

Nepse ends lackluster session in the red

Stocks remained essentially flat during the first half hour of Sunday's trading session. However, after a continuous decline of Nepal Stock Exchange (Nepse) index in the following trading hours, the index closed the bland session 14.07 points lower at 1,233.23 points. Subsequently, the total turnover stayed well below par amounting to Rs. 245 million.

Stocks failed to hold on to previous gains in the first trading day of the week. As a result, the Nepse index wiped out all the advances witnessed in the last two trading sessions. Overall, the market is yet to recover from the bearish sentiment as no major events or news have been able to derail the current downtrend.

All major Sub-Indices declined on Sunday barring the Hotels Sub-Index. Hydropower stocks logged in the biggest decline with its Sub-Index dropping 1.74 percent. Moreover, Sub-Indices of Others and Microfinance stocks lost 1.26 percent and 1.25 percent, respectively. Banking Sub-Index also fell 1.19 percent on the day.

Shares of Grameen Bikas Laghubitta Bittiya Sanstha Ltd was the most active stock for the day as Rs. 22 million worth of its shares exchanged hand. Besides, shares of United Microfinance Bittiya Sanstha Ltd and Nepal Merchant Bank Ltd recorded total transactions of over Rs. 19 million each. Nepal Bank Ltd scrips were also active on the day with a turnover of over Rs. 13 million. The bank has received the approval from Securities Board of Nepal (Sebon) on Sunday to issue its Further Public Offering (FPO) of over 17 million shares at the unit price of Rs. 280.

Radhi Bidyut Company Ltd's stocks led the list of advances as its stock price climbed to the upper circuit level of 10 percent. Mainly microfinance companies were among other top gainers. Shares of Samata Microfinance Bittiya Sanstha Ltd, Unnati Microfinance Bittiya Sanstha Ltd and Support Microfinance Bittiya Sanstha Ltd surged 9.98 percent, 8.75 percent and 5.87 percent, respectively.

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On the contrary, shares of Prime Life Insurance Company Ltd were the biggest drag for the day as it shed 6.79 percent. Secondly, NMB Bank Ltd plunged 4.57 points. The scrip has been declining since the announcement of its on-going FPO. Kamana Microfinance Bittiya Sanstha Ltd and Nepal Bank Ltd also witnessed their share prices drop over 4 percent.

In the corporate space, Sindhu Bikas Bank Ltd has proposed 5.95 percent bonus shares to its shareholders, after which the bank will reach the capital requirement mark of Rs. 50 crore.

ARKS technical analysis model indicates the formation of a bearish candle pulling the index back towards the psychological support of 1,200 points. Relative Strength Index (RSI) is hovering just above the oversold zone suggesting the market momentum favoring the bears.

Moving Average Convergence/ Divergence also indicates that the market is still in a prolonged downtrend. If the index continues its downfall, the index movement around the 1,200 points mark is likely to present a possible direction of the market.

Source: MyRepublica, 18th June 2018