

# Garima Monthly Insight

## THE ANALYTICS

ASHADH 2082

(15 JUNE 2025 -16 JULY 2025)

VOL: 3, ISSUE: 12



MARKET AHEAD



MACROECONOMIC FACTORS



NEPSE SCANNER



MARKET SCANNER



ARTICLE OF THE MONTH



## Market Update:

The market, NEPSE, wrap up the FY 2081-82 with approx. 8% increment in last two weeks before the year end with daily average volume of Rs. 9 billion. However, before the excitement for the FY 2082-83 summit the Everest, this market momentum during the year end is a repeated phenomena. Before the FY 2080-81 concluded, NEPSE had bounced up by approx. 13% in two weeks. From July to mid-August 2024, NEPSE had surged by approx. 50% with a volume nearly touching Rs. 30 billion. This reality check necessitate us to be cautious before jumping to conclusion of bullish market going forwards.

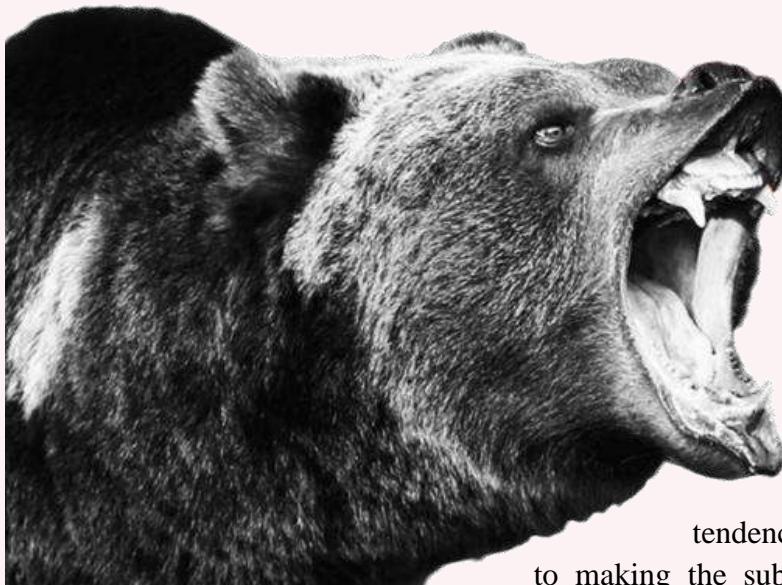
Compared to the previous year, this time the appointment of new Governor, and the release of the market favorable Monetary Policy for FY 2082-83 by NRB on 27 Ashad has augmented the investor confidence on the bullish trend. The market interest rates, liquidity and inflation scenario are all in support of the equity market. Given that the monetary policy are able to boost the credit growth, boosts the demand side, investor confidence, and major political twist are avoided, FY 2082-83 could be prosperous to the market participants.

NRB has released Eleven-months CME & Financial Situation Report of Nepal up to Jestha 2082. Additionally, it has published the financial performance of BFIs for the same period. Commercial banks have announced the revised interest rates for Shrawan 2082. The key highlights of these significant developments are summarized below:

1. In the first 11 months of the current FY, commercial banks earned a total net profit of Rs. 53.97 billion with Nabil Bank leading at Rs. 6.4 billion, followed by Global IME (Rs. 6.04 billion) and Nepal Investment Mega Bank (Rs. 5.67 billion).
2. NRB has unveiled 59<sup>th</sup> monetary policy for FY 82/83. The key highlights are reduction in bank rate from 6.5% to 6%, policy rate from 5% to 4.5% and the deposit collection rate from 3% to 2.75% and increase in maximum limit for individual margin loans from Rs. 15 crore to Rs. 25 crore.
3. The government collected Rs. 1.178 trillion in total revenue this year, reflecting an increase of Rs. 120 billion over the Rs. 1.058 trillion collected in FY 2081/82, marking YoY growth of 11.33%.
4. In the 11 months of FY 2081/82, Nepal's total public debt reached Rs 2.65 trillion (43.47% of GDP) with Rs 1.38 trillion as external debt and Rs 1.27 trillion as domestic debt.



5. For the month of Shrawan 2082, 14 banks have reduced individual fixed deposit rates, while 2 have increased them and others have kept it unchanged. The average interest on individual fixed deposits dropped from 5.902% in Ashad to 5.6975% in Shrawan, a decline of 0.20%. NMB, MBL, and GBIME maintained rates at 6%, SBL held at 5.75%, and HBL and SCB slightly raised theirs to 6% and 6.26%, respectively. The average maximum interest on institutional fixed deposits fell by 0.26%.
6. Per the Banking & Financial Statistics, the average CD Ratio of Banking sector (A, B, and C Class) is 78.39 which is lower than 79.13 of earlier month. NPL is unchanged at 5.24% compared to previous month and CAR has declined to 12.40% from 12.42%. Weighted average interest rate has come down to 4.29% (saving 3.38%, fixed 5.92%) and weighted average rate on credit has fallen to 7.99%.
7. On the external front of the economy, remittance inflows rose by 15.5% to Rs. 1,532.93 billion as of mid-June 2024/25, with approximately Rs. 176.3 billion coming in between mid-May and mid-June alone. Exports inclined by 77.8%, while imports rose by 13.1% and the trade deficit increased by 6.7%. The balance of payments (BOP), current account balance, and gross foreign exchange reserves all grew to Rs. 491.44 billion, Rs. 307.31 billion, and \$18.65 billion, respectively. Additionally, 452,324 Nepali workers received their first-time approval for foreign employment, while 308,067 received renewal entry approvals.
8. As per the CME Report, Y-o-Y deposits at BFIs has increased by 11.9% while the private sector credit has increased by just 8.4%. Monetary Policy has targeted the Private Sector Credit growth of 12% in FY 2082/83.
9. The government has amended the Cooperative Act to grant savings and credit cooperatives access to the Credit Information Bureau (CIB) and the Deposit and Credit Guarantee Fund (DCGF), aligning them with the regulatory systems used by banks and financial institutions.



