



नेपाल फिनिंग कोर्पोरेट मार्केट लिमिटेडको एकमात्र ब्रांड नाम जम्हायिण प्रा. लि.

गरिमा क्यापिटल लिमिटेड
GARIMA CAPITAL LIMITED

(A Subsidiary of GARIMA BIKAS BANK LIMITED)

समृद्धिको साथी

WEEKLY MARKET INSIGHT



Market Performance

Market continued downtrend



Technical View

1980 and 2080 reports new support and resistance



Fundamental Watch Ahead

NRB amendment to Unified Directives for BFI's, Political affairs



Market Ahead

Political affairs over election of new President

Date: 19th Feb. to 24th Feb. 2023

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Weekly Market Insight

Review Period: 19th Feb. – 24th Feb. 2023

Publication date: 24th Feb 2023



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GARIMA CAPITAL LIMITED

(A Merchant Banker Licensed by SEBON)

The Week in Review:

- ✓ Market traded in between 2,084.04 and 2,014.60 level in the week; closing at 2,022.64 on Thursday, losing 47.77 points (2.31%) over the review period.
- ✓ Sensitive, float and Sensitive Float Index dropped by 3.04%, 2.22% and 3.00% respectively.
- ✓ Compared to last review week, average Turnover, Volumes and Transaction size rose by 49.72%, 33.25% and 37.13% respectively while market capitalization dropped by 2.43%.
- ✓ Only Hydropower gained 0.58% while all indices lost; Microfinance lost the most by 12.87%.
- ✓ Likewise, development bank, non-life insurance and investment lost by mere 0.31%, 0.91% and 0.02% respectively.

Market Fundamental Chart Board

Index Measure	23.02.23	16.02.23	% Change	Week Avg. value
NEPSE	2,022.64	2,070.41	-2.31%	2,049.94
Sensitive	384.40	396.44	-3.04%	390.76
Float	142.07	145.29	-2.22%	143.95
Sensitive Float	128.82	132.81	-3.00%	130.94
Turnover (Million)	2,522.71	1,684.94	49.72%	2,091.21
Shares Volumes	6,326,105.00	4,747,567.00	33.25%	5,732,418.00
Total Transactions	48,105.00	35,079.00	37.13%	42,172.00
Total Scrips Traded	260.00	256.00	1.56%	262.33
Market Cap (Rs. Million)	2,914,980.91	2,987,711.99	-2.43%	2,956,757.80
Float Market Cap (Rs. Million)	1,049,177.65	1,059,004.42	-0.93%	1,054,842.47

NEPSE Statistics

Average Return	17.71%
Std. Deviation	25.26%

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

Assumed annual 225 trading days.

Market Valuation

Market Cap / GDP Ratio	60.08%
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Conclusion: Undervalued

Market Top 3

Gainers	RHGCL, DORDI, HEIP
Losers	MLBSL, SWBBL, ULBSL
Stocks Traded	HDHPC, API, NGPL
Transactions	PHCL, NABIL, HDL
Turnover	HDL, SHIVM, RIDI
Buyer Broker	58, 34, 49
Seller Broker	58, 34, 45

Sub-Indices Measures	Weekly %	Price (Rs.)	Median		
	Change		P/E	ROE	Beta
Banking	-1.29	239.00	14.69	11.90%	0.88
Development Bank	-0.31	327.60	25.66	6.58%	1.19
Finance	-0.51	334.00	66.78	2.73%	1.15
Microfinance	-12.87	829.10	41.88	8.97%	1.02
Life Insurance	-1.06	582.00	44.38	9.88%	1.03
Non-Life Insurance	-0.91	582.95	37.84	9.19%	1.18
Hydropower	0.58	329.00	39.16	4.92%	1.32
Hotels	-1.00	489.15	60.75	4.35%	0.96
Mfg. & Processing	-3.79	7850.50	43.30	14.23%	0.94
Investment	-0.02	580.00	52.22	5.44%	1.25
Trading	-1.63	3,810.05			0.925
Others	-1.63	803.00	76.66	6.40%	1.15
Mutual Fund (Close ended)	-1.19	8.25	Weekly Median NAV: 10.33		

Key Events of the Week:

1. NRB revises Integrated Directives for MFI, 2078: MFIs to deposit 50% of dividends exceeding 15% into a General Reserve Fund, 35% into a client protection fund, and 10% into CSR. The bank has also lowered the limit for micro-enterprise loans to NPR 7,00,000
2. NRB issued amended Integrated Directive for A, B, C class BFI; no levy of penal charge for payment of any dues (principle/interest outstanding till Jestha 2080) within one month of such due.
3. IMF has revised Nepal's economic growth forecast, lowering it from the initial estimate of 6.1% to 5% for this year and 5.1% projected for 2024.
4. SEBON amends guideline for brokers: Securities brokers must now hold paid-up capital of Rs. 1.5 crore per branch (previously 1 crore); requirement to have net worth higher than paid up capital to open up branches.
5. NRB issued Citizen Savings Bond, 2084 of Rs. 2.5 Arba with 11.50% interest for 5 years from Falgun 10.
6. With presidential elections nearing, major political parties are in *last minute talks* for selecting unanimous candidate for election and to maintain the present coalition.

