



गरीमा कयापिटल लिमिटेड

गरीमा कयापिटल लिमिटेड
GARIMA CAPITAL LIMITED

[A Subsidiary of GARIMA BIKAS BANK LIMITED]

समुद्धि की सारथी

THE ANALYTICS

GARIMA MONTHLY INSIGHT

POUSH 2081
(16 DECEMBER 2024 -13 JANUARY 2025)
VOL: 3, ISSUE: 6



Market Ahead



**Macroeconomic
Factors**



NEPSE Scanner



Market Scanner



**Article of
the Month**

Market Update:

In the month of Poush, the NEPSE index declined by 88.16 points (3.29%), closing at 2594.13. Despite an increase in turnover and share volume by 8.25% and 12.12%, respectively, market capitalization dropped by 3.29%. The index had been fluctuating between the 2600 and 2800 levels for an extended period; however, last month, it dipped below the 2600 mark, reaching a low of 2545. In recent days, the market has rebounded to the 2600 level.

While the market exhibits signs of recovery, investors appear to be awaiting the second-quarter results, which are expected to influence market direction. Commercial banks have already published their Q2 reports, showing an overall decline in net profits. Nevertheless, with falling interest rates and ample liquidity in the system, positive financial results from other listed companies could support the index's growth and help it break through the significant resistance level of 2800.

NRB has released the five-months CME and Financial Situation Report of Nepal up to Mangsir 2081. Additionally, it has published the financial performance of BFIs for the same period. Commercial banks have released second quarter report and have announced the revised interest rates for Magh. The key highlights of these significant developments are summarized below:

1. The total net profit of commercial banks amounts to Rs. 27.44 billion i.e., 4.62% lower than same period last year, with Nabil Bank leading with a net profit of Rs. 3.24 billion, while NIC Asia Bank posted the lowest profit at Rs. 151.73 million.
2. Nepal's public debt reached Rs 2,536 billion by mid-January, exceeding 44% of GDP, with external loans comprising 51.31% and internal debt 48.68%, reflecting a 4.2% rise since the fiscal year's start.
3. Life insurance companies in Nepal collected Rs. 65.74 Arba in premiums by Mangsir 2081 and non-life insurance sector collected Rs. 17.17 Arba in premiums during same period.
4. By the second quarter of FY 2024/25, the government achieved 39.43% of its revenue target, collecting Rs 559.6 billion, but capital expenditure remained sluggish at 16.16%.



5. By the end of Mangsir in the current fiscal year, BFIs disbursed Rs 107 billion in share collateral loans, compared to Rs 81.19 billion in the same period last year, reflecting a 32.95% rise.
6. Most commercial banks maintained fixed deposit rates for Magh, while ADBL and SBI lowered their rates by 0.06% and 0.5% respectively. On average, fixed deposit rate for Magh is at 6.001% vs 6.029% in Poush. ADBL and SCB offer the lowest institutional FD rate at 3.25%, while LSL offers the lowest individual FD rate at 5.50%. NICA and NMB have the highest institutional and individual FD rate at 5.60% and 6.60% respectively.
7. Per the Banking & Financial Statistics, the average CD Ratio of Banking sector (A, B, and C Class) is 78.54 which is higher than 78.26 of earlier month. NPL has remain unchanged at 4.42% and CAR has declined to 12.74% from 12.93%. Weighted average interest rate has come down to 4.78% (saving 3.35%, fixed 6.80%) and weighted average rate on credit has fallen to 8.90%.
8. SEBON has introduced a new regulation for SMEs, “Securities Issuance and Transactions Regulation for Small and Medium-Sized Enterprises, 2081 “, effective January 16, 2081, establishing a dedicated platform to simplify capital market access, with rules on IPO issuance, share allocation, and paid-up capital limits to foster SME growth and investment.
9. On the external front of the economy, remittance inflows rose by 4.4% to Rs. 640.43 billion as of mid-December 2024/25, with approximately Rs. 118.79 billion coming in between mid-November and mid-December alone. Exports inclined by 16.5%, while imports rose by 3% and the trade deficit increased by 1.5%. The balance of payments (BOP), current account balance, and gross foreign exchange reserves all grew to Rs. 225.34 billion, Rs. 140.71 billion, and \$16.76 billion, respectively. Additionally, 190,384 Nepali workers received their first-time approval for foreign employment, while 135,425 received renewal entry approvals.
10. As per the CME Report, Y-o-Y deposits at BFIs has increased by 10.9% while the private sector credit has increased by just 7%. Monetary Policy has targeted the Private Sector Credit growth of 12.5% in FY 2081/82.



11. According to Nepal Tourism Board (NTB), Nepal saw inflow of 92,034 foreign tourists in December 2024, totalling 1.147 million in 2024, growth of 13.1% YoY.

Coda: Market is subject to several forms of risks, especially the fundamentals, and investors have tendencies to be behaviourally biased, leading to making the sub-par investment decisions. It's always important to screen the facts vs opinions. Facts are going to last the market

long while opinion can likely make market volatile.



Elevating Risk Management: The Imperative of Continuous Monitoring

Author- Pedro Morales (Risk & Compliance Director- Google)

In today's dynamic business environment, it's becoming increasingly difficult to account properly for the constantly evolving barrage of financial and non-financial risks. Periodic risk assessments provide a valuable snapshot (particularly of an organization's compliance and non-financial risk profile), but are insufficient in isolation.

To effectively navigate this complex landscape, a bold shift towards continuous risk monitoring is essential – one that recognizes the fluid nature of risk and emphasizes the need for ongoing vigilance and adaptation.

While traditional risk assessments capture important point-in-time data, they offer only a static view of an organization's risk exposure and fail to reflect the ongoing fluctuations inherent in today's business environment.

New technologies, regulatory changes, geopolitical events and economic shifts continually reshape the risk landscape, rendering periodic assessments quickly outdated. Furthermore, an overreliance on self-assessments in risk management can create blind spots.

Indeed, while valuable for gathering information and promoting internal awareness, self-assessments are inherently susceptible to subjective biases that often lead to incorrect measurements. This rings particularly true for non-financial risks, such as operational, reputational, and cybersecurity risks, which are more challenging to quantify.

These evolving, often intangible threats can be better identified and managed through vigilant, continuous monitoring. But how can this be achieved?

A Multi-Step Approach

To effectively and continuously quantify non-financial risks, organizations should adopt a multi-faceted approach that includes (1) implementing specific risk indicators; (2) keeping a closer eye on both cybersecurity and broader operational risks; and (3) leveraging scenario analysis.

The first step requires a firm to define its measurable metrics, which can signal potential threats. Ideally, risk parameters should be established to align with your firm's risk appetite. Simple metrics can be used, for example, to track social media sentiment, news mentions and customer reviews, helping to protect a company's reputation.