10. According to Nepal Tourism Board (NTB), Nepal welcomed 76,425 foreign tourist in June 2025 i.e., 0.4% lower than the same month last FY. A total of 5,77,689 tourists has arrived in Nepal in the first six months of 2025.

**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.



# Ways the U.S. Dollar Loses Its Crown, or Not

***Author-** Paul Samson and Angelo Federico Arcelli*

For nearly a century, the U.S. dollar has dominated international financial transactions, and U.S. bonds serve as a pre-eminent store of value. But could the Trump administration's tariff actions and threats precipitate the end of dollar hegemony, or will this upheaval trigger a reset that reinforces a strong greenback? In truth, no matter how robust the risk management program is, not all risks can be prevented. It's not a question of if a third-party incident will occur; it's a matter of when, how severely it will impact your business, and what you're willing to do to stop it.

Both outcomes are possible, but a diminished role is more probable, opening space for new scenarios. An accelerated decline seemed likely after the global financial crisis of 2008, but without any attractive alternative, it never happened. Now, the rise of digital currencies and multipolar geopolitics are new disruptors.

The Trump team seeks to foster the spread of a range of new, privately issued digital assets to become part of the monetary system, while it views central bank digital currencies (CBDCs) – including existing Chinese digital yuan and plans for a digital euro and digital British pound, among others – as a challenging move against the dollar.

U.S. actions include blocking the Fed from considering its own digital dollar, creating a strategic bitcoin reserve and promoting stablecoins managed by private companies – moves that could reinforce or reduce the dollar's role.

An increase in global demand for dollar-denominated stablecoins with low transaction costs, especially in regions with unstable local currencies, could boost dollar dominance. At the same time, a large offshore stablecoin circulation would weaken Federal Reserve control over the money supply, especially if the system is managed by private companies. In considering bipartisan stablecoin legislation, Congress debated the balance between consumer protection and promoting innovation.

The EU has stablecoin regulations in place and approved a number of stablecoin issuers, but did not include the largest U.S. dollar one, Tether (USDT), citing transparency and licensing concerns.

## Quid Pro Quos?

Beyond tariffs, there is speculation that US economic

partners might be required to appreciate their currencies and agree to hold ultra long-duration Treasuries in exchange for security protection and access to the American market, as was postulated by Stephen Miran before he was appointed chair of the Council of Economic Advisers. The assumed ultimate outcome is to improve American export competitiveness in manufacturing and entrench greater cost-sharing of the security umbrella. But such moves might undermine overall dollar credibility, particularly if U.S. bond stability is at stake.

Geopolitics have been upended in 2025. Alliances have been frayed, and adversaries seek new opportunities. Emerging economies, led by China, are redoubling de-dollarization efforts. Bilateral currency agreements for contracts in oil and other commodities are growing fast.

BRICS Pay has created an international payment system in local currencies among the intergovernmental BRICS group (comprised now of 11 countries: Brazil, Russia, India, China, South Africa, Egypt, Indonesia, Saudi Arabia, Ethiopia, Iran and the United Arab Emirates). Group membership is likely to expand further at the July 2025 BRICS Summit in Brazil.

But despite the rhetoric, a new BRICS reserve currency is out of reach so long as the Chinese yuan is not freely traded on the global foreign exchange market, as China is not ready for the risk of massive capital flight. A more tangible direction could be further expansion of the digital yuan, which can potentially offer speedy, low-fee transactions in other countries.

### Allies Could Act

A striking change in the emerging geopolitics could be with the closest U.S. allies, prompting new ideas to lessen dollar dependence. The euro already constitutes about 20% of the world's foreign exchange reserves; there could be a renewed interest and opportunity to grow that role. One potential scenario is the establishment of a basket of free-floating currencies with the objective of building some form of new reserve currency, including the euro, British pound, the Canadian and Australian dollars and possibly others.

A new reserve currency would be a heavy lift and

require significant political and capital commitments from its constituent members. It would also require enough liquidity and clear rules and coordination between involved central banks.

One idea, that could perhaps be managed by the European Central Bank, follows the original Bretton Woods concept that would have an agreement between central banks to peg a group of convertible currencies to the euro in a quasi-fixed exchange rate system. Floating within limits, including necessary targeted national interventions, could manage currencies to remain within a band compared to the euro.

A new reserve currency could serve to lessen pressure on the oversized role of the U.S. dollar in the monetary system and create a new vehicle for shared transatlantic interests. It could also help relieve pressure on the U.S. capital account by partially reducing excessive global demand to hold U.S. dollars as reserves. In other words, a new, attractive reserve currency alongside the dollar could be in the interest of many countries, including the United States.

