

Garima Monthly Insight

THE
ANALYTICS

POUSH 2082

(16 DECEMBER 2025 -14 JANUARY 2026)

VOL: 4, ISSUE: 6



MARKET AHEAD



MACROECONOMIC FACTORS



NEPSE SCANNER



MARKET SCANNER



ARTICLE OF THE MONTH



Market Update:

In Poush, the NEPSE index went up by 39.82 points to close at 2,641.43, showing that market sentiment is improving. The average turnover grew by 1.19% and market capitalization rose by 0.25%, indicating slightly more trading and higher company values. However, the number of shares traded fell by 0.75%, meaning fewer investors were actively trading. Overall, the market showed cautious optimism, with prices rising but participation remaining selective.

The Nepal Stock Exchange (NEPSE) showed cautious optimism over the past fortnight. Investor sentiment has been largely influenced by expectations of timely elections and potential political stability. Trading activity and turnover were uneven, with higher volumes on bullish sessions and slower activity on profit-taking days. Sectors like banking, finance, hydropower, and tourism led gains, while selective corrections reflected measured investor participation.

Overall market breadth suggests broad-based but cautious optimism. Short-term indicators point to moderate bullishness with continued volatility. Liquidity flows and turnover remain key factors in sustaining the trend. Market movements are expected to remain sensitive to political developments and election-related sentiment in the coming weeks.

NRB has released first five months CME & Financial Situation Report of Nepal for FY 2082/83. Additionally, it has published the financial performance of BFIs for the same period. Commercial banks have announced the revised interest rates for Magh, 2082.

The key highlights of these significant developments are summarized below:

1. The total net profit of commercial banks reached Rs. 25.72 Arba in the first five months of FY 2082/32 ending Mangsir, led by Global IME Bank with Rs. 3.22 Arba, followed by Nabil Bank at Rs. 3.11 Arba and Prime Commercial Bank at Rs. 1.92 Arba, while Citizens Bank International reported the lowest profit of Rs. 2.44 Crores.
2. A total of Rs. 285 Arba Treasury Bills were issued by NRB during Poush 2082, allowing A, B, and C class banks to participate, primarily to absorb excess liquidity and maintain stability in the financial system.
3. According to the NIA, in the first five months of the current FY, non-life insurers collected Rs. 19.58 billion in premiums, up 14.4% YoY, while the number of active policies rose 5.95% to 1.34 million, reflecting growth in risk-sharing, financial protection, and insurance penetration, which supports economic stability by mobilizing household and business funds and mitigating potential financial losses.



4. The government collected Rs. 12.61 billion in tax on BFI deposit interest from mid-July to mid-December, down from Rs. 14.97 billion last year, reflecting lower interest income and a potential impact on fiscal revenue.
5. Only 2 out of 20 commercial banks—Himalayan Bank Ltd and Machhapuchhre Bank Ltd—lowered their individual fixed deposit rates in Magh by 0.5% points compared to Poush, bringing the average individual and institutional deposit rates down by 0.27% and 0.21% to 4.76% and 3.37%, respectively.
6. As Per the Banking & Financial Statistics, the average CD Ratio of Banking sector (A, B, and C Class) as on Mangsir is 74.91 which is lower than 75.07 of earlier month. NPL remains unchanged at 5.26% compared to previous month and CAR has moved down to 12.82% from 12.89% Weighted average interest rate on deposit has come down to 3.66% (saving 2.97%, fixed 5.32%) and weighted average rate on credit has fallen to 7.26%.
7. On the external front of the economy, remittance inflows rose by 35.59% YoY to Rs. 870.31 billion in the first five months of 2025/26. Exports inclined by 58.2%, while imports rose by 15.8% and the trade deficit increased by 11%. The balance of payments (BOP) and gross foreign exchange reserves all grew to Rs. 421.90 billion and \$22.13 billion, respectively.
8. According to the Department of Customs, Nepal's foreign trade in the first six months (Shrawan–Poush) of FY 2082/83 reached nearly Rs 1.1 trillion, up 17.36% from last year. Imports rose 14.18% and exports surged 43.76%. India remained the largest trading partner, with Rs 532 billion in imports and Rs 115 billion in exports.
9. In Mangshir 2082 (mid-November to mid-December), the Department of Foreign Employment issued 84,226 work permits, the highest ever in a single month, surpassing 78,370 in the previous month. The rise reflects strong demand for Nepali labor abroad and is expected to boost remittance inflows, highlighting the need for efficient processing and worker protection.



10. The Government of Nepal fell short of its target to increase tourist arrivals by 10% in 2025. According to the Nepal Tourism Board (NTB), 1,158,459 foreign tourists visited Nepal by air in 2025, compared to 1,147,548 in 2024. While arrivals rose by only 1% year-on-year, they remained 3% below the pre-pandemic record of 1,197,191 tourists in 2019.

Coda: Markets carry inherent risks, and investor biases often lead to poor decisions. Separating facts from opinions is key—facts guide long-term trends, while opinions and speculation can fuel short-term volatility. Staying grounded in data helps navigate uncertainty and make smarter investment choices.



How Sustainable Finance creates Impact: Transmission Mechanisms to the Real Economy

Source- *Review of World Economics*

Financial institutions are increasingly committing to align the activities they finance with sustainability goals, ranging from broad objectives like achieving net-zero emissions to more specific targets such as reducing water footprints.

These commitments serve two main purposes:

1. Risk management:

By addressing unpriced sustainability risks that can affect returns, creditworthiness, and financial stability.

2. Responding to investor demand for impact:

By seeking tangible real-economy outcomes aligned with environmental or social targets.

The Problem: "Impact-Washing" vs. Real Impact

There is a risk of "impact-washing," where products appear sustainable but do not drive real-world change. True impact-generating finance actively encourages sustainable practices or discourages unsustainable ones, unlike merely "impact-aligned" portfolios.

The Three Transmission Mechanisms to the Real Economy:

Mechanism	How it Creates Impact
Cost of Capital	Lowering financing costs for sustainable projects/firms (e.g., via green bonds) incentivizes green investment. Raising costs for polluters disincentivizes unsustainable activity.
Access to Liquidity	Restricting capital (e.g., via lending policies) can choke off unsustainable operations. Expanding capital for sustainable firms enables their growth and investment.
Changing Corporate Practices	Through engagement, voting, creditor negotiations, or direct control, investors can push companies to adopt greener strategies, governance, and operations.