For cybersecurity risk, the proper quantification of non-financial risk requires monitoring the frequency of security incidents, dedicating time to patching vulnerabilities, and improving employee training. For operational risks, indicators should be used to monitor incidences and to develop a robust event inventory that factors in data from related "external" events.

Scenario analysis, meanwhile, can be deployed to better inform your firm's risk appetite, to more effectively measure the impact of risks, and to model potential risk events. Various factors must be considered, including the likelihood of an event occurring, the potential magnitude of the impact and the effectiveness of existing risk controls.

Throughout the monitoring process, moreover, expert opinions must be incorporated to ensure the use of the right quantification techniques. By committing to measuring non-financial risks comprehensively, organizations can gain a deeper understanding of the more intangible threats they face and create effective mitigation strategies, ultimately resulting in superior operational resilience.

Operational Resilience: Detect, Adapt and Enhance

Leveraging data is one of the keys to gaining real-time insights into your organization's risk profile. By tracking multiple metrics (i.e., risk indicators) and by analyzing emerging trends, organizations can proactively work on risks as they unfold, instead of merely reacting to them. This dynamic approach to continuous risk monitoring yields many benefits, including:

- **Early detection of emerging risks.** Identifying subtle shifts and patterns may foreshadow significant risks, allowing for timely intervention.

- **Adaptive risk management.** As the risk environment evolves, organizations can adjust their controls and mitigation strategies in real-time, ensuring their risk management frameworks remain relevant and effective.
- **Enhanced decision-making.** Real-time data empowers informed decision-making at all levels of the organization, promoting agility and responsiveness.

Continuous monitoring, in short, proactively addresses potential threats, strengthening an organization's ability to maintain operational continuity and to withstand disruptions.

Importantly, a robust risk identification program is step one in developing a comprehensive monitoring approach. Risk identification should be straightforward and should encourage broad participation across the organization, while effectively capturing a wide spectrum of potential risks. Carefully weighing the monitoring program during the risk identification phase creates a closed-loop system that fosters a proactive and responsive risk culture.

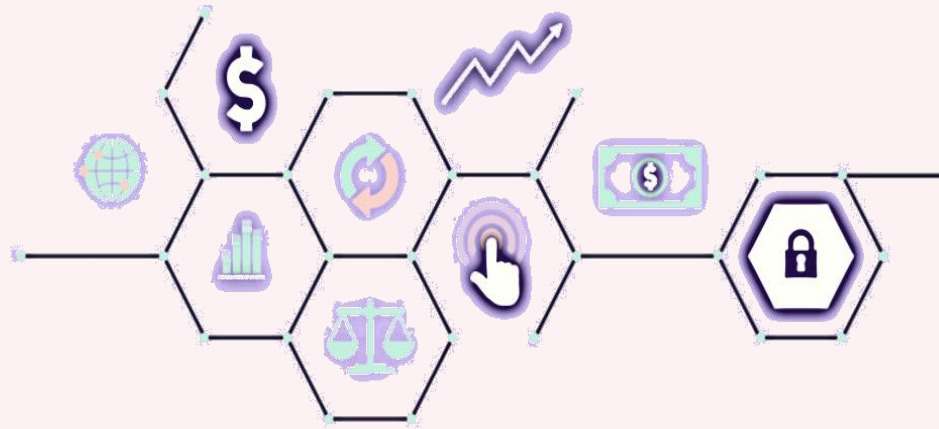
Parting Thoughts

Continuous risk monitoring is not merely an enhancement but a necessity in today's dynamic business environment. By moving beyond static assessments and embracing real-time data analysis, organizations can cultivate a proactive risk management approach that improves decision-making and strengthens resilience.

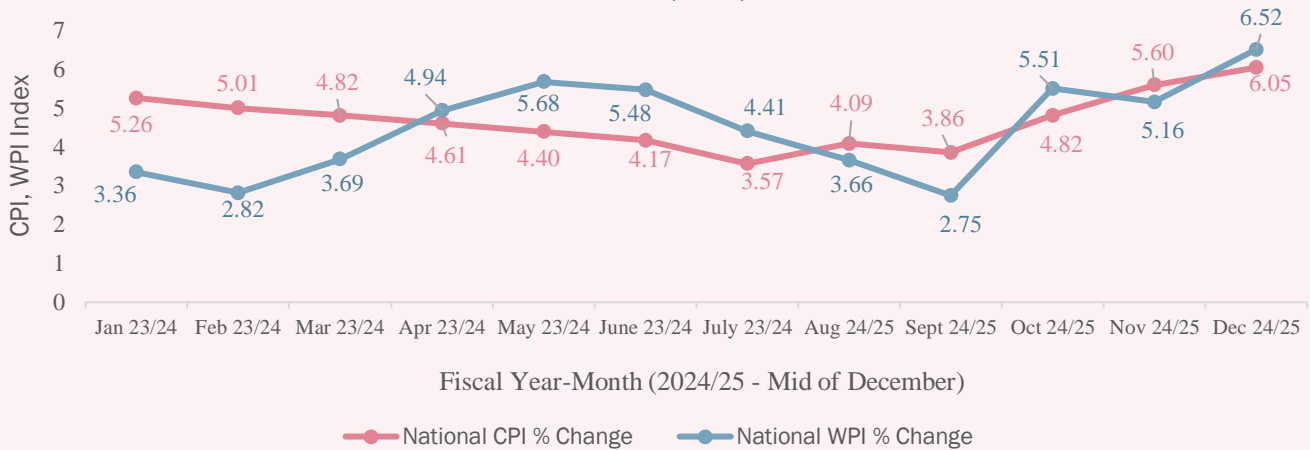
When managing the ever-evolving landscape of non-financial risks, this approach is particularly critical, because it will safeguard organizations from potentially detrimental threats that traditional approaches may overlook.

Pedro Morales is a Risk & Compliance Director at Google. He began his career in consulting before moving to Santander's risk team, and later held various leadership roles at the Federal Reserve System supervising large banks. The views he expressed in this article are his alone and do not necessarily reflect those of his employer.