### Nearing a Tipping Point

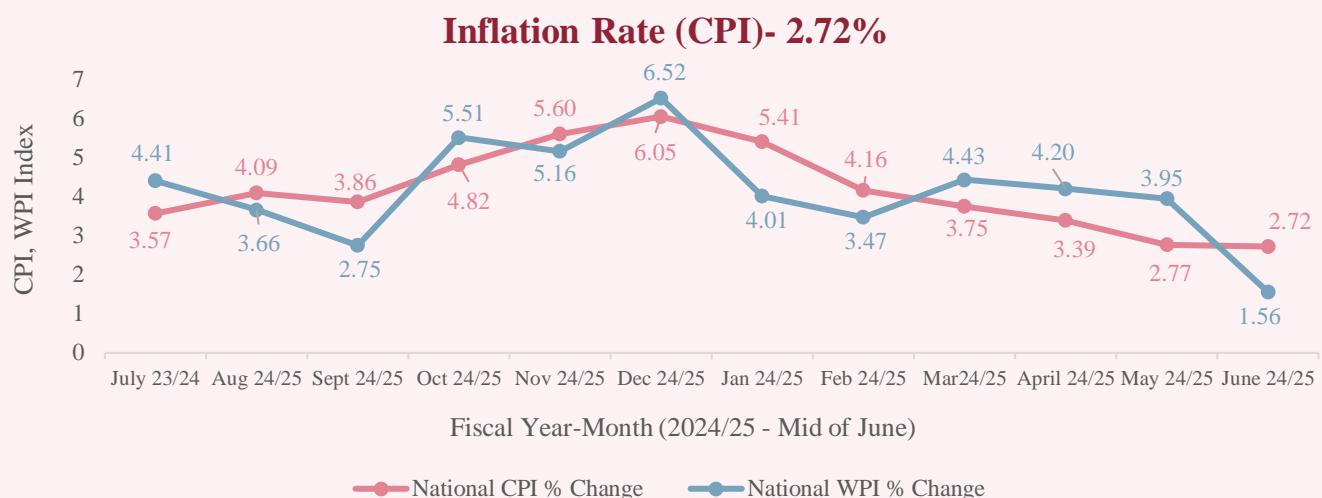
But tensions between the United States and its close allies could grow and scuttle the pursuit of creative options. If allies drift or are pushed further from the U.S., that would increase the chances of a wild-card outcome – potentially even something very unexpected like some form of “deal” between the United States and China for loose coordination on exchange rates, perhaps as part of a grand bargain to settle their escalating trade dispute.

Overall, the U.S. dollar is significantly losing ground in the international payments space. Whether or not U.S. dollar stablecoins could reverse this trend remains to be seen.

The U.S. bond market faces risks, including internal ones, and external alternatives are not yet convincing but may yet emerge.

A resurgent dollar in the monetary system has an outside chance, but we are more likely near a tipping point in its relative decline.

# WHERE DO THE FACTORS STAND?



## Liquidity Indicators (As on 21<sup>st</sup> July 2025):

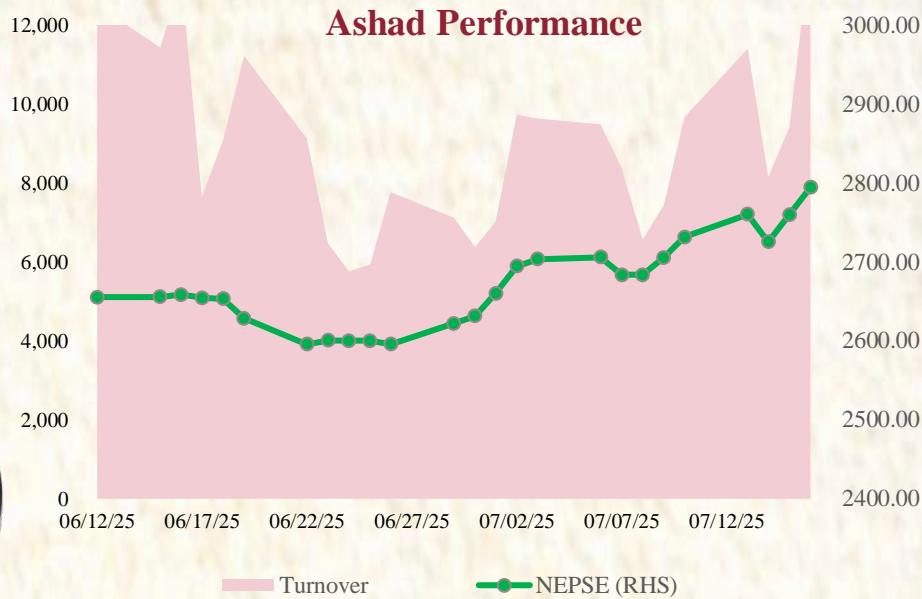
- ❖ BFI's Deposits: NPR. 7,245 billion
- ❖ BFI's Lending: NPR. 5,563 billion
- ❖ CD Ratio: 75.76%
- ❖ Inter-bank Interest Rate: 2.75%

**Total Import (13.1% Y-o-Y)****Total Export (77.8% Y-o-Y)****Trade Deficit****Balance of Payments (Surplus)****Gross Forex Reserve (+26.76% YoY)**

**Govt. Revenue****Govt. Expenditure****Fiscal Surplus/Deficit****Deposit (+11.9% Y-o-Y)****Credit /Lending(+8.4% Y-o-Y)****Market Interest Rates****Short-term Interest Rates (As on 22<sup>nd</sup> July, 2025):**