Figure: 1 Risk management and spillover effects: accounting for linkages between transmission mechanisms:



Assessing impact potential through an asset class lens

Potential impact an individual investor can have on the real economy through different transmission mechanisms, depending on the asset class they invest in. Understanding this “first-principles” impact can help financial institutions design strategies to maximize real-world outcomes across portfolios. The paper focuses on main asset classes:

- I. Public equity
- II. Fixed income—loans
- III. Fixed income—bonds
- IV. Private equity (PE) & venture capital (VC)
- V. Real asset and infrastructure

The size of each asset class varies substantially, which must be considered when designing impact investment strategies, as investor exposure differs across classes. At the end of 2020, the global bond market was valued at approximately US\$124 trillion, with the United States representing the largest market, followed by the EU, Japan, and the UK. Global stock market capitalization amounted to US\$105.8 trillion (SIFMA, 2021). In comparison, the private equity market is significantly smaller, at around US\$7.4 trillion globally, while investor-owned real estate and infrastructure assets through funds are estimated at just under US\$2.0 trillion (McKinsey & Co., 2021).

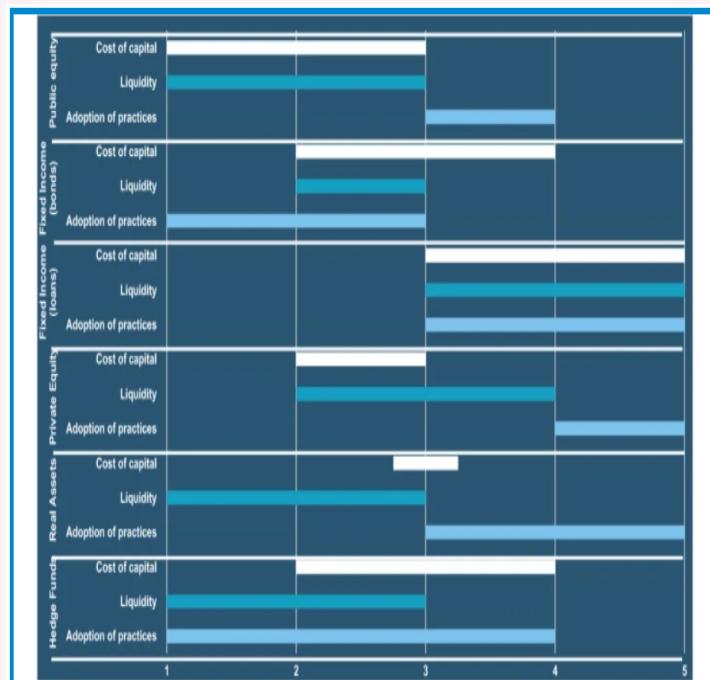
A Growing Focus on Engagement

Assets Classification	Descriptor	Example
Public Equity	Negligible impact	Minority shareholder divesting has no significant effect.
Fixed Income—Loans	Limited impact	Hedge funds rarely affect primary market access (except in severe distress).
Fixed Income—Bonds	Moderate impact	Private equity can improve liquidity access for its controlled firms.
Private Equity & Venture Capital	Significant impact	Large, active shareholders can drive corporate change.
Real Asset & Infrastructure	Strong impact	A controlling PE owner can directly dictate sustainable practices.

An indicative ranking of the potential real-economy impact of financial institutions across asset classes and transmission mechanisms is presented using a 1–5 scale, ranging from negligible to strong impact. These rankings are derived from qualitative assessments calibrated through expert interviews and capture differences in the potential, likelihood, magnitude, and persistence of impact across financial channels. Importantly, actual outcomes vary widely depending on investor characteristics, the depth and credibility of engagement strategies, and the prevailing regulatory and policy environment.

Overall, the findings show that merely holding “green” assets rarely leads to meaningful environmental outcomes; stronger real-economy impact comes from active ownership, targeted capital allocation, and credible engagement that influence corporate behavior, capital costs, and long-term investment decisions.

Potential Impact by Asset Class and Transmission Mechanism



Scoring results are presented by asset class and transmission mechanism in above figure. The most theoretical impact potential is in loans, followed by private equity; and that the highest-impact mechanism across asset classes is changing corporate practices, which is likely to be higher for investors who hold both equity and debt of the target company.

Overview of possible transmission mechanisms for Impact, from an investor's perspective

1). Public equity: passive and active strategies

Public equity has the weakest direct real-economy impact, with meaningful influence arising mainly through sustained, coordinated engagement rather than individual investor actions.

i). Fixed income—loans

Loans offer the strongest impact as lenders directly influence firms' cost of capital, liquidity access, and corporate practices, especially through concentrated markets and sustainability-linked structures.

ii). Fixed income—bonds

Bonds mainly affect firms through cost of capital and liquidity—particularly at issuance—while influence on corporate behaviour remains limited without ownership rights or coordinated creditor action.

2). Private equity and venture capital

PE and VC exert their greatest impact by shaping corporate practices through large or controlling stakes, with cost-of-capital and liquidity effects strongest for early-stage and capital-constrained firms.

3). Real assets and infrastructure

Real assets and infrastructure have high impact potential due to long asset lifespans and carbon lock-in, with strong influence where investors control ownership or financing decisions.

4). Hedge funds

Hedge fund impact varies by strategy, with activist and distressed approaches capable of significant influence despite generally limited effects from secondary-market trading.

Possible implications for manager selection, strategic asset allocation and universal ownership

