

Market sentiment still bearish as Nepse ends week 21 points lower

The sole equity market of Nepal experienced continuous decline throughout the week with the Nepal Stock Exchange (Nepse) index dropping 1.60 percent to close at 1,318.22 points. Sensitive index which accounts for the performance of Class 'A' stocks declined 1.56 percent to 277.89 points.

The week started off with the benchmark index losing mere 0.46 points on the first trading session. However, further losses continued in the latter sessions with the index witnessing the highest drop of more than 10 points in the last trading day.

The stock market experienced a dismal trading week on the backdrop of parliamentary discussions on the government's plans and rumors regarding increment in taxes to be imposed on share transactions.

Nonetheless, total weekly turnover rose by 77.71 percent to Rs 1,922 million against last week's Rs. 1,081 million. More investors, compared to last week, can now enter into share transactions, having updated their Know Your Customer (KYC) details in broker offices.

On the weekly timeframe, most sub-indices slipped following the performance of broader market. Insurance Sub-Index dropped by the highest 2.44 percent to close at 6,787.90 points. Banking Sub-Index also fell 2 percent to 1,124.37 points. Only, Microfinance and Trading Sub-Indices ended higher during the review period.

Promoter's shares of Nepal Investment Bank Ltd were the most active stock for the week with a total transaction worth Rs 228.5 million. Secondly, shares of Swarojgar Laghubitta Bikas Bank posted a turnover of Rs 69.97 million. The company is waiting for approval from Securities Board of Nepal (SEBON) for the issue of 100 percent right shares. Furthermore, Laxmi Bank Ltd posted a turnover of Rs 58.33 million.

For the major news, Nepal Bank Ltd has proposed the price of its Further Public Offering (FPO) at Rs 280 per share which is subject to approval from Securities Board of Nepal (SEBON). Earlier, its annual general meeting (AGM) had passed the decision to issue 17.68 million units shares in the respective issue. Furthermore, Rairang Hydropower Development Company Ltd concluded the allotment of its initial public offering (IPO) of over 76 million unit shares to general public this week.

With regards to dividends, Butwal Power Company Ltd confirmed 20 percent cash dividend to its shareholders from its earnings in the previous year. Citizens Investment Trust Ltd also approved the distribution of 22.06 percent bonus share and 1.16 percent cash dividend to its shareholders this week.

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As per the ARKS technical analysis, the stock market continued its correction in all trading sessions of the week. The index faced continuous decline after it failed to close above the resistance of 1,350 points in the first trading day.

The index is also likely to test the support of 1,300 points in its downfall. We can expect a bounce back of the index if the support manages to hold ground.

However, both Relative Strength Index (RSI) and Moving Average Convergence/Divergence (MACD) present that the bears still dominate the market making the downtrend continuation more likely.

Source: MyRepublica 27th May 2018