- ❖ 28 days: 2.77
- ❖ 91 days: 2.65%
- ❖ 364 days: 3.00%

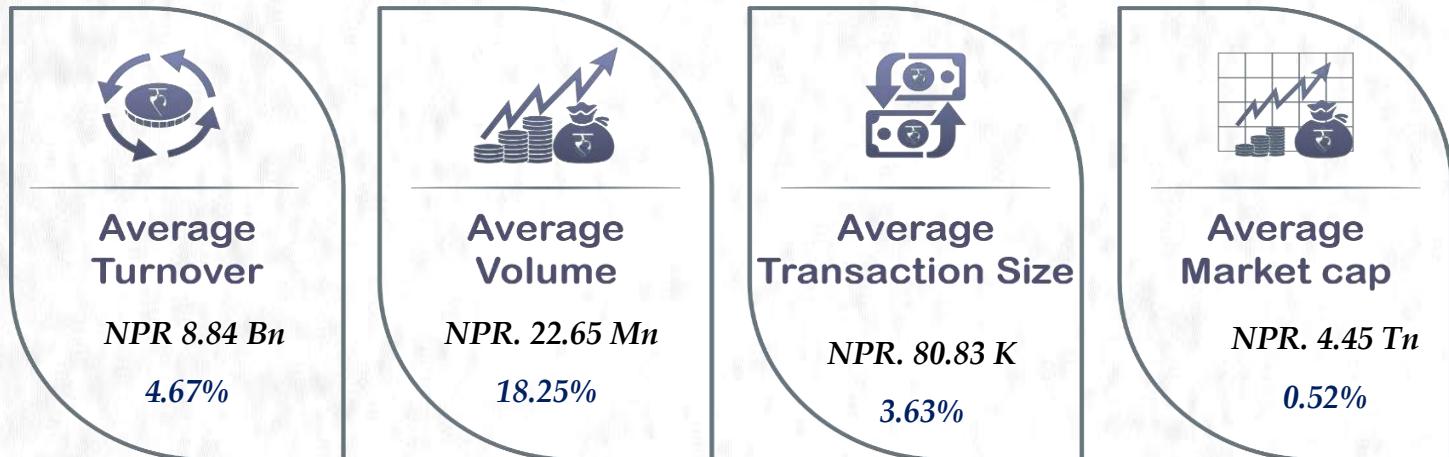
## Market Update: NEPSE SCANNER



- NEPSE rose to 2,794.78 level from 2,655.38 (previous month end), gaining 139.4 points (5.25%); high and low index remained 2,803.78 and 2,784.47 resp. in the review month.
- Sensitive, float and sensitive float index also inclined by 7.75%, 6.57% and 8.54% respectively.
- By the month end, the turnover witnessed the rise of 12.14% and volume 50.70%. The transactions was decreased by 3.29% as compared to the previous month end.
- Monthly average of these metrics computes to Rs. 8.84 billion (4.67%), Rs. 22.65 million (18.25%), and Rs. 80.82 thousand (3.63%) respectively.
- Market cap increased by 5.29% to Rs. 4.66 trillion, out of which approx. 46.99% are only Sensitive. Sensitive market cap which covers A class stocks saw a 7.78% incline. Sensitive float market cap also increased by 8.81% and the size of Float market cap soared by 6.74%.

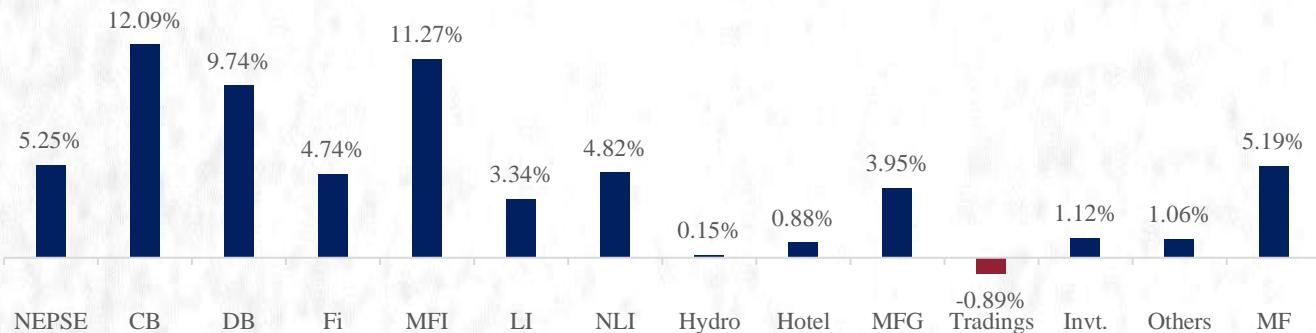
Metrics	16.07.25	12.06.25	Monthly Change
<i>NEPSE</i>	2,794.78	2,655.38	5.25%
<i>Sensitive</i>	489.27	454.09	7.75%
<i>Float</i>	193.26	181.35	6.57%
<i>Sensitive Float</i>	167.64	154.45	8.54%
<i>Turnover (Million)</i>	14,034.84	12,515.31	12.14%
<i>Shares Volumes</i>	43,111,416	28,607,685	50.70%
<i>Total Transactions</i>	99,505	102,895	-3.29%
<i>Total Scrips Traded</i>	330	311	6.11%
<i>Market Cap (Rs. Million)</i>	4,656,989.36	4,423,037.20	5.29%
<i>Sensitive Mrkt. Cap (Rs. Mn)</i>	2,188,476.24	2,030,463.64	7.78%
<i>Float Market Cap (Rs. Mn)</i>	1,591,974.35	1,491,443.01	6.74%
<i>Sens. Float Mrkt. Cap (Rs.M)</i>	880,117.82	808,867.20	8.81%
<i>Average Return</i>	15.71%	15.06%	0.65%
<i>Std. Deviation</i>	22.68%	22.84%	-0.16%
<i>10 Day 10% VAR</i>	-5.91%	-5.96%	0.05%
<i>Market Cap / GDP Ratio</i>	76.25%	72.42%	3.83%

- Avg. market return increased to 15.71% from 15.06%, Standard Deviation slightly declined to 22.68% and 10-day 10% VAR stood at 5.91%.
- Market is under-valued as per Market Capitalization to GDP ratio (Buffett Indicator) which is 76.25%.
- In the review period, market traded for 24 days. Last month, number of trading days was 19.