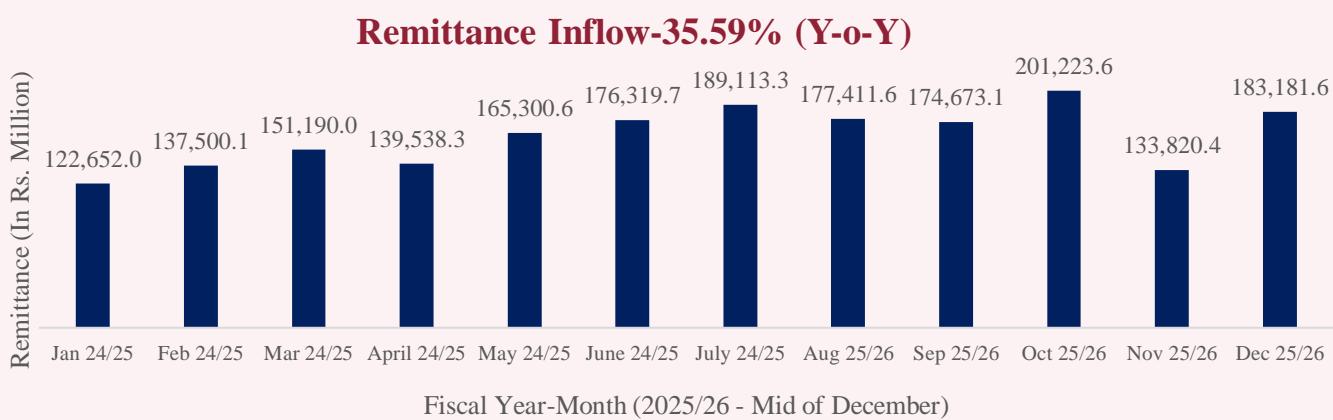
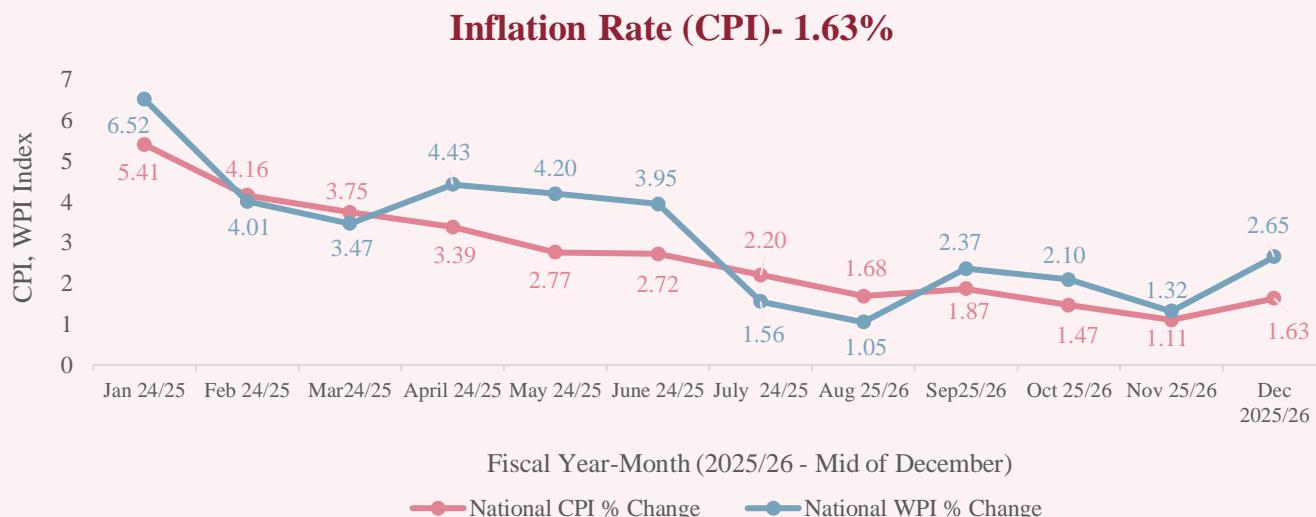
Impact-oriented portfolios should prioritise higher-impact asset classes and active strategies, integrating impact into manager selection and SAA while recognising the limits of passive equity investing.

***Disclaimer:** This document contains a summarized version of the article "How Sustainable Finance Creates Impact: Transmission Mechanisms to the Real Economy" originally published in the Review of World Economics. The content has been abridged for reference and publication purposes only.*

"The biggest investing errors come not from factors that are informational or analytical, but from those that are psychological. Fear and greed are far more dangerous than ignorance."

- Howard Marks

WHERE DO THE FACTORS STAND?



Liquidity Indicators (As on 20th January 2026):

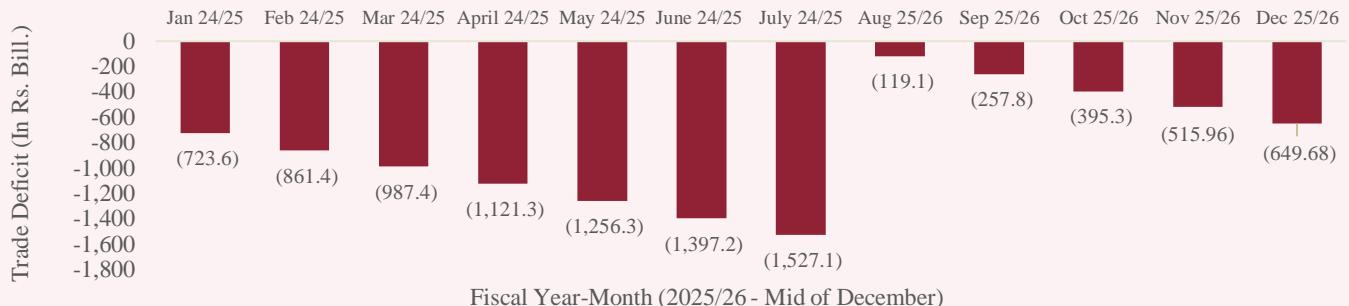
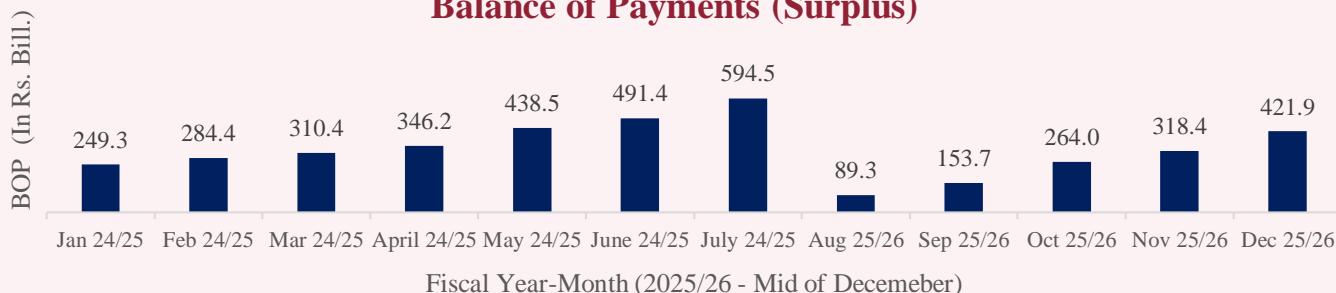
- ❖ BFI's Deposits: NPR. 7,669 billion
- ❖ BFI's Lending: NPR. 5,765 billion
- ❖ CD Ratio: 73.54%
- ❖ Inter-bank Interest Rate: 2.75%

Total Import (15.8% Y-o-Y)

Fiscal Year-Month (2025/26 - Mid of December)

