

LAXMI CAPITAL MARKET LIMITED

NEWSLETTER-Chaitra 2077

“Monthly Market Summary”

Monthly Nepse Summary

Monthly Technical Analysis

Published on TradingView.com, April 13, 2021 05:38:15 EST
NEPSE, D O:2698.07 H:2715.53 L:2688.18 C:2714.79

This Month NEPSE made volatility of 325 points. NEPSE made a high of 2714 and low of 2389 within a Month. Index opened at 2536.47 points and closed at 2466.26 points with the gain of 325 points.

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Exponential Moving Average:

We have used EMA's of 7 days' time period (Green line), 20 days' time period (red line). At present, NEPSE Index is above Exponential moving average indicates up trend.

Relative Strength Index:

The relative strength index (RSI) is a momentum indicator that measures the magnitude of recent price changes to evaluate overbought or oversold conditions in the price of a stock or other asset. The RSI is displayed as an oscillator (a line graph that moves between two extremes) and can have a reading from 0 to 100.

Relative Strength Index is currently at 70 (Likely to reach over brought zone)

This Month market statistics:

Index Open-2466.26 points **Index closed**-2714.79 points

Index High-2714.79 points **Index low**- 2389.19 points

Pivot Point Standard:

A pivot point is a technical analysis indicator, or calculations, used to determine the overall trend of the market over different time frames. The pivot point itself is simply the average of the intraday high and low, and the closing price from the previous trading day. On the subsequent day, trading above the pivot point is thought to indicate ongoing bullish sentiment, while trading below the pivot point indicates bearish sentiment.

The pivot point is the basis for the indicator, but it also includes other support and resistance levels that are projected based on the pivot point calculation. All these levels help traders see where the price could experience support or resistance.

Support and resistance level for according to Pivot Point.

1st Resistance-2705 point **1st support**-2553 point

2nd Resistance-2783 point **2nd support**-2455 point

Nepse index is above pivot point indicating Bullish sentiment.

Monthly Nepse Summary

(14-Mar-2021 To 13-Apr-2021)			
S.N.	Particulars	Share Units ('000)	Amount (Rs. millions) in
1	Turnover	267,566.45	126,574.29
2	Commercial Banks	68,129.79	28,702.37
3	Development Banks	13,875.96	4,004.03
4	Finance	9,389.77	2,780.00
5	Hotels And Tourism	1,770.39	2,128.15
6	Hydro Power	61,598.37	21,210.73
7	Investment	20,710.81	11,635.48
8	Life Insurance	6,244.13	7,748.08

9	Manufacturing And Processing	1,147.02	2,805.29
10	Microfinance	13,680.71	20,829.97
11	Non Life Insurance	16,387.09	17,426.08
12	Others	3,097.63	4,219.22
13	Tradings	99.23	1,173.53
14	Debentures	72.13	78.01
15	Mutual Fund	47,214.61	585.45
16	Market Days	0	21.00
17	Average Daily Turnover	0	6,027.35
18	Number of Transactions	0	1,438,385.00
19	Number of Scripts Traded	0	247.00
20	Number of Companies Listed	0	218.00
21	Total Paid up value of Listed Shares	0	557,696.49
22	Total Number of Listed Securities	5,670,651.45	0
23	Market Capitalization	0	3,758,975.71
24	Market Capitalization of Sensitive	0	1,444,895.34
25	Total Paid up value of Sensitive	0	249,030.88
26	NEPSE Index High	0	2,714.79
27	NEPSE Index Low	0	2,389.19
28	NEPSE Index Closing	0	2,714.79

Top Ten Stock by turnover

S.N	Name of the Security	Symbol	Amount Traded (Rs. In Million)
1	Nepal Infrastructure Bank Limited	NIFRA	6931.69
2	Upper Tamakoshi Hydropower Ltd	UPPER	5756.52
3	Nepal Bangladesh Bank Limited	NBB	3665.43
4	Nabil Bank Limited	NABIL	3046.99
5	Nepal Life Insurance Co. Ltd.	NLIC	2778.19
6	Hydorelectricity Investment and Development Company	HIDCL	2488.02

	Ltd		
7	Nepal Reinsurance Company Limited	NRIC	2251.56
8	NIC Asia Bank Ltd.	NICA	2204.38
9	Nepal Bank Limited	NBL	2150.78
10	Neco Insurance Co. Ltd.	NIL	1966.02