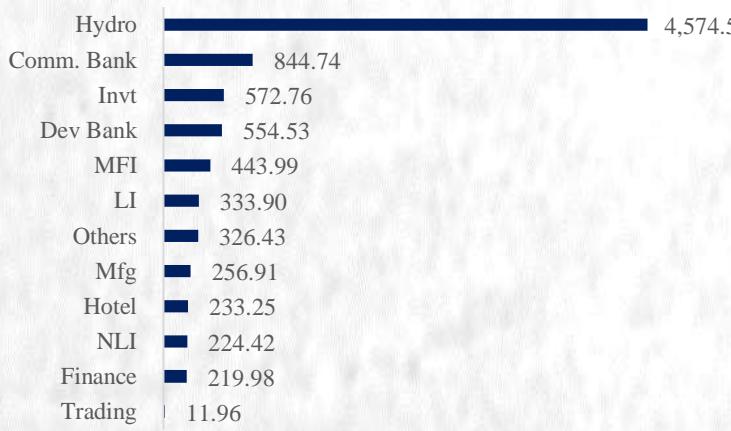


## SECTOR SCANNER

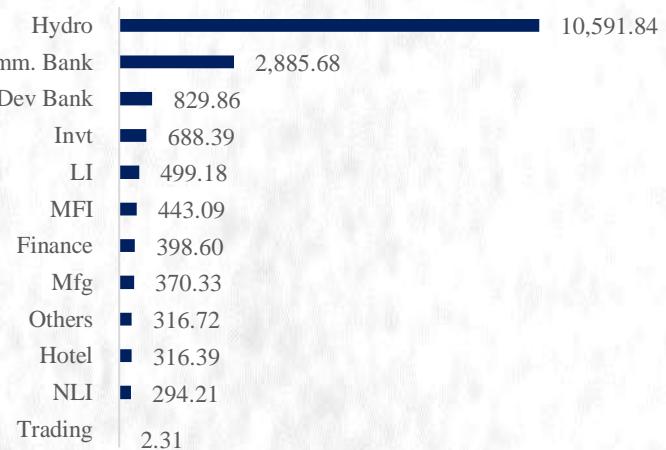
### Monthly Sectoral Performance



### Ashad Avg. Turnover (Millions)

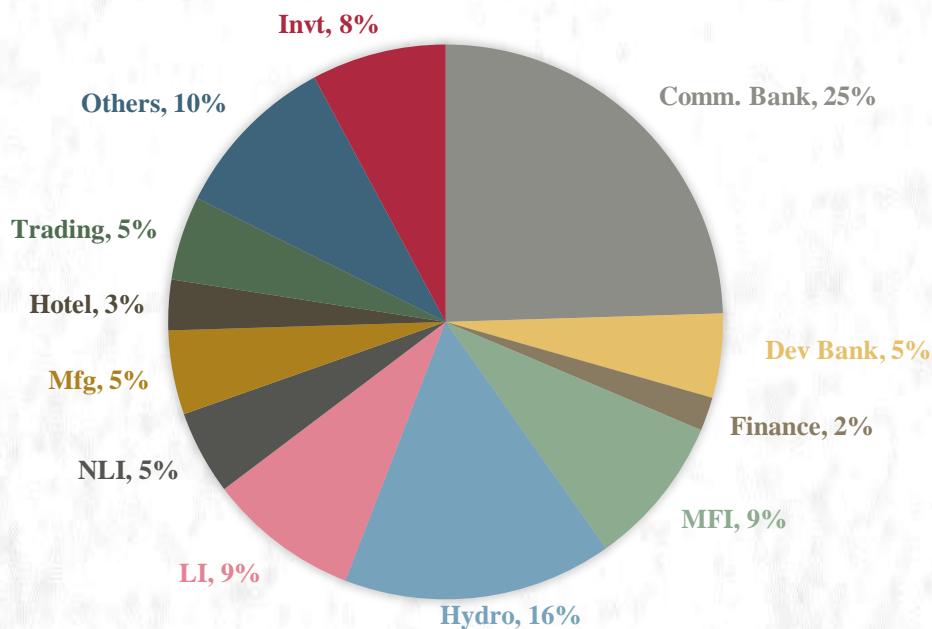


### Ashad Avg. Volume ('000)



- Of the 13 sectors, except Trading sector which saw a drop of 0.89%, remaining twelve recorded positive growth this month. Commercial Banks and Microfinance sectors led the gains with increase of 12.09% and 11.27% respectively, followed by Development Banks (+9.74%) and Mutual Fund (+5.19%) among others.
- Hydropower sector recorded the highest Turnover value and Transactions size in all trading days of the month making an average of 53.68% and 50.35% respectively. In case of Turnover (volumes), Hydropower sector traded the highest with an average of 60.47%. Both Commercial Bank and Investment sector made the notable Turnover of average 9.31% and 6.68% respectively while their average Transaction size was 10.09% and 4.14% respectively.
- Pie- chart below shows the approximate market capitalization of 12 sectors as on last trading day of Ashad i.e. Wednesday 32<sup>nd</sup> Jestha, but excludes Promoter shares, Debentures, and Mutual Funds. BFI sector (A, B, C, D Class) covers approx. 41%, Commercial Bank alone 25%. Hydro and Hotel have 16% and 3% coverage respectively. Insurance sector occupy 14% (Life - 9% and Non-Life - 5%) while Trading sector covers 5%. Finance has the least capitalization, *amounting approx. Rs. 80.98 billion*.