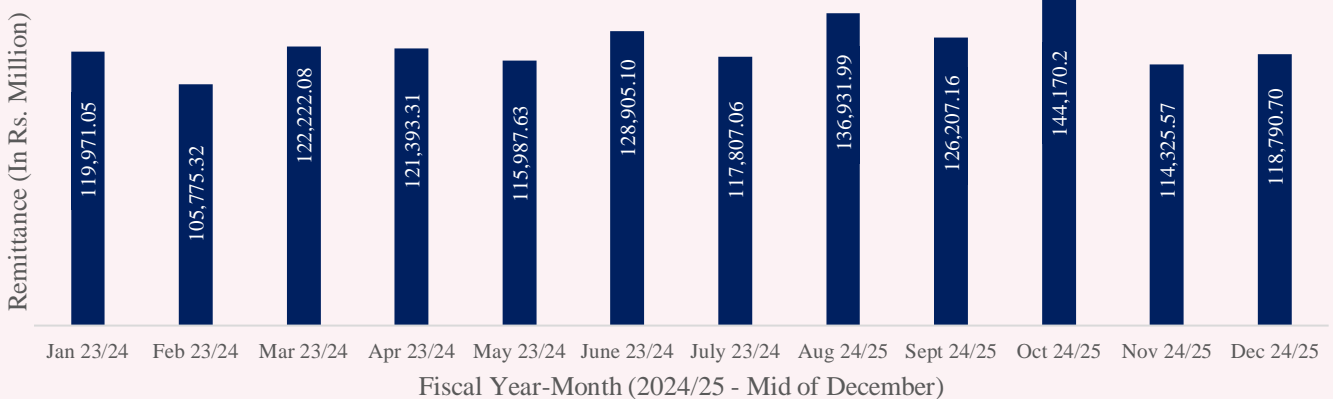
WHERE DO THE FACTORS STAND?



Inflation Rate (CPI)- 6.05%



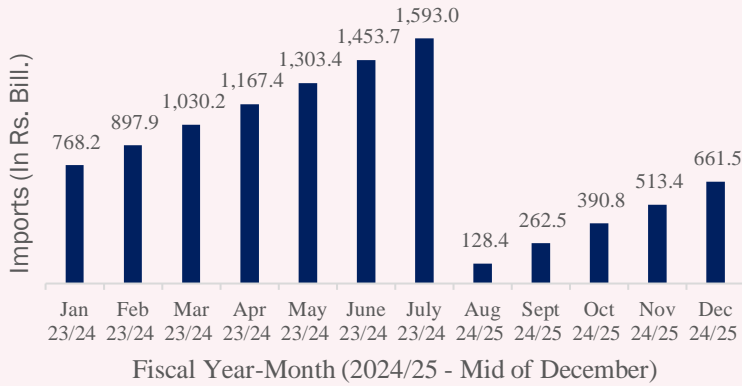
Remittance Inflow- 4.43% (Y-o-Y)



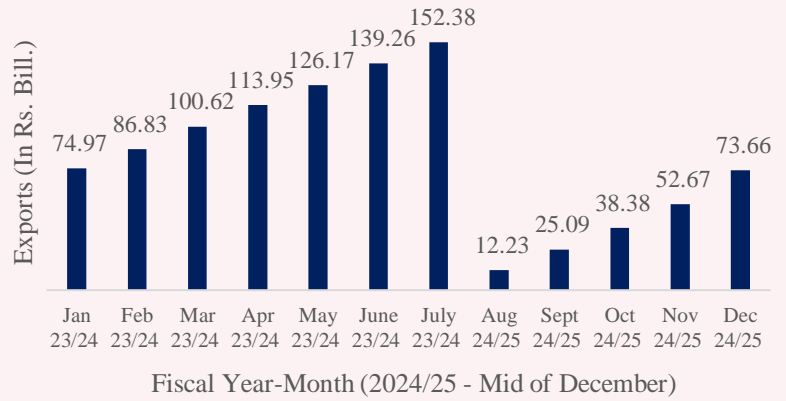
Liquidity Indicators (As on 14th January 2025):

- ❖ BFI's Deposits: NPR. 6,731 billion
- ❖ BFI's Lending: NPR. 5,431 billion
- ❖ CD Ratio: 79.40%
- ❖ Inter-bank Interest Rate: 3.00%

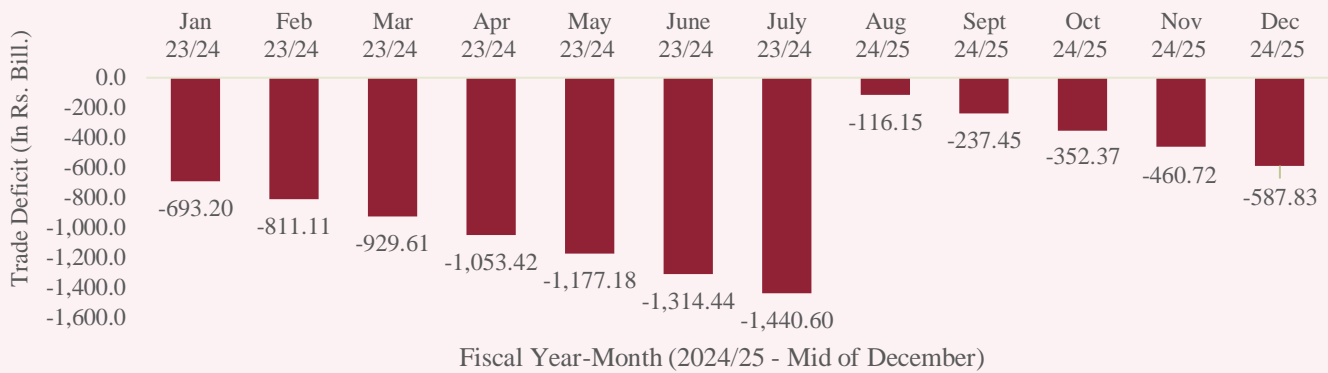
Total Import (3.0% Y-o-Y)



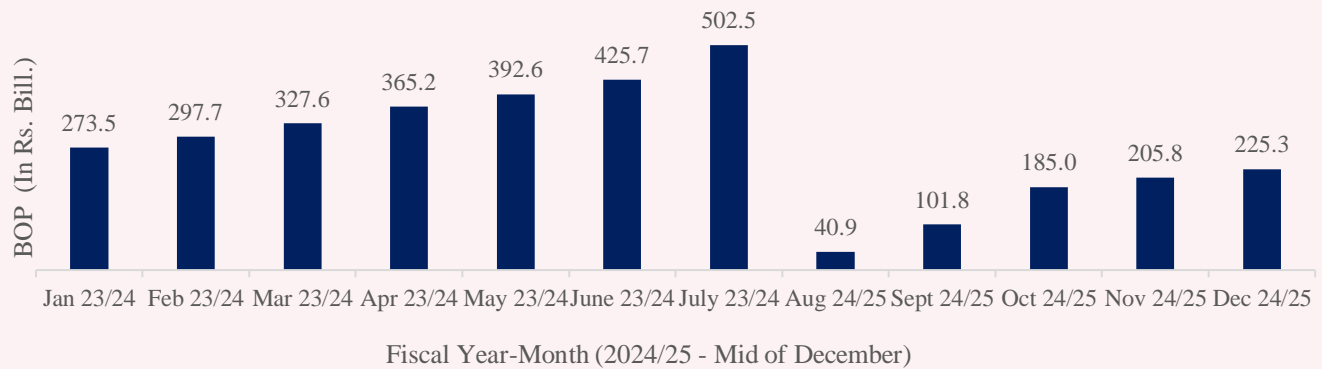
Total Export (16.5% Y-o-Y)