Top Ten Stock by Market Capitalization

S.N.	Security Name	Symbol	Capitalization (Rs. In Million)
1	Nepal Doorsanchar Comapany Limited	NTC	198450
2	Nabil Bank Limited	NABIL	186026.19
3	Nepal Life Insurance Co. Ltd.	NLIC	152063.37
4	Nepal Reinsurance Company Limited	NRIC	142800
5	Citizen Investment Trust	CIT	124527.14
6	Nepal Infrastructure Bank Limited	NIFRA	117000
7	NIC Asia Bank Ltd.	NICA	112170.85
8	Global IME Bank Limited	GBIME	97346.26
9	Upper Tamakoshi Hydropower Ltd	UPPER	93403.8
10	Nepal Investment Bank Limited	NIB	75591.34

Top Ten Stock by Transaction

S.N.	Security Name	Symbol	Number of Trades
1	Nepal Infrastructure Bank Limited	NIFRA	166,902.00
2	Global IME Bank Limited	GBIME	30,598.00
3	Upper Tamakoshi Hydropower Ltd	UPPER	24,875.00
4	Prabhu Life Insurance Limited	PLI	23,943.00
5	Nepal Life Insurance Co. Ltd.	NLIC	21,374.00
6	Nepal Reinsurance Company Limited	NRIC	20,413.00
7	Nepal Bank Limited	NBL	20,352.00
8	NIC Asia Bank Ltd.	NICA	20,247.00
9	Prabhu Bank Limited	PRVU	17,952.00
10	Kumari Bank Limited	KBL	17,762.00

Top ten stock by share traded

SNo.	Security Name	Symbol	Number of Shares
1	Nepal Infrastructure Bank Limited	NIFRA	12103

2	Nepal Bangladesh Bank Limited	NBB	10231
3	Upper Tamakoshi Hydropower Ltd	UPPER	7401
4	Hydorelectricity Investment and Development Company Ltd	HIDCL	6111
5	Nepal Bank Limited	NBL	4886
6	Api Power Company Ltd.	API	4747
7	National Hydro Power Company Limited	NHPC	4668
8	Global IME Bank Limited	GBIME	4190
9	Kumari Bank Limited	KBL	3852
10	Mega Bank Nepal Ltd.	MEGA	3809

Shares Listed

S.N.	Name	Listed Unit	Listed Date	Type Listing	of
1	Himalayan Bank Limited	13121194	12/1/2077	Bonus	
2	Mahila Laghubitta Bittiya Sanstha Limited	1000000	12/1/2077	IPO	
3	Green Life Hydropower Limited	18000000	11/25/2077	IPO	
4	Nepal Seva Laghubitta Bittiya Sanstha Limited	15000	12/4/2077	Bonus	
5	Lumbini Bikas Bank Limited	1901418.21	12/4/2077	Bonus	
6	Global IME Bank Limited	26566231.8	12/4/2077	Bonus	
7	Nepal Bangladesh Bank Limited	5069582	12/5/2077	Right	
8	Mahila Sahayatra Laghubitta Bittiya Sanstha Limited	121000	12/5/2077	Bonus	
9	Century Commercial Bank Limited	6189579.26	12/5/2077	Bonus	
10	Development Bond 2083 kha	71120000	12/8/2077	IPO	
11	Development Bond 2085 ga	80000000	12/8/2077	IPO	
12	Development Bond 2086 ga	60000000	12/8/2077	IPO	
13	Development Bond 2087 gha	60000000.00	12/8/2077	IPO	
14	Development Bond 2089 gha	50950000.00	12/8/2077	IPO	
15	Development Bond 2090	67400000.00	12/8/2077	IPO	
16	Development Bond 2082 ga	80000000.00	12/8/2077	IPO	
17	Development Bond 2801 ga	120000000.00	12/8/2077	IPO	
18	Development Bond 2084 ga	110000000.00	12/8/2077	IPO	
19	Butwal Power Company Limited	2674787.00	12/9/2077	Bonus	
20	National Life Insurance Company Limited	3082626.53	12/11/2077	Bonus	
21	Sahara Bikas Bank Limited	921148.70	12/16/2077	Right	
22	Pokhara Finance Limited	458640.86	12/16/2077	Bonus	
23	NMB Laghubitta Bittiya Sanstha Limited	861873.25	12/16/2077	Bonus	
24	RSDC Laghubitta Bittiya Sanstha Limited	604370.45	12/16/2077	Bonus	
25	Vijaya laghubitta Bittiya Sanstha Limited	425659.85	12/17/2077	Bonus	
26	Ngadi Group Power Limited	535554.80	12/23/2077	Bonus	