### SECTORAL MARKET CAPITALIZATION



#### Monthly Terminology: Bear Trap

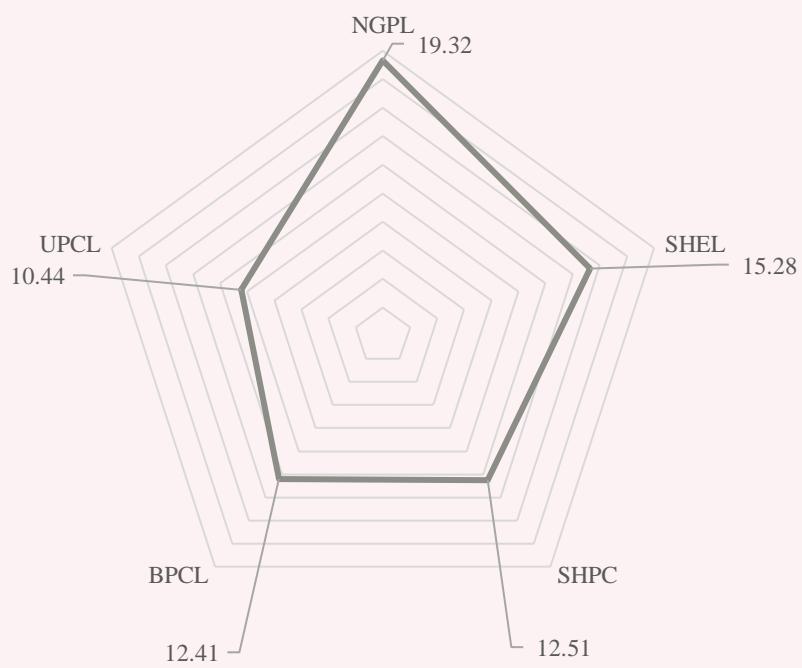
**A Bear trap** is a false signal in the stock or financial markets that indicates a potential downtrend, luring traders into selling or shorting an asset in anticipation of further price declines. However, instead of continuing to fall, the price quickly reverses and moves upward, trapping those who acted on the bearish signal and often forcing them to buy back at a loss. Bear traps typically occur near support levels and are common in volatile or sideways markets, making them especially deceptive. Recognizing low volume breakouts and quick reversals can help traders avoid falling into a bear trap.

# STOCK SCANNER

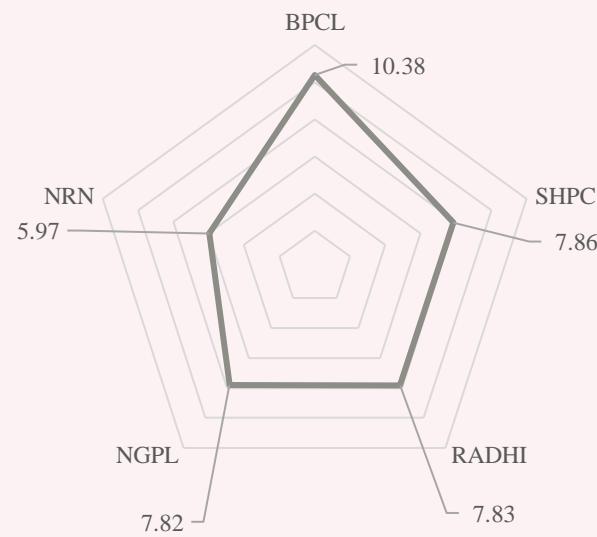
## Top 5 Gaining and Losing Stocks/Scrips



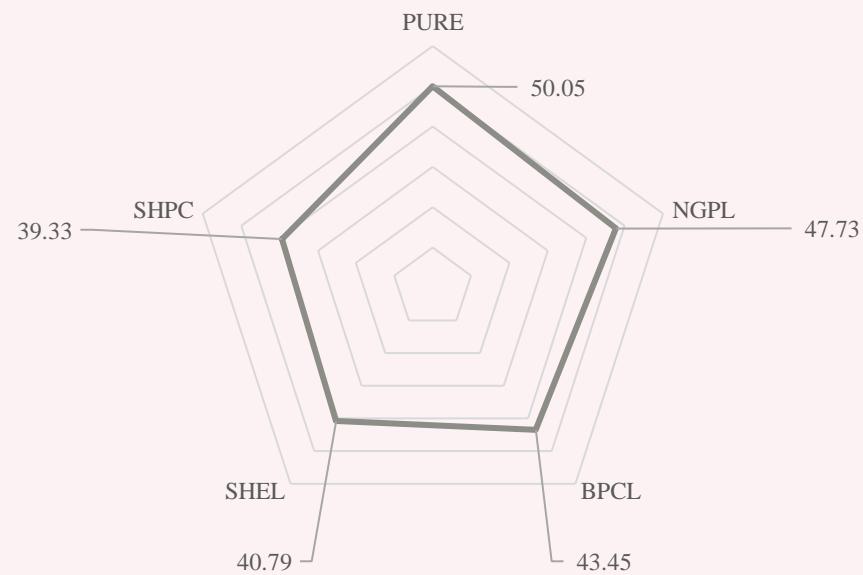
## Stocks with Highest Volume (Millions)