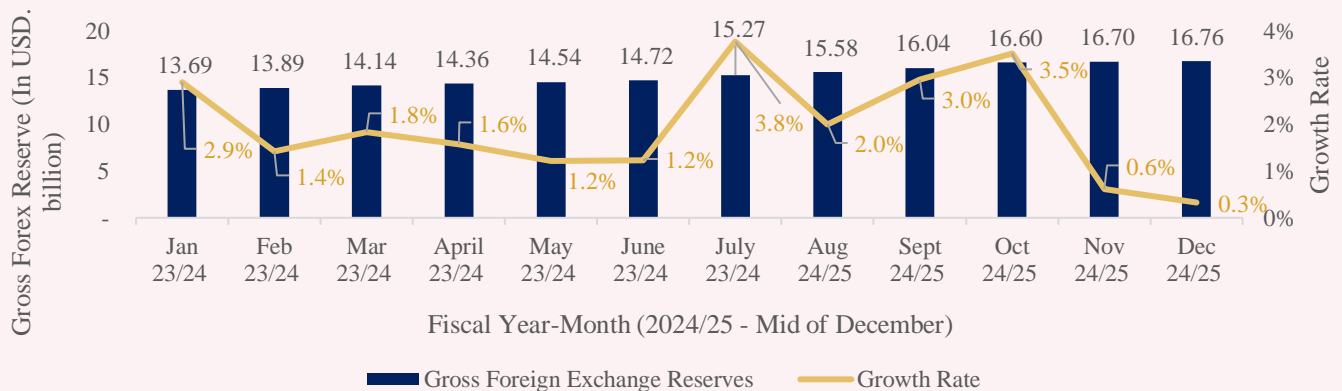
Trade Deficit



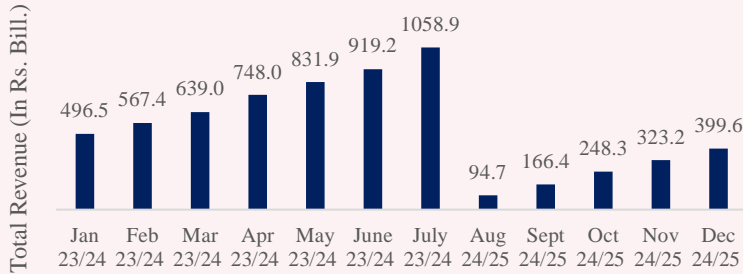
Balance of Payments (Surplus)



Gross Forex Reserve (+25.94% Y-o-Y)

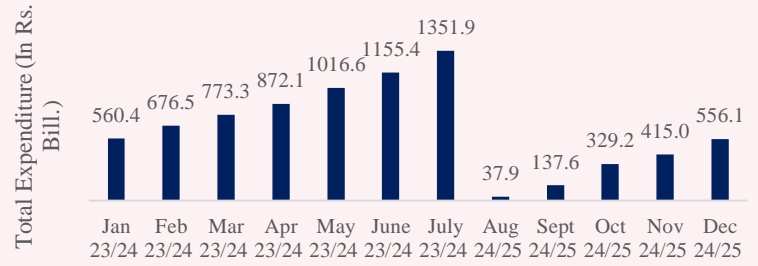


Govt. Revenue



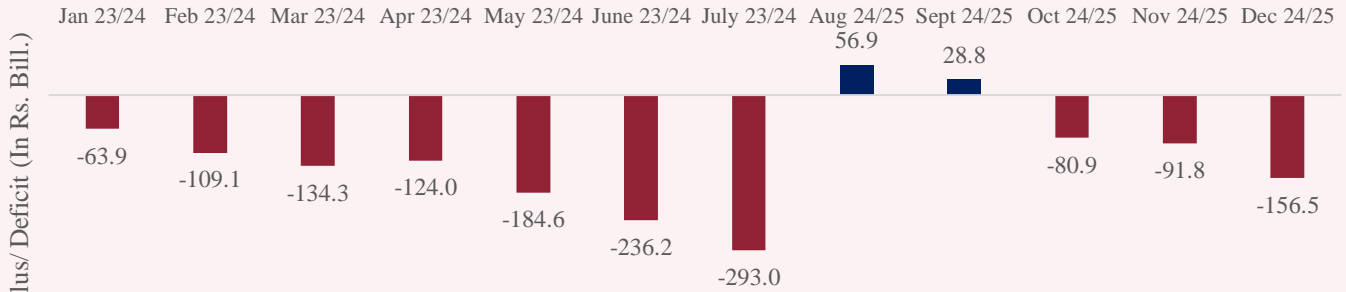
Fiscal Year-Month (2024/25 - Mid of December)

Govt. Expenditure



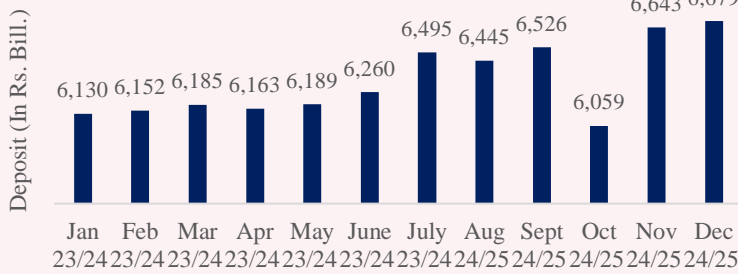
Fiscal Year-Month (2024/25 - Mid of December)

Fiscal Surplus/Deficit



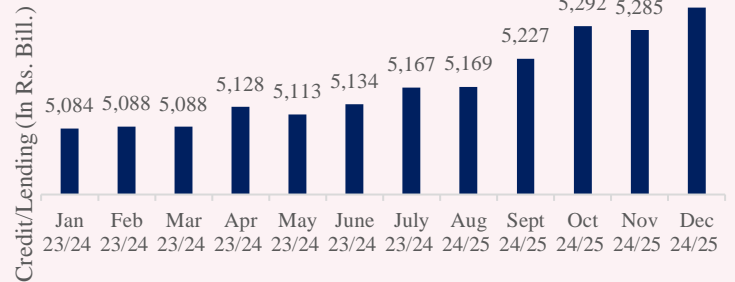
Fiscal Year-Month (2024/25 - Mid of December)

Deposit (+11.8% Y-O-Y)