27	Shree Investment & Finance Company Limited	610998.80	12/23/2077	Bonus
28	Barun Hydropower Company Limited	127575.00	12/23/2077	Bonus
29	Jyoti Life Insurance Company Limited	22000000.00	12/23/2077	IPO
30	Siddhartha Bank Limited	11745320.57	12/25/2077	Bonus
31	Nepal Bank Limited	13539384.24	12/26/2077	Bonus
32	Nepal Bank Limited	344764.00	12/26/2077	Right
33	Guheshowori Merchant Bank & Finance Limited	640000.00	12/26/2077	Bonus
34	Civil Bank Limited	6402711.74	12/30/2077	Bonus
35	Shine Resunga Development Bank Limited	3921241.66	12/31/2077	Bonus
36	9.5 % Manjushree Finance Limited Debenture 2085	500000.00	12/26/2077	IPO
37	8.5% Nepal Investment Bank Bond 2084	4000000.00	12/9/2077	IPO
38	Kumari Equity Fund	100000000.00	12/31/2077	IPO

OVERVIEW OF HOSPITALS IN NEPAL

Healthcare is an important sector from a socio-economic perspective. The quality of healthcare impacts life expectancy and overall health of workforce. Further, the cost associated with healthcare impacts household spending patterns and ultimately the economy.

Healthcare services in Nepal are provided by both public and private sectors. According to data from the Ministry of Health and Population (MoHP), there are 366 private hospitals in Nepal among which 99 hospitals are located in the Kathmandu Valley. Further 123 government hospitals are under the MoHP. The oldest hospital in Nepal is Bir Hospital which is run by the National Academy of Medical Sciences, a government agency since 2003.

The health care sector in Nepal ranks unfavorably against global averages on both health inputs (infrastructure, availability of skilled physicians, and availability as well as distribution of life saving vaccines and pharmaceuticals) as well as outcomes (number of patients attended, number of surgery performed, occupancy of bed, etc.) Lack of access to basic healthcare, difficult geographical terrain, poorly developed transportation and communication systems, poverty, illiteracy, political conflict, shortage of health care professional and under utilization of currently available services are the major reasons behind such poor standards.

There is a huge gap between the demand and supply in healthcare services. Many people have died due to poor access to hospitals and technological advancement. The case is even more critical in the rural parts of the country. Hence, the need of quality health care services and hospitals is very high in the country.

Lately, the country has seen a lot of investment in the healthcare sector. A number of companies have invested in the construction and management of private hospitals to support the health care system and with the aim to provide quality services. Norvic, Vayodha, Grande International and Nepal Mediciti

Hospitals are some visible examples to show that the private sector has seen potential in healthcare business. There is a strong presence of private sector in the domestic healthcare service industry with medical institutions like Om Hospital, B&B Hospital, Medicare Hospital, Kathmandu Medical College and Manipal Medical College. Two leading private hospitals, Om Hospital and Medicare Hospital, were upgraded from nursing homes. Adding to the list, Vayodha hospital, Grande hospital, Neuro hospital, Welcare hospital and others have been established with commitment to provide high standard healthcare service|.

Of late, foreign joint ventures are slowly making inroads into the Nepali healthcare sector. Norvic

Hospital was previously affiliated to the (then) Escorts Heart Institute & Research Centre, New Delhi.

Then it was affiliated to Medanta Medicity, New Delhi. Currently Norvic Hospital is affiliated to Fortis Group of Hospitals, India since 2017. Similarly, Grande International Hospital has signed an agreement with Samitivej Hospital, Thailand for complete hospital management services for regular operation.

Further Vayodha Hospital have introduced first EICU in the country with Fortis Escorts Heart Centre, New Delhi for making ICU / CCU more reliable and as par with international standards.

CHALLENGES

The healthcare industry is such that it requires usage of various equipments and tools to diagnose and treat the illness of the patients. Such medical supplies and devices are critical to the effective functioning of healthcare facilities. It forms a significant part of set-up costs as well as on-going operational expenses. It is estimated that medical equipment account for approximately 40% of the cost for setting up a tertiary hospital. As hospitals, clinics and diagnostic centers grow; a corresponding growth in demand for medical consumables and equipment can be expected. Healthcare facilities in Nepal import almost all their medical consumables and machineries from countries like India, China and USA. In 2013 over US\$ 54.6 million worth of medical consumables and equipment were imported, and this import has been growing at

a CAGR of 17.6% since 2010.

Further, the hospitals that were established years ago are also facing problems with the parameters that the government has set up. Parameters such as environment assessment tests, earthquake resistant building, etc are some which hospitals cannot comply with. As the buildings have been constructed a long time ago, it would be next to impossible to impose these parameters on them.

The private hospitals are facing hurdles in government regulation. The government has been imposing heavy taxes upon these hospitals. Despite being service-providing institutions, private hospitals have been imposed with various taxes.

