lending	Rs. 4,822 bill.
CD Ratio	85.43%
Wt. Avg. Interbank Rate	7%
91 Days T-Bill Rate	9.76%

Note: As per latest NRB data  
(04/04/2023)

## Investment Climate

Inflation (CPI)	7.88%
Import	-19.13%
Export	-29.07%
Trade Deficit	-17.86%
BoP – Surplus	Rs. 133.21 billion
Remittance	+ 27.1%
FX Reserve	\$10.5 billion
Deposit	+ 5.0%
Private Sector Credit	+ 3.2%

Note: As per latest CME release of NRB and  
Department of Customs

## Global Market Outlook:

### Key Stock Market Indices:

Key Global Indices	06.04.23	Weekly change
SENSEX	59,832.97	2.27%
S&P 500	4,105.02	1.34%
NASDAQ	120,876.96	904.67%
SHANGHAI	3,321.18	1.52%
NIKKEI	27,490.55	-2.10%
US Dollar Index Future	101.52	-0.36%
Crude Oil	80.70	8.60%
Gold	2,026.40	1.43%
US 10 Year Bond Yield	3.31	-7.11%

### Major Global News and Events Ahead:

1. BRICS nations are working on developing a new form of currency, potentially ending the US Dollar global dominance.
2. Major oil producers including Saudi Arabia announced surprise cuts of up to 1.15 million barrels per day, potentially raising global oil prices and straining ties with the US, while benefiting Russia.
3. India's Cash Reserve Ratio, Interest Rate Decision, and Reverse REPO Rate remained constant at 4.50%, 6.50% and 3.35% respectively.
4. India's bank loan growth increased to 15.7%, previously being 15.5%. And, deposit growth increased to 10.3%, previously being 10.1%.
5. India to release Industrial Production data on Wednesday, April 12.
6. US to publish CPI, with the previous CPI being 6.4% on April 12.
7. Sri Lanka's foreign exchange reserves surged to \$2.69 billion in March, the highest in over a year, following a \$3 billion bailout from the International Monetary Fund.

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