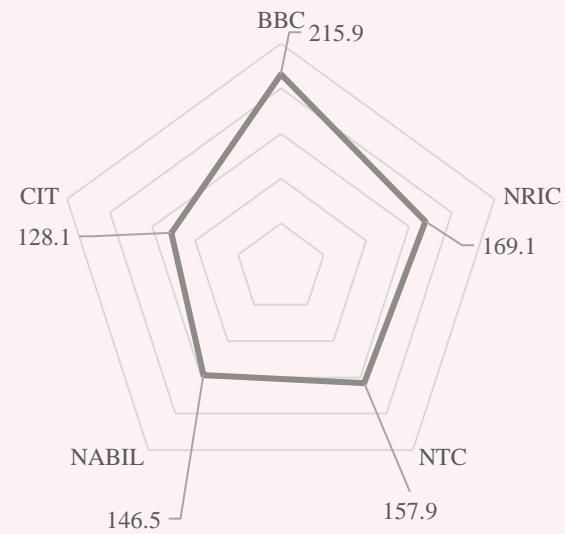
## Stocks with Highest Turnover (Billions)



## Stocks with Highest Transaction Size ('000)



## Stocks with Highest Market Cap. (Billions)



# TECHNICAL OUTLOOK...



## Technical Indicator (16<sup>th</sup> July)

	Value
RSI	70.81
MACD line	30.47
Signal line	17.41
Bollinger Upper Band	2796.30
Bollinger Middle Band	2674.42
Bollinger Lower Band	2552.54
ADX	28.57
Exp. Moving Avg. (9 Days)	2733.61
Exp. Moving Avg. (26 Days)	2690.66
Exp. Moving Avg. (50 Days)	2676.87
Exp. Moving Avg. (200 Days)	2612.44

## Technical Overview:

In the month of Ashad, NEPSE experienced a strong bullish breakout, as reflected across the daily and weekly charts. The index broke above the key 0.236 Fibonacci level (2734) on the weekly chart signaling a potential move toward a full retracement of the prior downtrend. The rally was supported by a notable rise in volume and consistently rising of the upper Bollinger Band. Momentum indicators - RSI at 70.81 and MACD showcasing bullish crossover reflects strong buying pressure. The price is trading well above the 50D EMA and 200D EMAs in both daily and weekly chart, underlining the technical strength of this rally phase. Overall, this period marked a decisive breakout from months of range-bound trading, driven by volume, momentum, and technical confirmation.

## ***Key Bulletins of the Month***

- 1) Commercial banks have reduced fixed deposit interest rates for Shrawan after NRB cut the policy rate from 5% to 4.5% amid excess liquidity, with 14 banks reducing rates and the average maximum rate dropping from 5.902% in Ashad to 5.687%.
- 2) Nepal's exports surged by 81.80% to Rs. 2.77 kharba, while imports rose by 13.25% to Rs. 18.04 kharba in FY 2081/82 compared to the same period last year.
- 3) The Employees Provident Fund has set a 5% annual interest rate for provident and pension deposits and revised loan rates to 6.25% for special loans, 7.25% for home, education and repair loans and 7.5% for land purchase and general loans.
- 4) NRB tightened dividend rules for Non- BFIs Payment Institutions requiring them to obtain NRB's prior approval and submit key documents- such as audited financials, tax clearance and board decisions- before publishing financials or distributing dividends.
- 5) NRB has set a 90% threshold on the CD ratio for BFIs, allowing them to lend up to 90% of their total deposit to clients.
- 6) As per the monetary policy for FY 82/83, BFIs will be allowed to invest in government-designated infrastructure sectors through debentures and can increase their capital as needed with approval from NRB.
- 7) SEBON has amended its guidelines to allow BFIs to issue perpetual non-cumulative preference shares to institutional investors and has shortened the IPO period for Nepalese abroad from 15 days to at least 4 days.
- 8) According to the 11-month CME report, deposits at BFIs rose by 12% to Rs. 517.60 billion and credit increased by 8.7% to Rs. 246.80 billion, while government expenditure reached Rs. 1282.94 billion and revenue mobilization stood at Rs. 1016.09 billion.
- 9) NEPSE has announced a historic achievement for FY 81/82, with turnover reaching an all-time high, rising by 189.23% to Rs. 21.24 kharba—while market capitalization increased by 31.05% to Rs. 46.56 kharba, compared to FY 80/81.
- 10) NRB's third quarterly review of Monetary policy for FY 2081/82 has reduced the risk weight for share mortgage loans from 125% to 100% to boost stock market credit.
- 11) Nepal Rastra Bank has extended the repayment deadline for working capital loans from Ashad 2082 to Ashad 2084.
- 12) The Asian Development Bank (ADB) has launched its 2025–2029 Country Partnership Strategy for Nepal, aiming to mobilize around USD 2.3 billion with a focus on private sector-led, employment-intensive, and green economic transformation.

