



नेपाल फिनिशियल सेक्टोरको सबैभन्दा ठूलो प्रायुक्तिकरण प्राप्त संस्था

गरिमा क्यापिटल लिमिटेड
GARIMA CAPITAL LIMITED

(A Subsidiary of GARIMA BIKAS BANK LIMITED)

समृद्धिको साथै

WEEKLY MARKET INSIGHT



Market Performance

Continuance of down trend.



Technical View

Bearish momentum indicator supported by Moving Averages.



Fundamental Watch Ahead

Appointment of Finance Minister, NPA woes for commercial banks.



Market Ahead

Consolidating market trading between 1800 to 2000 levels.

Date: 19th March to 24th March 2023

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Kamalpokhari, Kathmandu, Nepal

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The Week in Review:

- ✓ NEPSE index closed at 1,915.14 level on Thursday, losing 18.17 points (0.94%) over the review period.
- ✓ Sensitive, float and Sensitive Float Index lost by 1.03%, 1.05% and 1.16% respectively.
- ✓ Compared to last review week, average Turnover, Volume and Transaction size rose by 1.35%, 11.26% and 6.23% respectively while market capitalization dropped by 1.06%.
- ✓ Hydropower, Hotels, Investment, Trading and Others indices gained mere 0.001%, 0.52%, 0.23%, 1.37% and 0.20% respectively while remaining indices lost.
- ✓ Among losing indices, Mfg. & processing and Microfinance lost by 2.39% and 2.62% respectively.

Market Fundamental Chart Board

Index Measure	23.03.23	16.03.23	% Change	Week Avg. value
NEPSE	1,915.14	1,933.31	-0.94%	1,930.98
Sensitive	361.01	364.78	-1.03%	363.61
Float	134.18	135.61	-1.05%	135.28
Sensitive Float	120.34	121.75	-1.16%	121.15
Turnover (Million)	1,413.17	1,141.46	23.80%	1,278.82
Shares Volumes	4,340,270.00	3,402,267.00	27.57%	4,134,036.25
Total Transactions	29,685.00	26,375.00	12.55%	30,056.75
Total Scrips Traded	259.00	258.00	0.39%	260.50
Market Cap (Rs. Million)	2,770,075.26	2,793,418.76	-0.84%	2,790,779.14
Float Market Cap (Rs. Million)	988,342.85	996,525.72	-0.82%	995,614.96

NEPSE Statistics

Average Return	15.56%
Std. Deviation	25.08%

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

Assumed annual 225 trading days.

Market Valuation

Market Cap / GDP Ratio	57.10%
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Conclusion: Undervalued

Market Top 3

Gainers	UNLB, MLBS, SBL
Losers	SAGF, SHLB, LEMF
Stocks Traded	NICSF, NICA, SBL
Transactions	SPL, SMHL, NABIL
Turnover	NICA, HDL, NLIC
Buyer Broker	58, 34, 49
Seller Broker	58, 28, 49

Sub-Indices Measures	Weekly %	Price (Rs.)	Median		
	Change		P/E	ROE	Beta
Banking	-1.27	230.00	14.00	11.90%	0.89
Development Bank	-0.30	309.00	24.77	6.58%	1.19
Finance	-1.09	323.30	63.18	2.73%	1.15
Microfinance	-2.62	730.00	35.82	8.97%	1.03
Life Insurance	-1.93	551.30	40.55	9.88%	1.03
Non-Life Insurance	-0.53	569.50	35.14	9.19%	1.18
Hydropower	0.001	324.90	37.41	4.92%	1.31
Hotels	0.52	492.00	60.91	4.35%	0.97
Mfg. & Processing	-2.39	7137.55	38.12	14.23%	0.92
Investment	0.23	555.00	49.60	5.44%	1.24
Trading	1.37	3,609.40			0.925
Others	0.20	778.45	66.04	6.48%	1.15
Mutual Fund (Close ended)	-2.01	7.85			Weekly Median NAV: 9.99

Key Events of the Week:

1. PM Pushpa Kamal Dahal wins vote of confidence in the House of Representatives for the second time by receiving 268 votes in the 275-member parliament.
2. Ram Sahaya Yadav has been elected as the 3rd Vice President
3. The IMF has directed NRB to audit the country's top ten commercial banks by international auditing firms as it is dubious about the quality of loans provided by them.
4. NRB prohibits directors of BFIs and payments company to be the director of a money changer and remittance company at the same time.
5. NRB issued Rs. 23.83 billion worth of treasury bills ranging from 28 days to 364 days on 8th Chaitra.
6. Nepal's trade deficit decreased by 17.86% to Rs 953 billion during the first eight months of the FY 2079/80.