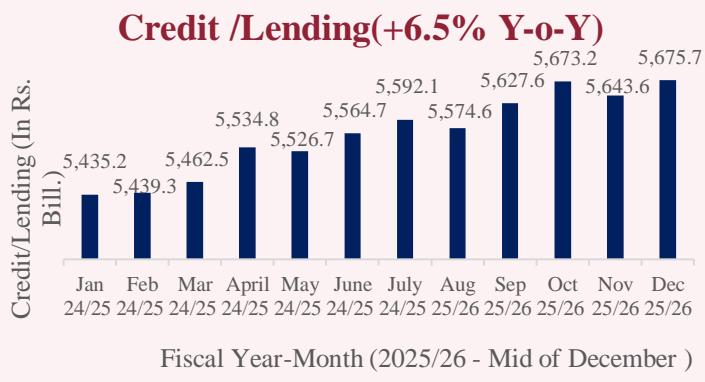
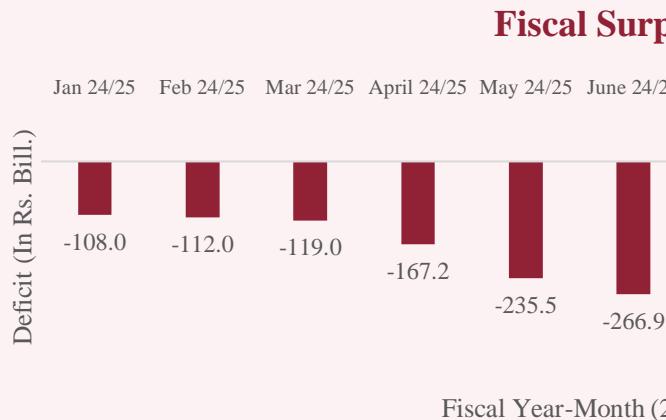
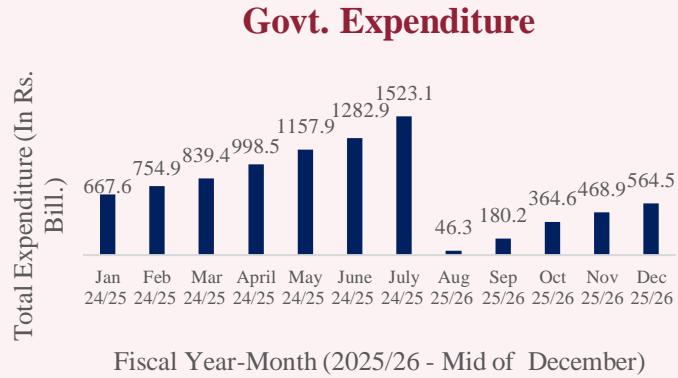
Total Export (58.2% Y-o-Y)

Fiscal Year-Month (2025/26 - Mid of December)

Trade Deficit**Balance of Payments (Surplus)****Gross Forex Reserve (+32.07% YoY)**

Fiscal Year-Month (2025/26 - Mid of December)

■ Gross Foreign Exchange Reserves ■ Growth Rate



Short-term Interest Rates (As on 20th January 2026):

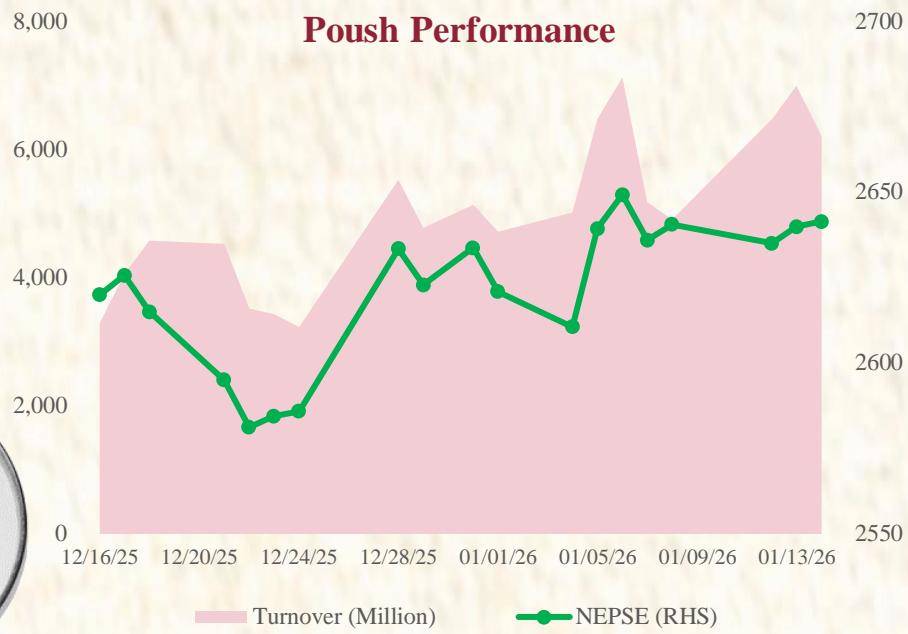
❖ 28 days: 1.65 % ❖ 91 days: 2.36% ❖ 364 days: 2.58%

Market Update: NEPSE SCANNER



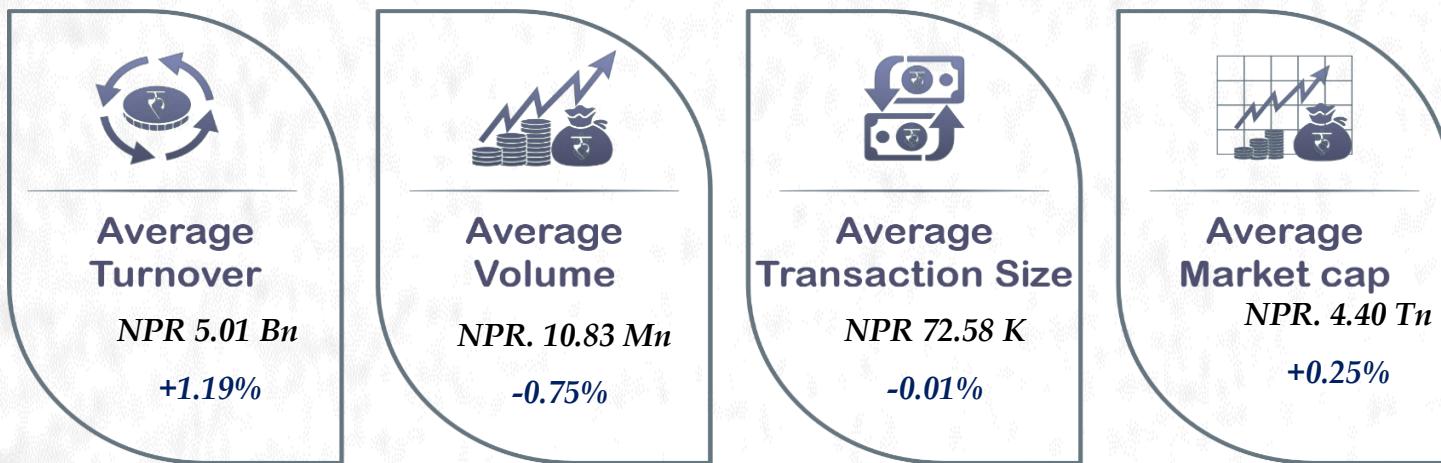
The NEPSE Index increased by 39.82 points (1.53%) from the previous month-end level of 2,601.61, with the index fluctuating between a high of 2,662.66 and a low of 2,568.94 during the review month.