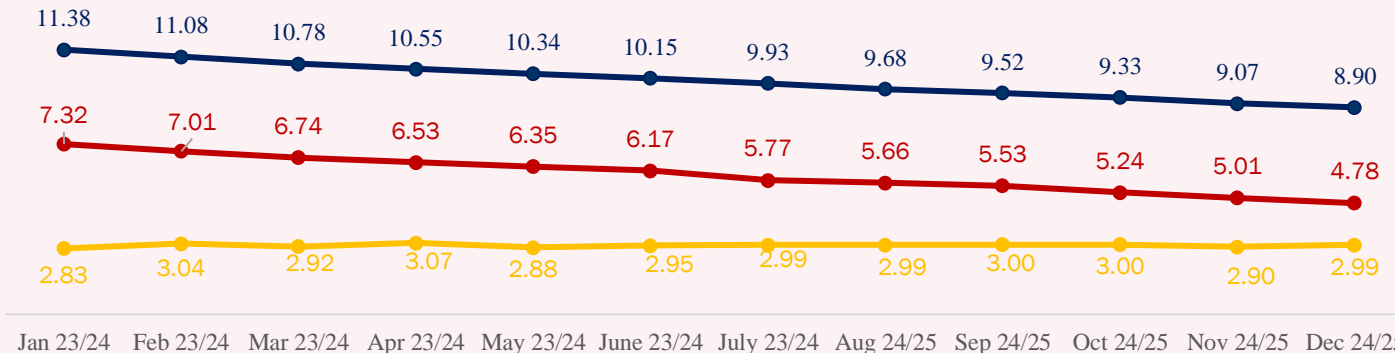
Fiscal Year-Month (2023/24 - Mid of December)

Credit /Lending(+6.7% Y-O-Y)



Fiscal Year-Month (2023/24 - Mid of December)

Market Interest Rates

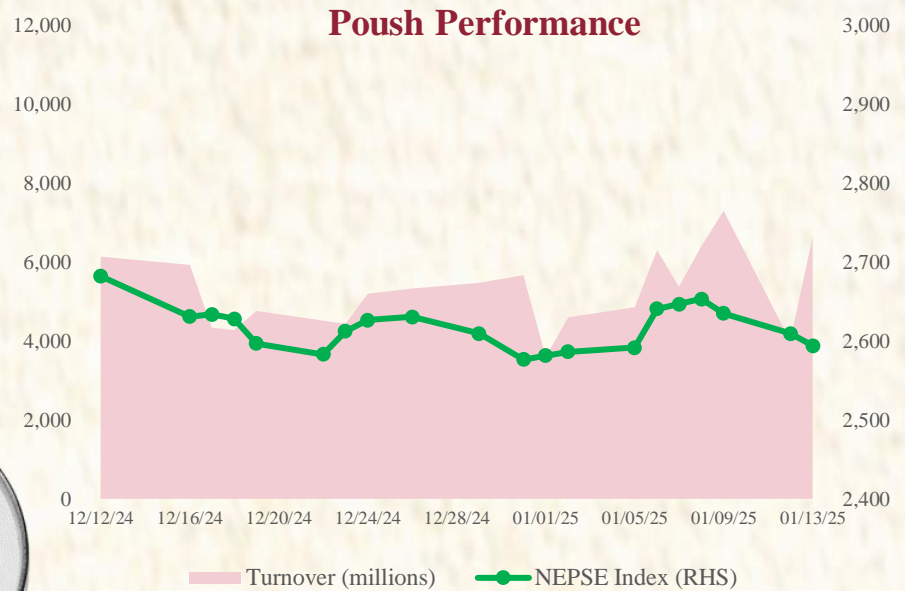


● Weighted Average Interbank Rate (Commercial Banks) ● Weighted Average Deposit Rate (Commercial Banks) ● Weighted Average Lending Rate (Commercial Banks)

Short-term Interest Rates (As on 15th January 2025):

- ❖ 28 days: 2.75%
- ❖ 91 days: 2.81%
- ❖ 364 days: 2.95%

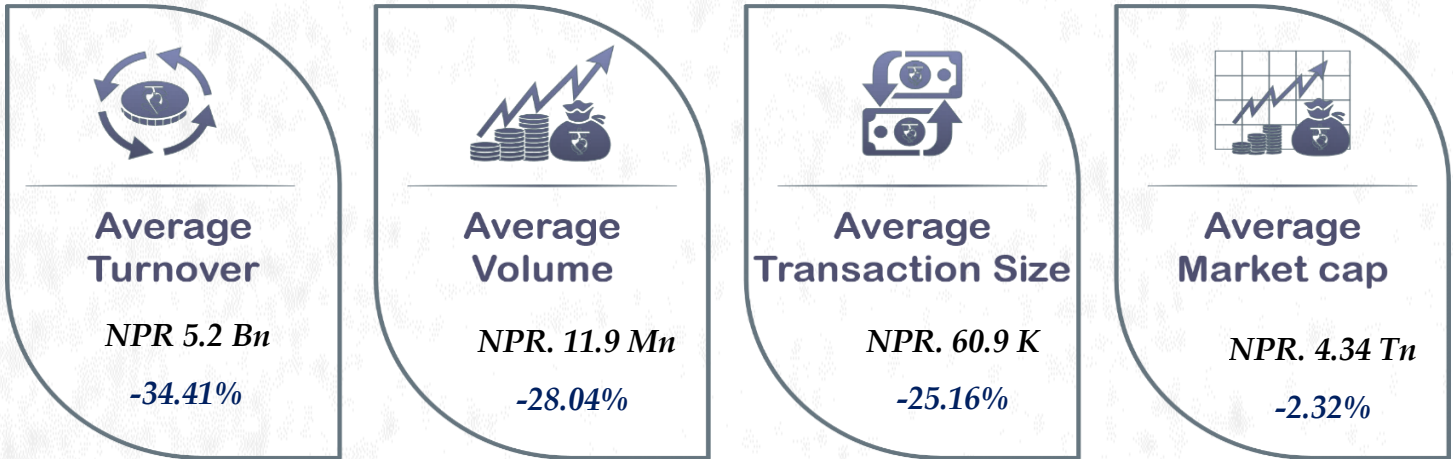
Market Update: NEPSE SCANNER



Metrics	13.01.25	12.12.24	Monthly Change
<i>NEPSE</i>	2,594.13	2,682.29	-3.29%
<i>Sensitive</i>	441.42	458.22	-3.67%
<i>Float</i>	176.14	180.53	-2.43%
<i>Sensitive Float</i>	147.63	151.56	-2.59%
<i>Turnover (Million)</i>	6,650.88	6,144.07	8.25%
<i>Shares Volumes</i>	13,870,579	12,371,318	12.12%
<i>Total Transactions</i>	64,278	67,128	-4.25%
<i>Total Scrips Traded</i>	322	304	5.92%
<i>Market Cap (Rs. Million)</i>	4,302,883.64	4,449,113.68	-3.29%
<i>Sensitive Mrkt. Cap (Rs. Mn)</i>	1,971,412.11	2,046,433.49	-3.67%
<i>Float Market Cap (Rs. Mn)</i>	1,441,051.08	1,476,795.01	-2.42%
<i>Sens. Float Mrkt. Cap (Rs.M)</i>	771,931.94	792,517.68	-2.60%
<i>Average Return</i>	15.85%	16.80%	-0.95%
<i>Std. Deviation</i>	23.46%	23.60%	-0.13%
<i>10 Day 10% VAR</i>	-6.12%	-6.14%	0.02%
<i>Market Cap / GDP Ratio</i>	75.43%	77.99%	-2.56%

