



नेपाल फिनिंग कोर्पोरेट लिमिटेडको एकमात्र ब्राण्ड नाम जम्हाइलियन प्राइम लिमिटेड

गरिमा क्यापिटल लिमिटेड
GARIMA CAPITAL LIMITED

(A Subsidiary of GARIMA BIKAS BANK LIMITED)

समृद्धिको साथै

WEEKLY MARKET INSIGHT



Market Performance

Market continued downtrend



Technical View

Likely sideways market of 1850 to 2050 level



Fundamental Watch Ahead

Political affairs, NBA's meeting, NRB CME Report



Market Ahead

Political affairs over election of new President

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Kamalpokhari, Kathmandu, Nepal

Date: 26th Feb. to 3rd March 2023

Weekly Market Insight

Review Period: 26th Feb. – 3rd March 2023

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The Week in Review:

- ✓ NEPSE index closed at 1969.02 on last trading day of week, closing red in each session except the first trading day of the week, losing 53.62 points (2.65%) over the review period.
- ✓ Sensitive, float and Sensitive Float Index dropped by 2.82%, 2.64% and 2.97% respectively.
- ✓ Compared to last review week, average Turnover, Volumes, Transaction size and market capitalization dropped by 19.36%, 19.86%, 18.66% and 1.94% respectively.
- ✓ Only hotel sector gained 0.27% while all other indices lost; Microfinance and Mfg. & Processing lost 4.30% and 4.93% respectively.
- ✓ Likewise, Hydropower, investment and mutual fund lost by mere 1.55%, 1.22% and 0.78% respectively.

Market Fundamental Chart Board

Index Measure	2.03.23	23.02.23	% Change	Week Avg. value
NEPSE	1,969.02	2,022.64	-2.65%	2,007.03
Sensitive	373.57	384.40	-2.82%	380.15
Float	138.32	142.07	-2.64%	140.94
Sensitive Float	124.99	128.82	-2.97%	127.24
Turnover (Million)	1,336.33	2,522.71	-47.03%	1,686.27
Shares Volumes	3,657,154.00	6,326,105.00	-42.19%	4,593,978.80
Total Transactions	28,500.00	48,105.00	-40.75%	34,301.60
Total Scrips Traded	256.00	260.00	-1.54%	259.20
Market Cap (Rs. Million)	2,844,924.43	2,914,980.91	-2.40%	2,899,395.01
Float Market Cap (Rs. Million)	1,023,987.51	1,049,177.65	-2.40%	1,043,331.86

NEPSE Statistics

Average Return	16.72%
Std. Deviation	25.19%

Note: Data taken 01/01/20 - 02/03/23.

Assumed annual 225 trading days.

Market Valuation

Market Cap / GDP Ratio	58.64%
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Conclusion: Undervalued

Market Top 3

Gainers	KLBS, SPC, SIGS2
Losers	GILB, LLBS, SMFDB
Stocks Traded	UPCL, SHIVM, NIFRA
Transactions	HDL, SHIVM, NIFRA
Turnover	HDL, SHIVM, NICA
Buyer Broker	58, 45, 49
Seller Broker	58, 34, 49

Sub-Indices Measures	Weekly %	Price (Rs.)	Median		
	Change		P/E	ROE	Beta
Banking	-2.80	236.00	14.23	11.90%	0.88
Development Bank	-2.23	318.95	24.94	6.58%	1.19
Finance	-2.72	329.00	65.10	2.73%	1.15
Microfinance	-4.30	810.00	39.99	8.97%	1.03
Life Insurance	-3.22	570.00	43.07	9.88%	1.03
Non-Life Insurance	-2.15	559.60	33.96	9.19%	1.18
Hydropower	-1.55	314.90	38.17	4.92%	1.31
Hotels	0.27	493.50	61.11	4.35%	0.96
Mfg. & Processing	-4.93	7626.05	41.32	14.23%	0.94
Investment	-1.22	564.50	49.59	5.44%	1.25
Trading	-3.88	3,703.00			0.925
Others	-2.43	780.95	73.53	6.40%	1.15
Mutual Fund (Close ended)	-0.78	8.10			Weekly Median NAV: 10.1

Key Events of the Week:

1. Finance Minister Bishnu Poudel handed over his resignation letter from the post to the Prime Minister Pushpa Kamal Dahal following the exit of his party CPN (UML) from the government.
2. IMF staff and Nepali authorities have reached an agreement on policies for the Extended Credit facility (ECF) arrangement, which would give Nepal access to \$52 million loans once approved by the executive board.
3. According to IMF, The Real GDP of Nepal is projected to grow by 4.4% in fiscal year 2022/23.
4. Remittances to Nepal have increased by 7,557.65% over 22 years; fourth among South Asian economies.
5. MFIs are amending their proposed dividend to 15%, under the newly issued amendments of Unified Directives, 2078 for Microfinance Institutions.
6. NRB issued and auctioned 14-days Repo worth Rs.2,000 crore on 18th Falgun, 2079.
7. NTA to provide compensation to its telecommunication users if their internet service experiences an outage due to a network failure and is not restored within the designated time period.