- Sensitive, Float, and Sensitive Float indices rose by 1.61%, 1.88%, and 2.12% respectively.
- By the end of the month, turnover surged by 80.40% while the share volume traded inclined by 61.20%, whereas the number of transactions increased by 29.49% compared to the previous month-end.
- Monthly average of these metrics computes to Rs. 5.01 bn (+1.19%), Rs. 10.83 million (-0.75%), and Rs. 72.58 thousand (-0.01%) respectively.
- Market cap increased by 0.25% to Rs. 4.40 trillion, out of which approx. 45.91% are only Sensitive. The Sensitive market cap, covering A-class stocks, inclined by 0.71%, the Sensitive Float market cap grew by 0.88%, and the Float market cap increased by 0.52%.



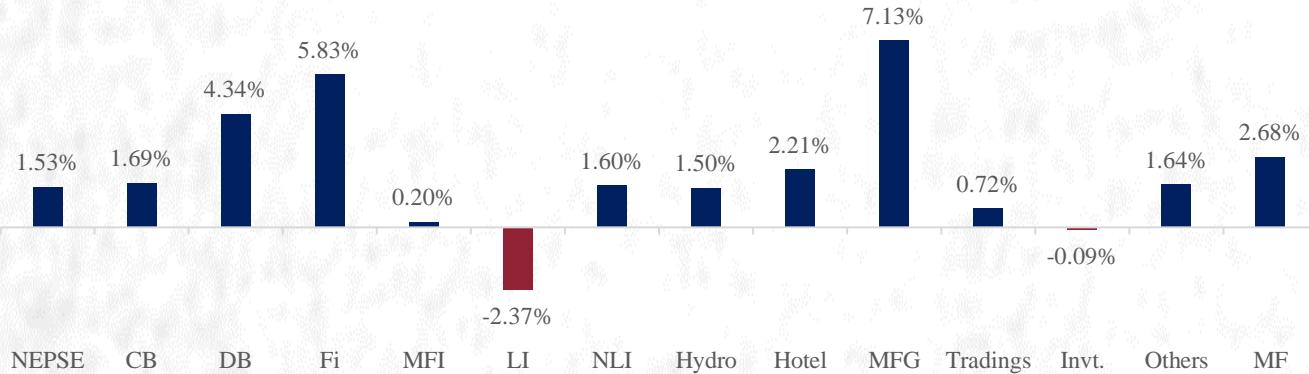
Metrics	14/01/2026	15/12/2025	Monthly Change
NEPSE	2,641.43	2,601.61	1.53%
<i>Sensitive</i>	454.73	447.52	1.61%
<i>Float</i>	181.24	177.9	1.88%
<i>Sensitive Float</i>	154.96	151.75	2.12%
<i>Turnover (Million)</i>	6,209.44	3,441.90	80.41%
<i>Shares Volumes</i>	12,504,970	7,757,625	61.20%
<i>Total Transactions</i>	72,671	56,122	29.49%
<i>Total Scrips Traded</i>	320	329	-2.74%
<i>Market Cap (Rs. Million)</i>	4,435,031.55	4,368,167.12	1.53%
<i>Sensitive Mrkt. Cap (Rs. Mn)</i>	2,036,260.03	2,003,549.36	1.633%
<i>Float Market Cap (Rs. Mn)</i>	1,506,293.11	1,477,672.95	1.94%
<i>Sens. Float Mrkt. Cap (Rs.Mn)</i>	816,760.35	798,755.90	2.25%
<i>Average Return</i>	13.67%	13.61%	0.06%
<i>Std. Deviation</i>	22.37%	22.50%	-0.13%
<i>10 Day 10% VAR</i>	-5.85%	-5.89%	0.04%
<i>Market Cap / GDP Ratio</i>	72.62%	71.52%	1.10%

- Average market return increased to 13.67% from 13.61%, the standard deviation marginally declined to 22.37% from 22.50%, and the 10-day 10% Value at Risk (VaR) stood at -5.85%
- Market is under-valued as per Market Capitalization to GDP ratio (Buffett Indicator) which is 76.62%.
- In the review period, market traded for 19 days. Last month, number of trading days was 20 days.

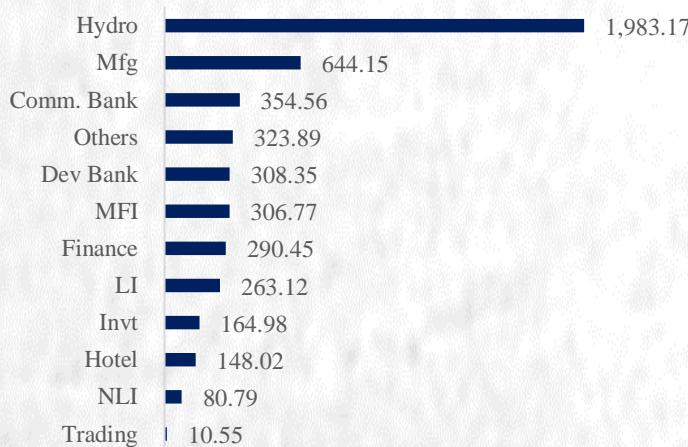


SECTOR SCANNER

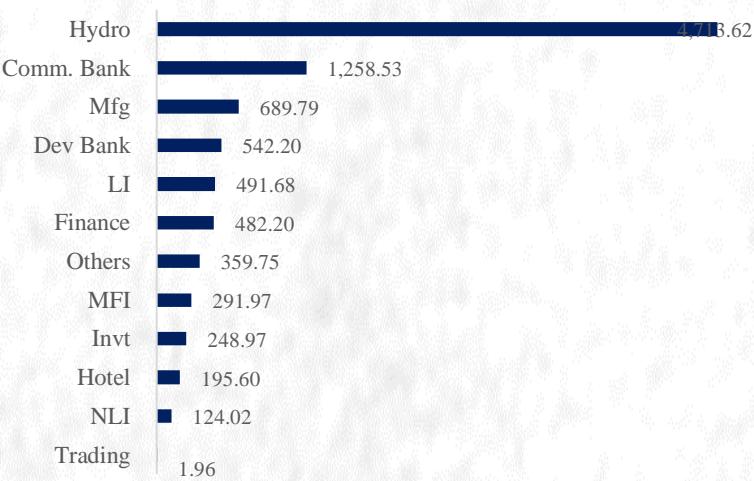
Monthly Sectoral Performance



Poush Avg. Turnover (Millions)