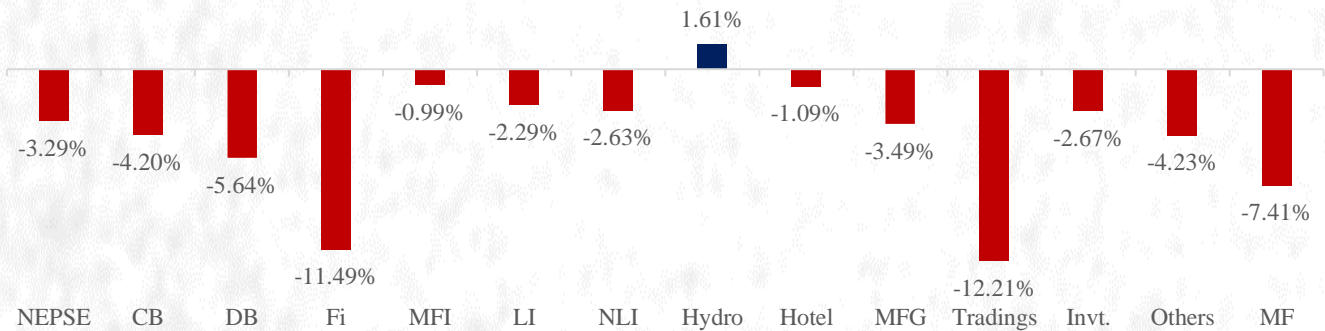
- NEPSE fell to 2,594.13 level from 2,682.29 (previous month end), loosing 88.16 points (3.29%); high and low index remained 2,684.32 and 2,545.34 resp. in the review month.
- Sensitive, float and sensitive float index also fell by 3.67%, 2.43% and 2.59% respectively.
- However, by the month end, the turnover witnessed the rise of 8.25% and volume 12.12%. While the transactions decreased by 4.25% as compared to the previous month end.
- Monthly average of these metrics computes to Rs. 5.2 billion (-34.41%), Rs. 11.86 million (+28.04%), and Rs. 60.95 thousand (-25.16%) respectively.
- Market cap decreased by 3.29% to Rs. 4.30 trillion, out of which approx. 33% are only floated. Sensitive market cap which covers A class stocks saw a 3.67% decline, Sensitive float market cap decreased by 2.60% and the size of Float market cap fell by 2.42%.

- Avg. market return decreased to 15.85% from 16.80%, Standard Deviation slightly declined to 23.46% and 10-day 10% VAR stood at 6.12%.
- Market is under-valued as per Market Capitalization to GDP ratio (Buffett Indicator) which is 75.43%.
- In the review period, market traded for 19 days. Last month, number of trading days was also 19.



SECTOR SCANNER

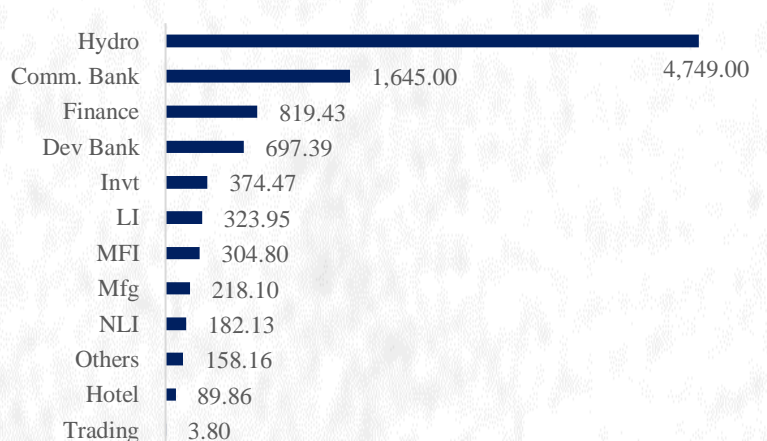
Monthly Sectoral Performance



Poush Avg. Turnover (Millions)

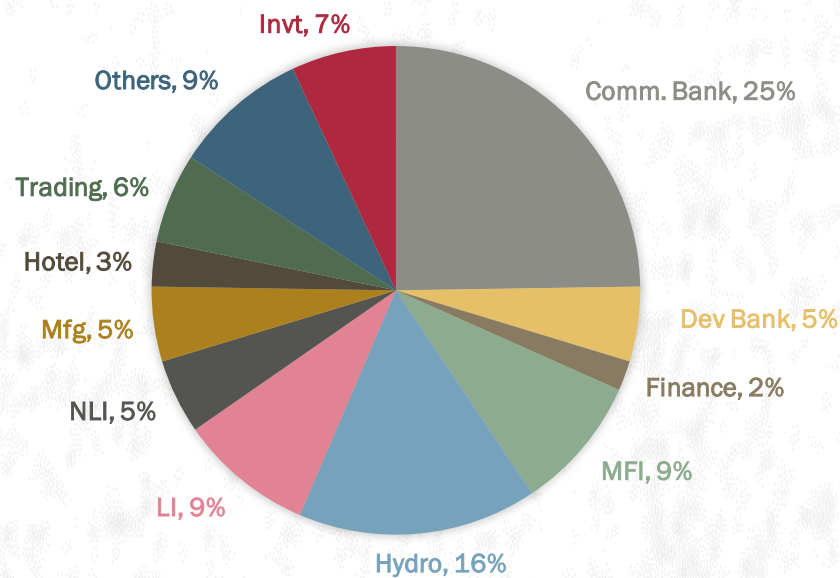


Poush Avg. Volume ('000)



- Only Hydropower sector witnessed increase in this month i.e., of 1.61% while rest declined. Tradings and Finance sectors saw the major fall of 12.21% and 11.49% respectively followed by Mutual Fund (7.41%), Development Banks (5.64), Commercial Bank etc. (4.20%) in the review period.
- Hydropower sector recorded the highest Turnover and Transactions size in all trading days of the month making an average of 40.49% and 42.64% respectively. In case of Turnover (volumes), Hydropower sector traded the highest with an average of 41.33%. Both Finance and Development Bank sector made the notable Turnover of average 11.50% and 9.40% respectively while their average Transaction size was 10.93% and 6.51% respectively.
- Pie- chart below shows the approximate market capitalization of 12 sectors as on last trading day of Poush i.e. Monday 29th Poush, but excludes Promoter shares, Debentures, and Mutual Funds. BFI sector (A, B, C, D Class) covers approx. 40%, Commercial Bank alone 25%. Hydro and Hotel has 16% and 3% coverage respectively. Insurance sector occupy 14% (Life – 9% and Non-Life – 5%) while Trading sector covers 6%. Finance has the least capitalization, *amounting approx. Rs. 91.14 billion*.