Through private and public efforts, there has been considerable improvement in the health and healthcare sector in Nepal. However, the healthcare system in Nepal faces challenges such as limited access and lack of quality healthcare.

Impact of IPO on the NEPSE Index and Market Capitalization

Introduction

Initial Public Offerings (IPOs) of companies have been considered highly lucrative. In the recent years, IPO have usually been oversubscribed and normal trading of the stock usually starts at a high premium that the usual offer price of Rs. 100 per share. The trend of continuous circuit of any new IPO for many days has almost become a norm. This study intends to evaluate the impact of IPOs on the NEPSE Index as well as the Total Market Capitalization.

Scope

This study intends to identify the impact of IPOs on the stock market especially the NEPSE Index and it's market capitalization. For the purposes of this study, the IPOs issued and listed in FY 2076/77 and FY 2077/78 till 27/05/2021 have been taken into consideration.

Data & Analysis

A total of 23 companies have issued their IPOs in the FY 2076/77 and FY 2077/78. Out of the 23 companies 21 companies have been fully allotted and traded in NEPSE. Out of these 21 companies, 4 are microfinance companies, 3 are Non-Life Insurance, 3 Life Insurance Companies, 7 Hydropower, 2 Investment companies, 1 Hotel and 1 Reinsurance Company. The following table exhibits the details of companies issuing the IPOs in the FY 2076/77 & FY 2077/78.

Table 1: List of IPOs and their Market Capitalization

(In Millions)

S.N .	Stock Symbol	No. of Shares	Paid Up Capital	Market Capitalization	Market Cap/Paid Up	Year of Issue
1	SSHL	14.76	1,476.40	4,754.01	3.22	FY 2076/77
2	NRN	11.65	1,164.96	8,713.93	7.48	
3	NRIC	100.00	10,000.00	162,500.00	16.25	
4	LEC	15.00	1,500.00	5,970.00	3.98	
5	UMRH	4.20	420.00	2,272.20	5.41	
6	NICLBSL	17.39	1,739.44	29,100.83	16.73	

7	AIL	10.00	1,000.00	8,750.00	8.75	
8	SDLBSL	2.57	256.98	5,088.21	19.80	
9	MEN	19.68	1,968.03	16,511.75	8.39	
10	RLI	21.00	2,100.00	15,225.00	7.25	FY 2077/78
11	SAMAJ	0.20	20.00	20.00	1	
12	GIC	10.00	1,000.00	7,420.00	7.42	
13	SGI	10.00	1,000.00	7,920.00	7.92	
14	CGH	15.34	1,534.09	27,536.93	17.95	
15	PLI	20.00	2,000.00	16,380.00	8.19	
16	NIFRA	200.00	20,000.00	106,000.00	5.3	
17	SHEL	14.50	1,450.00	6,539.50	4.51	
18	GLH	4.08	407.71	4,423.60	10.85	
19	MLBSL	1.00	100.00	4,400.00	44	
20	RURU	18.00	1,800.00	7,560.00	4.2	
21	JLI	22.00	2,200.00	18,524.00	8.42	
Total		531.38	53,137.61	465,609.96	8.76	

Source: SEBON & NEPSE

Among the 21 companies, NIC Asia Laghubitta has undergone merger with Swadeshi Laghubitta Bittiya Sanstha and commenced its join operations from 8th Chaitra, 2077. Similarly, Samaj Laghubitta Bittiya Sanstha Ltd. (SAMAJ) is under the process of merger with Swastika Laghubitta Bittiya Sanstha Ltd. without trading for a single day. The Market Capitalization/ Total Paid-Up Capital is 8.76 which is the return obtained by the IPO investors through Capital Gain without including any dividends. Furthermore, the maximum return from an IPO was 44 times during the period and the least was 3.22 times (excluding those in M&A process). Thus, IPO investments have remained widely rewarding for the investors.

Table 2: IPOs and their float Market Capitalization

(In Millions)

S.N.	Stock Symbol	Public Proportion	Public Issue	Free Float Market Capitalization	Year of Issue
1	SSHL	22.69%	335.00	1,078.68	FY 2076/77
2	NRN	30.00%	349.49	2,614.18	
3	NRIC	16.00%	1,600.00	26,000.00	
4	LEC	25.00%	375.00	1,492.50	
5	UMRH	25.00%	105.00	568.05	
6	NICLBSL	32.13%	558.88	9,350.10	
7	AIL	30.00%	300.00	2,625.00	
8	SDLBSL	32.50%	83.52	1,653.67	
9	MEN	20.00%	393.61	3,302.35	
10	RLI	30.00%	630.00	4,567.50	FY 2077/78
11	SAMAJ	43.00%	8.60	8.60	
12	GIC	30.00%	300.00	2,226.00	
13	SGI	30.00%	300.00	2,376.00	
14	CGH	12.00%	184.09	3,304.43	
15	PLI	30.00%	600.00	4,914.00	
16	NIFRA	40.00%	8,000.00	42,400.00	
17	SHEL	30.00%	435.00	1,961.85	
18	GLH	20.00%	81.54	884.72	
19	MLBSL	40.00%	40.00	1,760.00	
20	RURU	19.42%	349.56	1,468.15	
21	JLI	30.00%	660.00	5,557.20	
Total			15,689.28	120,112.98	