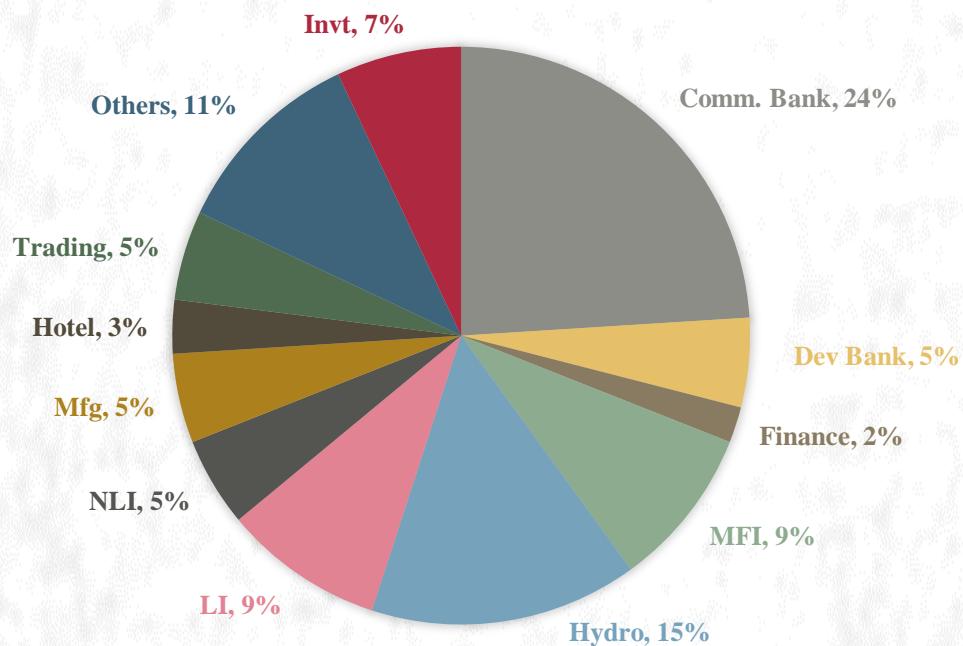


Poush Avg. Volume ('000)



- During the month of Poush, most sectors posted positive performance, with 11 out of 13 sectors recording gains. Manufacturing and Processing led the market with a 7.13% increase, followed by Finance (5.83%) and Development Bank (4.34%). The remaining sectors registered modest growth of less than 4%. However, Investment and Life Insurance were the only two sectors to decline, falling marginally by 0.09% and 2.37%, respectively.
- The Hydropower sector dominated the market during the month, recording the highest average turnover value of 40.60% and average transaction size of 35.82% across all trading days. Manufacturing and Processing followed with a notable average transaction size of 20.76%. In terms of turnover volume, Hydropower led with an average of 50.15%, while the Commercial Bank sector ranked second with 12.94%.
- The pie chart shows the approximate market capitalization of 13 sectors as of the last trading day of Poush (Wednesday, 14th Poush), excluding promoter shares, debentures, and mutual funds. The BFI sector (A, B, C, D Class) accounted for 39.17%, with Commercial Banks alone at 24%. Hydropower and Others contributed 15% and 11%, respectively, while the Insurance sector occupied 14% (Life - 9%, Non-Life - 5%). The Investment sector covered 7%, and Finance had the least capitalization at *approximately Rs 76.2 billion*.

SECTORAL MARKET CAPITALIZATION

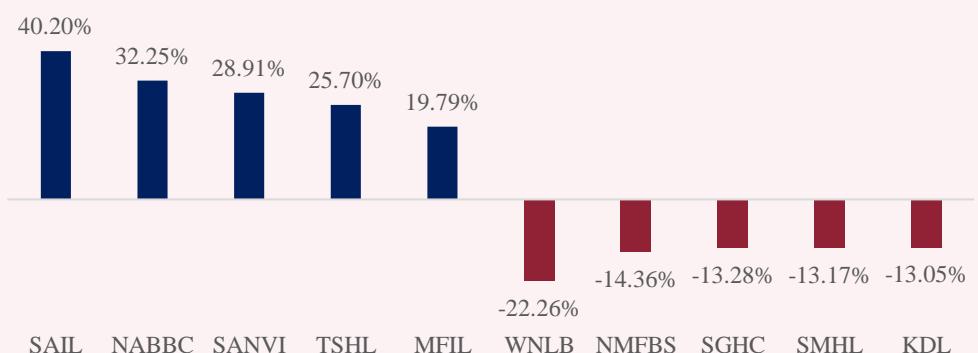


Monthly Terminology: Unrealized Market Turnover

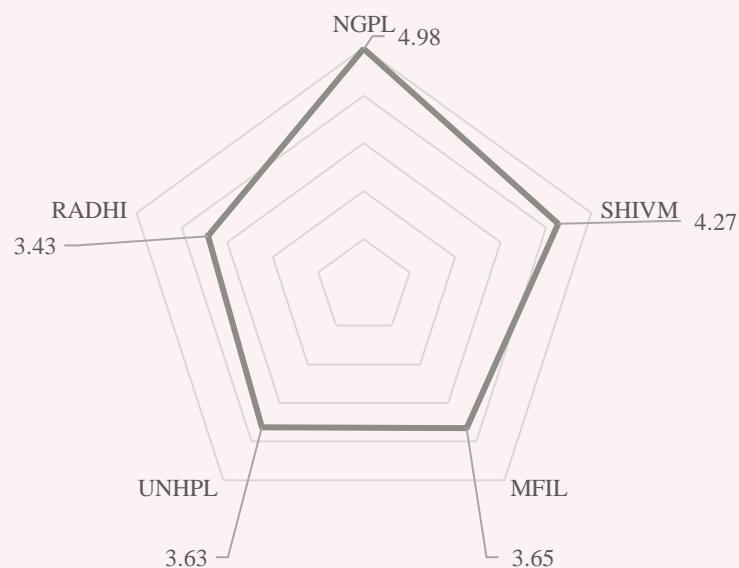
Unrealized Market Turnover occurs when a stock is repeatedly bought and sold without a real change in ownership, making the market appear more active than it actually is. This can mislead investors by giving a false signal about price movements, demand, and market trends, as such trading is often artificial and does not reflect genuine investor interest.