SECTORAL MARKET CAPITALIZATION

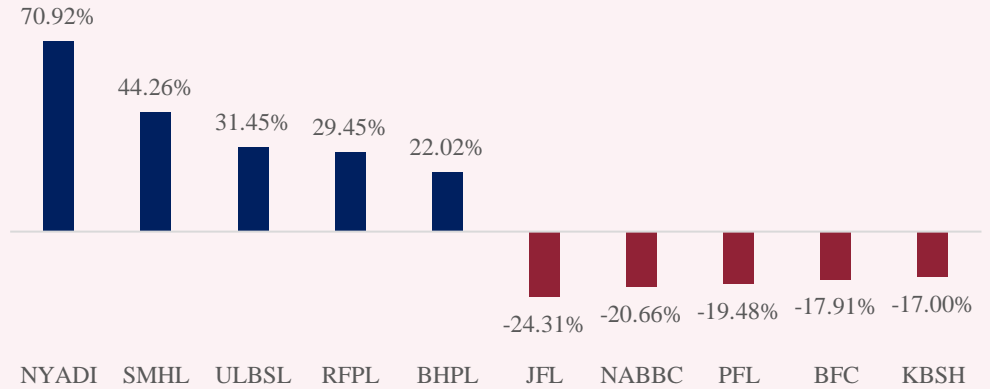


Monthly Terminology: Cockroach Theory

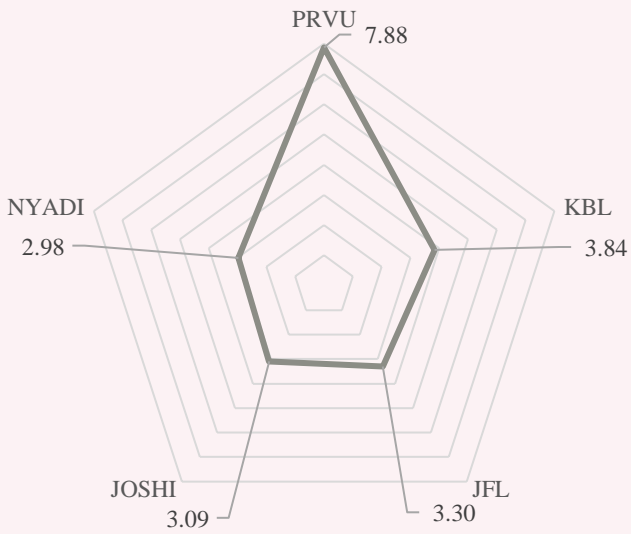
The "Cockroach Theory" suggests that when one negative event emerges, it is often indicative of the possibility of more hidden problems, similar to how seeing one cockroach suggests there are likely more hidden nearby. A single instance of bad news may be a precursor to a series of additional negative developments. This theory encourages investors to be cautious and to anticipate the potential for further adverse impacts on a company's stock price or overall market sentiment, instead of assuming the issue is isolated. It underscores the importance of thorough due diligence and risk assessment when investing.

STOCK SCANNER

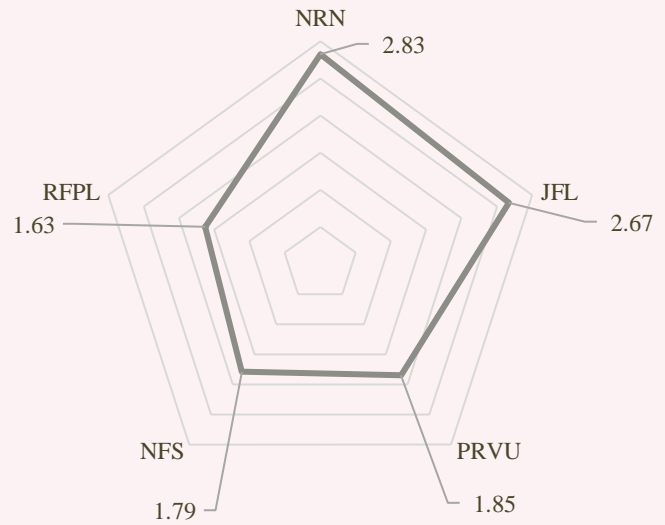
Top 5 Gaining and Losing Stocks/Scripts



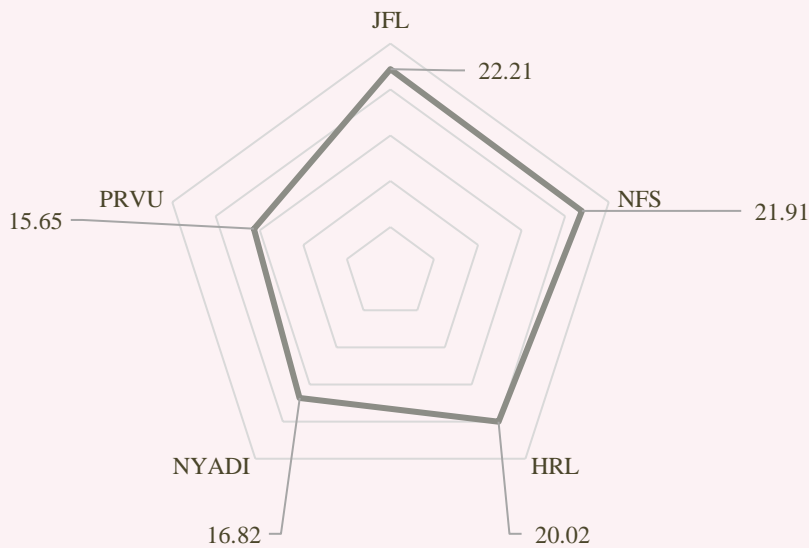
Stocks with Highest Volume (Millions)



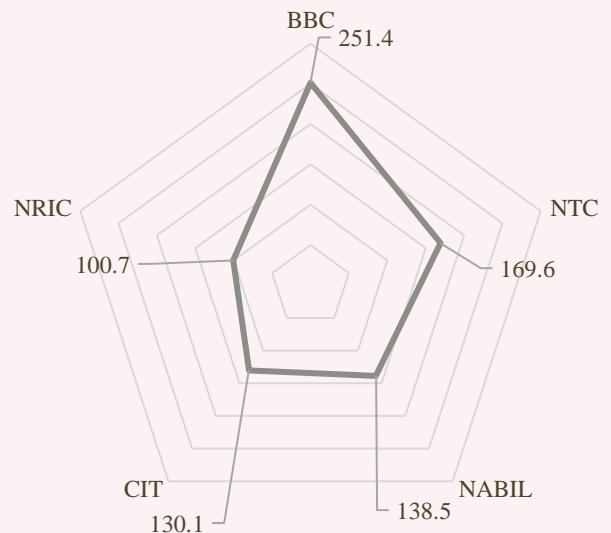
Stocks with Highest Turnover (Billions)



Stocks with Highest Transaction Size ('000)



Stocks with Highest Market Cap. (Billions)



TECHNICAL OUTLOOK...