Dividend Announcement		
Company	Bonus	Cash
SLBSL	10%	11.0526%
KLBSL	7%	0.3684%
JBLB	28%	9.3684%

NEPSE Technical Chart Board



Technical Indicator	Value
RSI	38.55
MACD line	-6.26
Signal line	11
Bollinger Upper Band	2215.64
Bollinger Middle Band	2121.25
Bollinger Lower Band	2026.86
ADX	24.85

Technical Overview:

Market continued its down momentum in the review week after breaking the support level of 2080 last week. Despite the golden cross over formed by 50-day SMA and 200-day SMA observed at 2040 level, the bullish outlook has now been invalidated as market slid below 2040 level in the week. Market is now trading at lower Bollinger band with RSI at oversold zone and MACD line on negative territory; *all indicating the bearish momentum*. Now 2080 level can be taken as the new strong resistance and 1980 level as support.

Thought of/for the Week:

Market remained much volatile in three days of trading in the review week; soaring 36 points and subsequently plunging by 64 points; *Index losing 47.77 Points at the end.* NRB's number of fundamental amendments to Unified Directives, 2078 for Microfinance Institution on Wednesday evening brought tsunami in the Sector on Thursday's opening. Besides, the twist regarding the coalition of major political parties and election of new President put doubts to the market participants over the continuance of present political alliance and tenure of current Finance Minister. Any such political development and changes would determine the market direction ahead. The direction of interest rate will be the other major catalyst. However, we remain with the opinion that the market has most likely consumed current negative sentiments/news and has less room to be triggered down further.

The Week Ahead:

- 1) BPW Laghubitta Bittiya Sanstha Limited to issue 80,950 units IPO shares to the General Public from 18th Falgun.
- 2) Bid Opening Day of auction of Kumari Bank Limited for 2,755,253 units promoter shares from 14th Falgun.
- 3) AGMs: API (7.5% Bonus), JBBL (3% Bonus), MLBBL (15% Bonus), ULBSL (61.75% Bonus), ILBS
- 4) Book Closure: SABSL (18% Bonus), CLBSL (11% Bonus), BARUN, LLBS (15% Bonus), ADLB (20%), GILB (12% Bonus), SWBBL (15% Bonus), DDBL (10% Bonus), NHPC, NGPL.

Fundamental and Technical Stock Screen (*Microfinance*)

Pricing	Ticker	LTP (Rs.)	Fair Price (Rs.)	% Prem./ (Disc.)	RSI	Remarks
Under	GBLBS	528	852.84	-38.09	52.15	Q2 reported net loss of Rs. 12.5 crore.
	SWBBL	863	1497.40	-42.37	22.47	Calls AGM on 19 th Falgun, endorse 21.05% dividend.
	ULBSL	1808.10	2491.58	-27.43	24.95	Calls AGM on 18 th Falgun, endorse 65% dividend,
Over	ADLB	1725.30	580.87	197.02	52.15	Called AGM on 30 th Falgun, endorse 21.05% dividend and merger with DDBL.
	KLBS	1036	498.26	108.08	32.40	Q2 reported net profit of Rs.4.7 lakh.
Fairly	SMB	1100.10	646.79	70.09	35.67	Q2 reported net profit of Rs.24.9 lakh.
	AVYAN	634	625.49	1.35	27.71	Q2 reported net profit of Rs. 1.548 crore.
	MLBSL	2371.50	2310.71	2.63	22.85	Calls AGM on 21 th Falgun, endorse 50% dividend.
	MMFDB	649.80	647.10	0.42	22.20	Q2 reported net profit of Rs. 5.68 crore.

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

Investment Climate

Liquidity Indicator

Total BFIs Deposit	Rs. 5,385Bill.
Total BFIs Lending	Rs. 4,821 Bill.
CD Ratio	86.17%
Wt. Avg. Interbank Rate	7.00%
91 Days T-Bill Rate	9.57%

Note: As per latest NRB data (22/02/2023)

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 (<i>suffice 9.1 mnths merchandise & service import</i>)	\$10.3 billion
Deposit	+ 4.2%
Private Sector Credit	+ 3%

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

Global Market Outlook:

Key Stock Market Indices:		
Key Global Indices	24.02.23	Weekly change
SENSEX	59,694.12	-2.18%
S&P 500	4,012.32	-1.91%
NASDAQ	11,590.40	-6.85%
SHANGHAI	3,264.58	1.26%
NIKKEI	27,392.50	-0.44%
US Dollar Index Future	104.51	0.16%
Crude Oil	75.97	-2.16%
Gold	1,833.30	-0.15%
US 10 Year Bond Yield	3.87	-0.69%

Major Global News and Events Ahead:

1. Despite increase inflation, Indian economy on track to achieve 7% growth in FY23, according to Finance ministry's monthly economic review for January.
2. US GDP up 2.7% in fourth quarter, lower than 2.9% increase originally reported.
3. The US housing market has experienced its biggest decline since 2008, with a drop of \$2.3 trillion (4.9%).
4. US announces new military aid package worth \$2 billion to be sent to Ukraine.
5. Global Debt sees first annual drop since 2015 according to Institute of International Finance (IIF).
6. Chinese Lithium prices fall by almost 30% in the past three months after demand for electric vehicles weakens.



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