STOCK SCANNER

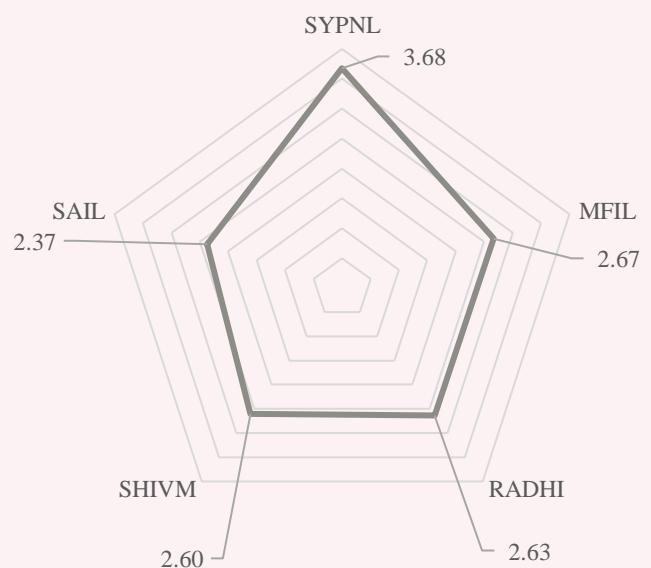
Top 5 Gaining and Losing Stocks/Scrips



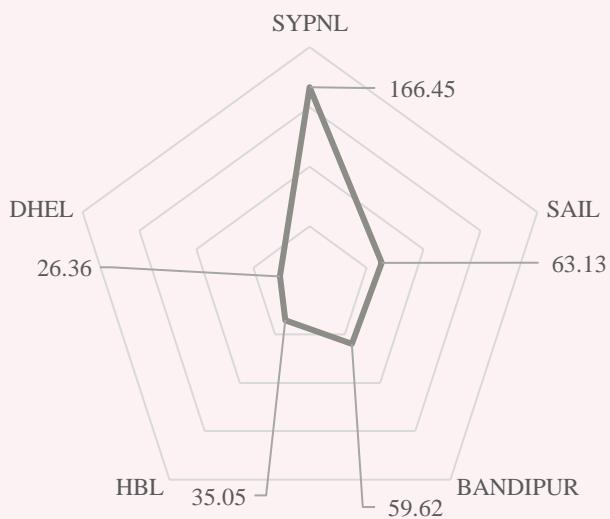
Stocks with Highest Volume (Millions)



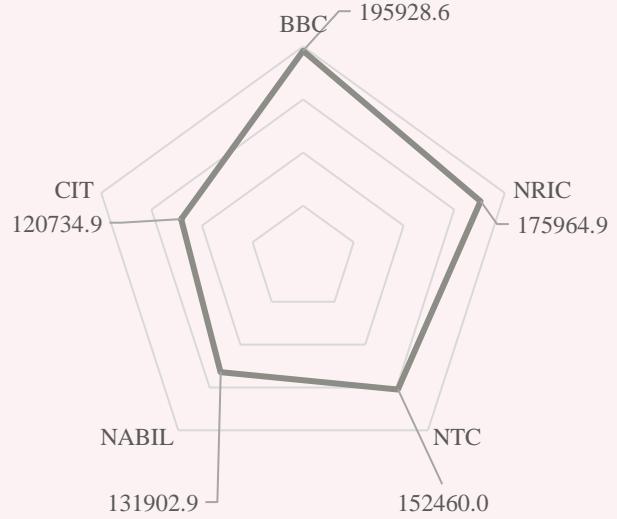
Stocks with Highest Turnover (Billions)



Stocks with Highest Transaction Size ('000)



Stocks with Highest Market Cap. (Billions)



TECHNICAL OUTLOOK...



Technical Indicator (14th January)

Value

RSI	56.12
MACD line	8.43
Signal line	6.15
Bollinger Upper Band	2661.58
Bollinger Middle Band	2620.61
Bollinger Lower Band	2579.63
ADX	16.35
Exp. Moving Avg. (9 Days)	2634.52
Exp. Moving Avg. (26 Days)	2623.25
Exp. Moving Avg. (50 Days)	2623.59
Exp. Moving Avg. (200 Days)	2635.54

Technical Overview:

In Poush, NEPSE showed mild bullish momentum with an RSI of 56.12 and a bullish MACD crossover. The index hovered near the Bollinger middle band of 2620.61, indicating price consolidation. Short-term EMAs suggest a slightly positive trend, while the 200-day EMA reflects overall neutrality. However, a low ADX of 16.35 indicates the bullish momentum is still weak. Overall, the market remains in a cautious recovery phase, and traders may watch for a stronger breakout before committing. Volatility is likely to remain moderate until a clear trend emerges.

After January 14, 2026, NEPSE recovered above 2770, showing mild bullish momentum, with resistance at 2800–2850 and support around 2720–2740. The chart indicates cautious optimism and a gradual recovery trend.

Key Bulletins of the Month

1. Nepal's foreign exchange reserves rose 19.6% to Rs 3.2 trillion, and remittance inflows increased 35.6% to Rs 870.31 billion, keeping inflation at 1.63% and strengthening macroeconomic stability.
2. The government spent only 8% of its planned capital expenditure (Rs 33.87 billion) in the first five months, highlighting underutilization and potential project delays.
3. The US ended tax exemptions on 77 Nepali exports from 31st Dec 2025, exposing them to up to 26% import duties and affecting trade competitiveness.
4. Rs 31.69 billion was allocated for 1,142 infrastructure projects, prioritizing drinking water, education, health, and essential infrastructure.
5. NRB eased loan classification rules, removing 100% provisioning on non-banking assets and requiring institutions to acquire unsold collateral after three auctions.
6. NRB extended promoter shareholding limits for BFIs by five years, with excess-holding founders required to comply by mid-Ashar 2087 under prior approval.
7. Non-banking assets rose to Rs 51 billion by Nov 2025 (from Rs 10 billion in 2022), with NPL ratio increasing to 5.26% from 4.42%, indicating higher stressed assets.
8. NRB capped cash transactions at Rs 500,000 from 1st Magh 2082; larger payments must be made via account-payee cheques or bank deposits.
9. NRB eased forex rules, allowing gold and silver industries up to \$2 million per monthly transaction, and other businesses up to \$0.4 million.
10. From 1st Magh 2082, all insurance payments must be made electronically through bank accounts, per NIA, improving transparency and efficiency.
11. NRB approved iDream Technologies to open its first overseas branch in the US, allowing equity transfers in dollars and boosting IT exports.
12. Non-life insurers collected Rs 19.58 billion in premiums (up 14.4% YoY), with active policies rising 5.95% to 1.34 million, showing sector growth.
13. Property transactions above Rs 30 million must be conducted via registered firms or companies, ensuring transparency and regulatory compliance.

