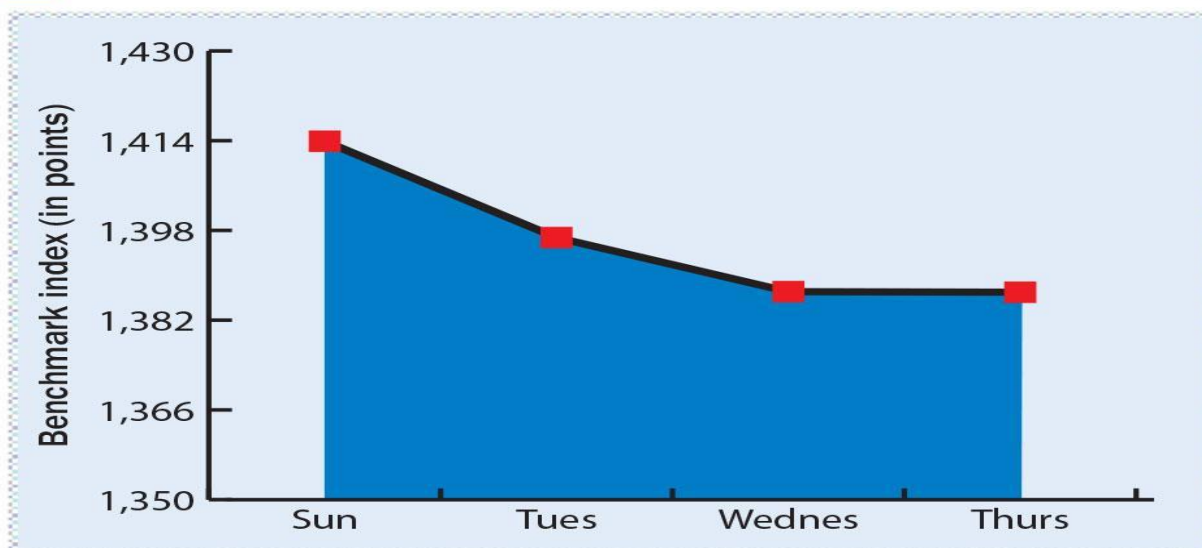


Interest rates, new govt push Nepse down 27 points

Nepse Movement



WEEK'S TOP FIVE COMPANIES

(in terms of transaction amount)

Company	Transactions
Nepal Life Insurance Co Ltd	Rs 112.06 million
Om Dev Bank Ltd	Rs 80.04 million
Century Commercial Bank Ltd	Rs 73.33 million
Rastriya Beema Co Ltd (Promoter)	Rs 67.69 million
Sanima Bank Ltd	Rs 60.47 million

Nepal Stock Exchange (Nepse) benchmark index plunged 26.92 points this week to close at 1,386.98 points on Thursday--the last trading day of the week.

A total of 4.25 million shares of 176 companies worth Rs 1.7 billion were traded in the market this week through 18,604 transactions.

Analysts have said that the increase in interest rates of the bank and financial institutions (BFIs), in the wake of shortage of lendable fund, was a major reason behind the rapid fall of stocks. Interest rates have not shown any sign of correction yet as the BFIs still grapple with the mismatch in growths of deposit and loans.

"The interest rates and stocks have an inverse relation. When rates rise, stock prices fall. While rates are on a downward trend, stocks go up," said a stock broker.

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The stock market correction is also attributed to the weak confidence of investors in the new government led by CPN-UML.

“Stocks investors seem to loathe communist government as they believe that such government is not helpful toward the growth of capital market,” said the broker. “Also, there are rumors that the left government will tighten the stock market due to a perception that the investment in stocks are speculative,” he added.

The benchmark index briefly showed a positive response immediately after Oli was sworn in as the new prime minister, it has failed to maintain investors' confidence. The announcement of the unification of CPN-UML with CPN (Maoist-Center) is also sending jitters among investors, according to observers.

All trading groups ended in the red zone this week. Insurance was the highest loser of the week as its sub-index dived 182.2 points to close at 6,998.96 points. Hydropower group ended 47 points lower at 1,742.11 points. Microfinance group followed the suit. Its sub-index fell 45.89 points and closed at 1,649.53 points. Sub-indices of Development Bank and Hotels went down 27.71 points and 26.41 points, respectively, settling at 1,579.54 points and 2,039.4 points. Banking, the heavyweight group, also shed 24.66 points to finish at 1,214.89 points. Manufacturing and processing group registered a loss of 18 points and closed at 2,467.35 points. Sub-indices of Finance and 'Trading' group went down 8.18 points and 3.04 points, respectively, to close at 701.43 points and 219.92 points. 'Others' group ended 1.13 points lower at 752.39 points.

Nepal Life Insurance Company Ltd remained at the top of the list of companies in terms of turnover (Rs 112.06 million). However, Century Commercial Bank Ltd topped the companies in terms of number of traded shares (364,000 units) and number of transactions (1,121).

According to the Nepse, 130 million units of Sanima Equity Fund have been listed for trading in the secondary market this week.

Source: MyRepublica 25th February 2018