Technical Indicator (13 th Jan)	Value
RSI	41.39
MACD line	-16.38
Signal line	-19.17
Bollinger Upper Band	2672.12
Bollinger Middle Band	2617.50
Bollinger Lower Band	2562.88
ADX	15.70
Exp. Moving Avg. (9 Days)	2617.55
Exp. Moving Avg. (26 Days)	2636.17
Exp. Moving Avg. (50 Days)	2647.46
Exp. Moving Avg. (200 Days)	2467.92

Technical Overview:

The market has fallen by 88 points in the month of Poush from 2682.29 to 2594.13 indicating inability to break through the strong resistance of 2755 with immediate support at 2573. The EMA (50 EMA at 2461.89 and 200 EMA at 2174.85) suggest a bullish long-term trend as the price trades above these levels in the weekly chart. However, the daily chart continues to reflect a bearish sentiment, as the price is trading below the 50D EMA (2640.83), signaling short-term weakness, while the 200D EMA (2471.50) remains well below the current price, providing major long-term support.

The Bollinger Bands show that the price is trading below the middle band (2646.92), indicating a possible move

toward the lower band if the same momentum continues. The RSI at 49.92 reflects neutral momentum, while the MACD shows a bearish crossover with weakening negative momentum, suggesting cautious optimism. Volume is relatively moderate, indicating consolidation before a possible decisive move. A breakout above 2755.18 could signal further bullish momentum, while failure to sustain may lead to a retest of support at 2573.83 or lower Fibonacci levels.

Key Bulletins of the Month

- 1) Most commercial banks maintained fixed deposit rates for Magh, while ADBL and SBI lowered their rates by 0.06% and 0.5% respectively. On average, fixed deposit rate for Magh is at 6.001% vs 6.029% in Poush.
- 2) According to the Ministry of Finance, Nepal's exports rose by 31.8% to Rs 98.79 billion and imports increased by 7.1% to Rs 822.37 billion in the first six months of the current fiscal year.
- 3) NRB has released the CME report (Five Months till Mid- December); Inflation rate stood at 6.05%, remittances increased 4.4% to Rs. 640.43 billion in NPR terms, Balance of Payments is at surplus of Rs. 225.34 billion.
- 4) Nepal's public debt reached Rs 2,536 billion by mid-January, exceeding 44% of GDP, with external loans comprising 51.31% and internal debt 48.68%, reflecting a 4.2% rise since the fiscal year's start.
- 5) By the second quarter of FY 2024/25, the government achieved 39.43% of its revenue target, collecting Rs 559.6 billion, but capital expenditure remained sluggish at 16.16%.
- 6) By the end of Mangsir in the current fiscal year, BFIs disbursed Rs 107 billion in share collateral loans, compared to Rs 81.19 billion in the same period last year, reflecting a 32.95% rise.
- 7) The 20 commercial banks in Nepal earned a net profit of Rs 27.4 billion till second quarter of the current fiscal year, a 4.6% decrease from the previous year, with Nabil Bank leading in profits at Rs 3.2 billion.
- 8) Life insurance companies in Nepal collected Rs. 65.74 Arba in premiums by Mangsir 2081 and non-life insurance sector collected Rs. 17.17 Arba in premiums during same period.
- 9) In the first five months of the current fiscal year, Nepal's government repaid Rs 170.59 billion in public debt, allocated 42.35% of its budget to debt servicing, and added Rs 58.31 billion to total public debt, which now stands at Rs 2.49 trillion, or 43.69% of GDP.
- 10) Nepal exported electricity worth Rs 13.04 billion to India in the first five months of fiscal year 2024/25 while facing challenges from natural disasters, dry season impacts, and infrastructure damage.
- 11) NEA posted a pre-tax profit of Rs 9.11 billion in the first quarter of the fiscal year, with revenue of Rs 41.80 billion and expenses of Rs 32.69 billion.
- 12) Santosh Koirala, current vice-president of the NBA (Nepal Bankers Association) and the CEO of Machhapuchhre Bank, has been elected as the president of NBA.
- 13) The Government of Nepal and the Asian Development Bank (ADB) have signed agreements for loans and grants totaling \$777.6 million (approximately Rs 105.59 billion) to fund critical infrastructure and development projects.
- 14) Nepal has launched its first Public-Private Partnership (PPP) transmission line project, the 220 kV Tamor-Dhungesanghu line, with five private power companies holding 74% shares, remaining 26% by the National Transmission Grid Company and HIDCL providing debt financing.

Dividend Announced for FY 2080/81 during the Month

Company	Ticker	FY	Bonus (%)	Cash (%)
1. Himalayan Life Insurance Limited	HLI	2080/81	14	-
2. Salt Trading Corporation Limited	STC	2080/81	-	10
3. Nepal Life Insurance Company Limited	NLIC	2080/81	10	11.05
4. Samata Gharelu Laghubitta Bittiya Sanstha Limited	SMATA	2080/81	5	0.26
5. Aatmanirbhar Laghubitta Bittiya Sanstha Limited	ANLB	2080/81	14.25	0.75
6. Kalika Power Company Limited	KPCL	2080/81	7	0.37
7. Nepal Doorsanchar Company Limited	NTC	2080/81	-	30
8. Suryodaya Womi Laghubitta Bittiya Sanstha Limited	SWMF	2080/81	6	0.96
9. Green Ventures Limited	GVL	2080/81	10	0.53
10. Citizen Investment Trust	CIT	2080/81	7	6
11. Lumbini Bikas Bank Limited	LBBL	2080/81	3	4
12. Garima Bikas Bank Limited	GBBL	2080/81	-	5
13. Butwal Power Company Limited	BPCL	2080/81	-	5
14. Sarbottam Cement Limited	SARBTM	2080/81	7	3
15. Agricultural Development Bank Limited	ADBL	2080/81	3	7.53
16. Green Development Bank Limited	GRDBL	2080/81	5.75	0.30
17. Nesdo Sambridha Laghubitta Bittiya Sanstha Limited	NESDO	2080/81	14.25	0.75
18. Shangrila Development Bank Limited	SADBL	2080/81	3.65	0.19

Important Disclaimer:

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The opinion and views expressed in this report are the consensus understanding and comprehension of the Department and the Company. However, such opinion, views, and information expressed in this report are subject to change based on change in market information and circumstances.

The sole purpose of this report is to provide analytical insight of the market performance and the state of affairs to whoever interested market participants along with our valued clients and customers.

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