Dividend Announcement

Company	Bonus	Cash
JBLB	14.285%	-

NEPSE Technical Chart Board



TradingView

Technical Indicator	Value
RSI	33.92
MACD line	-40.17
Signal line	-37.27
Bollinger Upper Band	2068.46
Bollinger Middle Band	1977.62
Bollinger Lower Band	1886.78
ADX	25.27

Technical Overview:

In the review week, market has reeled towards the lower level of Bollinger band with further dive of RSI into oversold zone. This bearish momentum is corroborated by the negative MACD line along with strengthening ADX indicator. Index is trading below the 50-day SMA (2073.71) and 200-day SMA (2004.36), suggesting the bearish market. Positive note in the week was the gradual rise of volumes over the four-trading session. Going forward, we expect market to trade within the support level of 1840-60 and resistance level of 1960-80.

Thought of/for the Week:

The market in the review period has been clouded by indecisiveness among participants. IMF requirement of audit of top 10 largest commercial banks of Nepal by international auditor has made investors worry of reporting of potentially higher NPAs. The speculation over the appointment of next Finance Minister has fueled much of uncertainty in the market. Despite these negative facets, the potential decline of interest rates owing to compliance of NRB spread rate requirement, comfortable CD ratio, etc. could be the catalyst to pull-up the market. However, we expect the presence of consolidated market trading in between the 1800 to 2000 levels.

The Week Ahead:

1. Maturity date of Repo auction of Rs. 15 billion issued by NRB on 2nd Chaitra, 2079
2. NMB bank to auction 67,706 units of promoter share from 16th Chaitra, 2079.
3. AGM: ADLB (2% Bonus), NHPC, PICL (3.5% Bonus), MKLB (4.75% Bonus), SADBL (8.53% Bonus)
4. Book Closure: NLG (10% Bonus), BHPL, SIKLES, HHL, NSLB (19% Bonus), KMCDB (19% Bonus), VLBS (20% Bonus), USLB, NMBMF (10% Bonus).

Fundamental and Technical Stock Screen (*Microfinance*)

Pricing	Ticker	LTP (Rs.)	Fair Price (Rs.)	% Prem./ (Disc.)	RSI	Remarks
Under	SKBBL	810	1,395.93	-41.97	31.41	Merger with RMDC completed with share swap ratio of 1:0.87, named as 'Sana Kisan RMDC Laghubitta Bittiya Sanstha Limited'.
	GBLBS	476	788.66	-39.64	31.89	Q2 reported net loss of Rs.125.99 million.
	CBBL	774.30	1254.83	-38.29	25.97	Declared 22% bonus share and 3.26% cash dividend for fiscal year 78/79.
Over	ADLB	1,335	622.18	114.57	45.27	Q2 reported net profit of Rs.0.73 million.
	SMFBS	1,011	652.71	54.89	39.34	Q2 reported net profit of Rs.2.943 million.
	GLBSL	719	345.57	108.06	45.40	Q2 reported net profit of Rs.0.24 million.
Fairly	MERO	560	549.77	1.86	29.52	Q2 reported net profit of Rs.67.77 million.
	MLBSL	2,021	2,105.88	4.03	23.59	Declared 47.5% bonus share and 2.5% cash dividend for fiscal year 78/79.
	SDLBSL	662.80	627.70	5.59	28.90	Q2 reported net profit of Rs.25.57 million.

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. 5,408 bill.
Total BFIs Lending	Rs. 4,812 bill.
CD Ratio	85.63%
Wt. Avg. Interbank Rate	7.00%
91 Days T-Bill Rate	9.10%

Note: As per latest NRB data
(21/03/2023)

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 (suffice 9.1 months merchandise & service import)
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	24.03.23	Weekly change
SENSEX	57,844.34	-0.16%
S&P 500	3,948.72	-0.29%
NASDAQ	11,787.40	0.60%
SHANGHAI	3,268.89	-0.28%
NIKKEI	27,324.10	-0.02%
US Dollar Index Future	102.26	-1.48%
Crude Oil	69.77	0.95%
Gold	1,995.20	3.29%
US 10 Year Bond Yield	3.40	-4.98%

Major Global News and Events Ahead:

1. US Federal Reserve unanimously raises interest rates for ninth consecutive meeting, hitting highest range since 2007 financial crisis, with a new target range of 4.75% to 5%.
2. UBS is set to acquire Credit Suisse in a \$3.3 billion all-share deal brokered by the government to prevent a crisis of confidence in global financial markets.
3. Mobile payments company Block suffers a massive blow as its stock price plunges by 22% before closing down 15% following allegations by Hindenburg Research that the firm has overestimated its user base.
4. IMF Approves \$3 Billion Under New Extended Fund Facility Arrangement for Sri Lanka.
5. UK inflation unexpectedly rose in February, driven by the fastest increase in food and drink prices in 45 years. The Consumer Prices Index rose from 10.1% to 10.4%, higher than the 9.9 % forecast by the BoE.

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.