## Dividend Announced for FY 2080/81 during Jestha and Ashad 2081/82

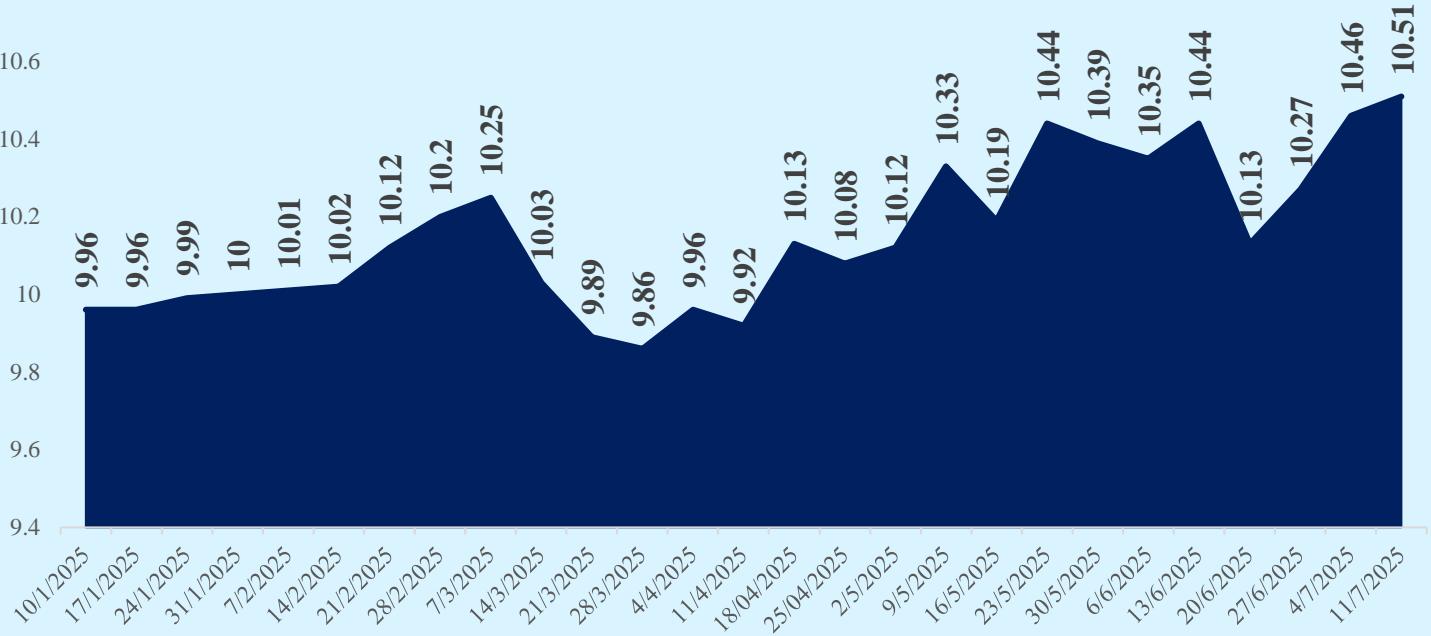
Company	Ticker	FY	Bonus (%)	Cash (%)
1. Prabhu Insurance Company Limited	PRIN	2080/81	18	0.95
2. United Ajod Insurance Limited	UAIL	2080/81	10	0.52

**GARIMA SAMRIDDHI YOJANA****A Close Ended Mutual Fund Scheme**

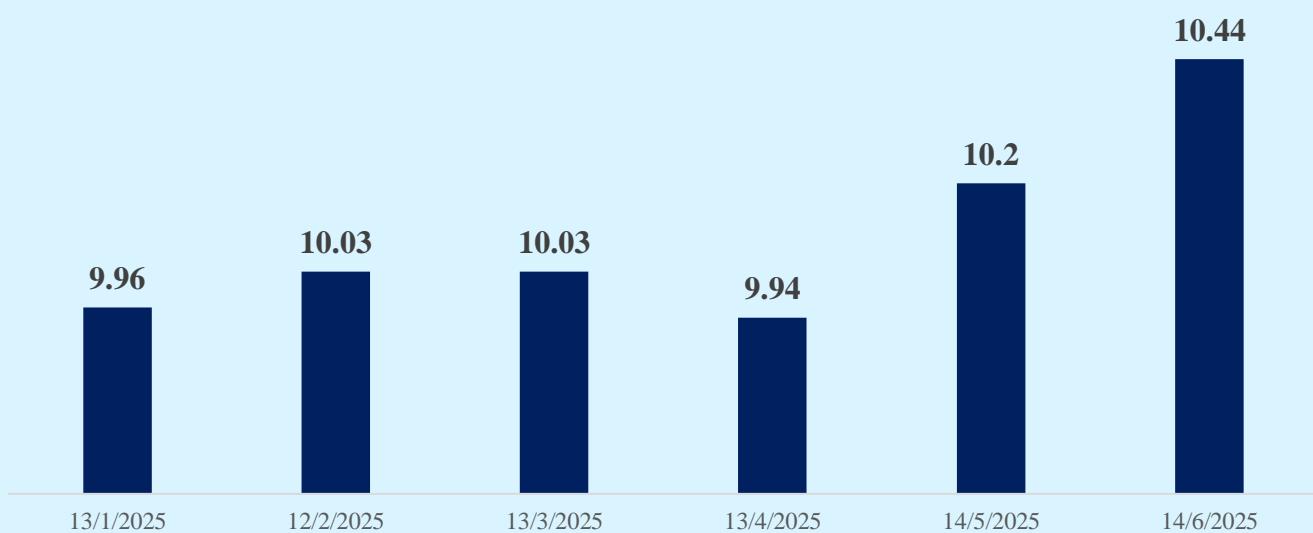
Fund Manager- Garima Capital Ltd.

NEPSE Ticker: GSY

LTP (16/07/2025): 9.95

**Weekly GSY NAV**

## Monthly GSY NAV

**Important Disclaimer:**

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*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.*

*This report should not be construed as investment advice or recommendation and ultimate investment decision stays on investors own wisdom. Garima Capital Ltd. including the Research and Product Team shall not be liable for any loss or damages that investors incur from investment actions based on this report.*

नेपाल रियाल रिपोर्ट एवं नेपाली एक भाषामा दर्शाइएको गरिमा कैपिटल द्वारा तयार किया गया रिपोर्ट हो।

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