Dividend Announcement

Company	Bonus	Cash
SMFDB	13.56%	
SWMF	15%	

NEPSE Technical Chart Board



Technical Indicator	Value
RSI	32.17
MACD line	-27.33
Signal line	-10.14
Bollinger Upper Band	2197.34
Bollinger Middle Band	2081.20
Bollinger Lower Band	1965.05
ADX	24.89

Technical Overview:

Market continued to slid down in the week ignoring the trend reversal outlook produced by the hammer at lower Bollinger band on Sunday. Momentum indicator pictures upward potential shortly as it is now trading at lower Bollinger band with RSI at oversold zone. The support level of 1960-80 is less likely to hold for long as we believe the downtrend to persist further. SMA 50 day and S (though subdued volume observed in recent fall). MA 200 day are 2064.52 and 2023.71 respectively, both lower than current index of 1969, signaling bearish momentum. Market may technically trade at the sideways in coming period, maintaining 2030 and 1880 as resistance and support.

Thought of/for the Week:

Market in the review period slid down losing 53.62 points following the NRB's number of amendments to Unified Directives, 2078 for Microfinance Institution and twist in political alliance in government. The amendments to MFIs have brought spree among MFIs to reduce or revise their dividend payments making the sector vulnerable to downside risk. Furthermore, interbank rates for banks are still persistent at 7% level despite major liquidity injection by NRB. Going forward, commercial banks can be expected to relax interest rate in deposits further so as to align with NRB regulation of decreasing Interest Rate Spread to 4.2 % by end of Chaitra end, 2079. Events like ensuring vote of confidence by present Prime Minister, election of new President and Nepal Bankers Association's (NBA) decision over interest rate in Chaitra are yet to decide the future course of the market.

The Week Ahead:

1. NRB to auction Treasury bills of Rs.15.045 billion: renewal issue of Rs.2 billion for 28 days and 1.45 billion for 91 days and fresh issue of Rs.5 billion for 91 days and Rs.7 billion for 182 days.
2. Presidential election to be held on 25th falgun, Ram Chandra Paudel from Nepali congress and Subaschandra Nemwang from CPN(UML) have given candidacy for the election.
3. Sanima Middle Tamor Hydropower Limited to issue 42,48,938 units of IPO to general public.
4. AGM: MLBSL(47.5% bonus and 2.5% cash), PRIN(6.70% bonus), NGPL(4.7% bonus), SABSL(18% bonus)
5. Book Closure: NADEP, SMB(11% bonus), CBBL(22% bonus and 3.26% cash), STC(10% bonus and 5% cash)

Fundamental and Technical Stock Screen (*Commercial Bank*)

	Pricing	Ticker	LTP (Rs.)	Fair Price (Rs.)	% Prem./ (Disc.)	RSI	Remarks
Under		LBL	186.60	241.58	-22.76	30.68	Q2 reported net profit of Rs.1.07 arba
		SRBL	184	216.36	-14.96	34.87	Q2 reported net profit of Rs.65.39 crore
		GBIME	191	225.15	-15.17	25.53	Issued and allotted "11.25% GBIME debenture 2084-85"
Over		NABIL	649.10	445.11	45.83	31.04	Converted 3 lakh promotor share to public share
		SCB	515	422.60	21.86	54.40	Issued "10.30% Standard chartered Bank limited debenture"
Fairly		EBL	503	413.78	21.56	43.42	13% of bonus share now listed in NEPSE
		SBL	271.90	259.83	4.64	33.63	Q2 reported net profit of Rs 1.5 arba
		PRVU	187	185.78	0.66	38.41	Auctioned 46,74,396 promotor share to general public
		KBL	179	171.35	4.47	35.55	Auctioned 2,96,000 promotor share to general public

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

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Liquidity Indicator

Total BFIs Deposit	Rs. 5,380Bill.
Total BFIs Lending	Rs. 4,821 Bill.
CD Ratio	86.18%
Wt. Avg. Interbank Rate	7.00%
91 Days T-Bill Rate	9.40%

Investment Climate

Inflation (CPI)	7.26%
Import	-19.90%
Export	-29.03%
Trade Deficit	-18.71%
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%

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

Global Market Outlook:

Key Stock Market Indices:

Key Global Indices	24.02.23	Weekly change
SENSEX	59,676.42	-0.03%
S&P 500	3,981.35	-0.77%
NASDAQ	11,462.98	-1.10%
SHANGHAI	3,323.91	1.82%
NIKKEI	27,936.97	1.99%
US Dollar Index Future	104.81	0.28%
Crude Oil	77.96	2.62%
Gold	1,843.95	0.58%
US 10 Year Bond Yield	4.05	4.68%

Major Global News and Events Ahead:

1. India's GDP growth rate slowed by 4.4% in the fourth quarter of 2022.
2. RBI has projected a real GDP growth of 6.8% for 2022/23, with expected growth rates of 4.4% and 4.2% in the third and fourth quarters, respectively.
3. Pakistan's Consumer Price Index (CPI) Hits Record High of 31.55% in February, Highest Retail Inflation in 49 Years.
4. US to announce new military aid package for Ukraine worth roughly \$400 million.
5. US approved 70% of export license application from China in 2022.
6. China leads USA in global competition for key emerging technology.

Disclaimers: This WEEKLY MARKET INSIGHT is solely prepared with the objective to provide insight about the market performance and status to the interested market participants. The information and data herein should not be construed as an investment advice or recommendation. Should the investors choose to act based on this report, it shall be entirely at their own risk and Garima Capital shall not be liable, for any loss or damages incurred thereby.