Dividend Proposed for FY 2081/82 during Poush 2082/83

Company	Ticker	FY	Bonus (%)	Cash (%)
1. Asian Life Insurance Company Limited	ALICL	5	5.53	10.53
2. Himalayan Everest Insurance Limited	HEI	-	8	8
3. Chilime Hydro power Company Limited	CHCL	8	4.00	12
4. Nepal Doorsanchar Company Limited	NTC	-	30	30
5. Api Power Company Limited	API	5	0.26	5.26
6. NLG Insurance Company Limited	NLG	4	3.37	7.37
7. Bindhyabasini Hydropower Development Company Limited	BHDC	5	0.26	5.26
8. Upper Hewakhola Hydropower Company Limited	UHEWA	15	0.79	15.79
9. Mero Microfinance Laghubitta Bittiya Sanstha Limited	MERO	4.75	0.25	5
10. Nepal Hydro and Electric Limited	NHAEL	10	0.53	10.53
11. Citizen Investment Trust	CIT	5	8	13
12. Kalika Power Company Limited	KPCL	7	0.37	7.37
13. CYC Nepal Laghubitta Bittiya Sanstha Limited	CYCL	12.76	0.67	13.43
14. SuryaJyoti Life Insurance Company Limited	SJLIC	-	13	13
15. Reliable Nepal Life Insurance Limited	RNLI	-	12	12
16. Synergy Power Development Limited	SPDL	10	0.53	10.53
17. Mithila Laghubitta Bittiya Sanstha Limited	MLBBL	14.25	0.75	15
18. Mahuli Laghubitta Bittiya Sanstha Limited	MSLB	4.75	0.25	5
19. Swarojgar Laghubitta Bittiya Sanstha Limited	SLBBL	14.25	0.75	15
20. Global IME Laghubitta Bittiya Sanstha Limited	GILB	4.75	0.25	5
21. Kalika Laghubitta Bittiya Sanstha Limited	KMCDB	10	0.53	10.53
22. Life Insurance Corporation Nepal Limited	LICN	-	21.05	21.05
23. Support Laghubitta Bittiya Sanstha Limited	SMB	9.50	0.50	10
24. Butwal Power Company Limited	BPCL	-	6	6
25. Prime Commercial Bank Limited	PCBL	8	0.42	8.42
26. Sagarmatha Lumbini Insurance Company Limited	SALICO	-	15	15
27. Banking Finance and Insurance Institute of Nepal Limited	BFIINL	-	14.74	14.74
28. CDS & Clearing Limited	CDS	-	100	100
29. Ru Ru Jalbidhyut Pariyojana Limited	RURU	10	5.79	15.79

30. National Life Insurance Company Limited	NLICL	4	8.50	12.50
31. Sun Nepal Life Insurance Company Limited	SNLI	5	15.26	20.26
32. Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	NUBL	5	7	12
33. Nepal Insurance Company Limited	NICL		6.32	6.32
34. Prabhu Mahalaxmi Life Insurance Company Limited	PMLI	4	4.42	8.42
35. National Laghubitta Bittiya Sanstha Limited	NMFBS	14.25	0.75	15
36. Shikhar Insurance Company Limited	SICL	6	0.32	6.32
37. Chhimek Laghubitta Bittiya Sanstha Limited	CBBL	12.50	12.50	25

GARIMA SAMRIDDHI YOJANA

A Close Ended Mutual Fund Scheme

Fund Manager- Garima Capital Ltd.

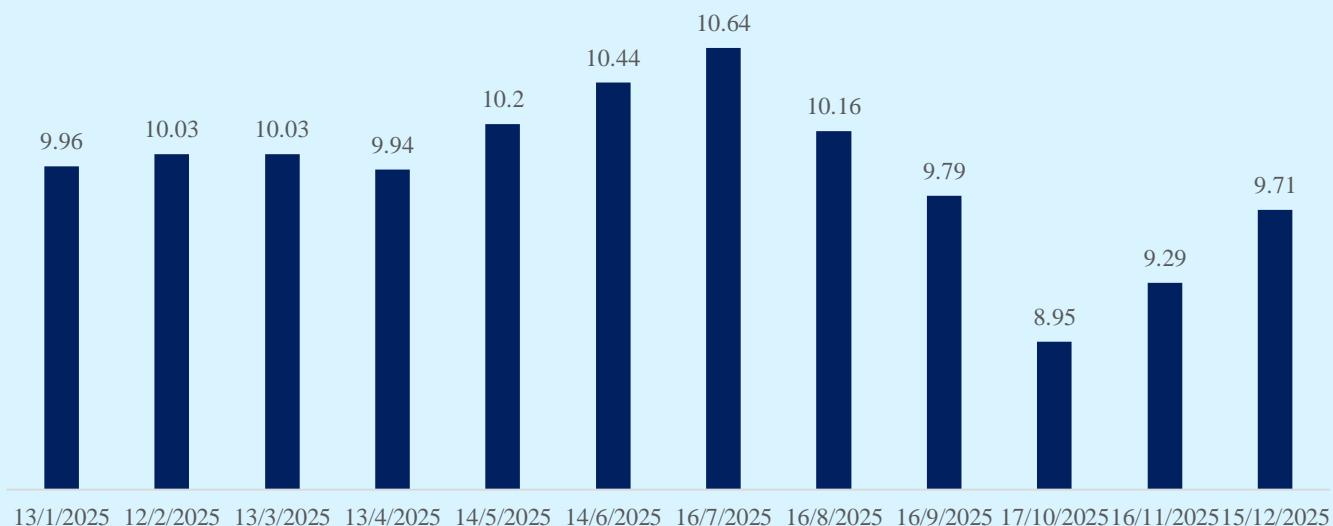
NEPSE Ticker: GSY

LTP (14/01/2025): 9.06

Weekly NAV (FY 2082/83)



Monthly NAV



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.

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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.

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