Source: SEBON & NEPSE

The free float market capitalization is only 25.8% of the total market capitalization. In terms of the market capitalization NRIC has the highest market capitalization however in terms of free-float market capitalization NIFRA is the stock with the highest market Capitalization.

Table 3: NEPSE Index and Market Capitalization

Particulars	NEPSE Index	Float Index
Market Capitalization of Indices	3,906,768,040,000.00	1,354,243,020,000.00
Market Capitalization of IPOs	465,609,962,755.00	120,112,982,702.76
Weightage of IPOs as per Market Capitalization	11.92%	8.87%
Index as on 27/05/2021	2,815.40	193.42
Base Year Market Capitalization	138,764,226,752.86	700,156,664,253.96
Market Capitalization (excluding IPOs)	3,441,158,077,245.00	1,234,130,037,297.24
Base Year Market Capitalization (excluding IPOs)	122,226,258,337.89	638,057,097,144.68
Recalculated Index (excluding IPOs)	2,815.40	193.42

The IPOs issued in the past 2 years carry a weightage of 11.92% of the total market capitalization and 8.87% of the free-float market capitalization. The new IPOs have no doubt increased the overall market capitalization of the NEPSE Index as well as the Float Index and have significant weightage on the overall market capitalization. However, there is no impact on the NEPSE Index or the Float Index even in case of exclusion of these companies. The free float market capitalization to Market Capitalization is ~34.66% and thus approximately ~65.34% of the market value is actually illiquid. Additionally, based on the weightage of the IPOs as per market valuation they represent roughly ~335.59 index points in the NEPSE and ~17.16 index points in the Float Index.

Conclusion

It is clear that the IPOs have had a significant impact on the NEPSE Index and Float Index in terms of the market capitalization for the respective index. However, the Index values would not change even if they were excluded. Nevertheless, these companies have growth on an average ~8 times from their respective dates of initial listing which has provided significant support and basis for increment of the NEPSE Index and Float Index along with their respective market Capitalization to its current levels. The addition of new companies has played a significant role in strengthening of the stock market but there is significant gap between the float market capitalization and market capitalization thus the overall market price may be significantly difference in case of change in the freely tradable proportion of stocks.

An Overview of Pacific Drilling

Pacific Drilling was founded by the industrialist and billionaire Idan Ofer in 2006. The company is located in Luxembourg traded under PDSM of the Norwegian Stock Exchange and latter in 2001 traded in New York Stock Exchange under PACD. Pacific Drilling provides its operation and services like Gulf of Mexico, Brazil and Nigeria and corporate office located in Texas, U.S.

In 2010 the company faced the most challenging period because of global financial crisis and Pacific Drilling list its value. The price of crude oil decreased from the market because the demand was undecided. But in the year 2014 the oil price started to raise because of its massive productions. The reasons Pacific Drilling was suffering losses and the reasons for many companies practicing ideas of mergers and acquisitions, joint deals etc. (Karstad, 2015) There was unpredictable stock downfall of Pacific company from \$400,000 to \$0.50 in 2017. The CEO of the company Mr. Chris Beckett resigned because of \$3 Billion debt and investigation was going on for insolvency. Pacific Drilling also encountered various factors like technology challenges, global oil price fluctuations and shale oil supply.

Introduction: Offshore Drillings

The process of taking out oil from the reserves from the core of oceans not from land reserves. Offshore drilling can be seen as frictions on politics and challenges on environments with major drawbacks like environmental hazards and oil spilling. According to (Abimbola, M., Khan, F., & Khakzad, N. , 2014), offshore drillings has global economy advantages like increase in domestic oil and decrease in the price of oil and natural gas. Also, various employment, trading opportunities and development in the country economy.

Offshore Drilling Types

Jack-Up Rigs

Semi-Submersible Platforms

Drill-Ships

Downfall of Pacific Drilling's Stock (2014)

Going through the case study many factors have played a vital role for the fall of oil prices. For example, when the demand for dollar is stronger there will be rise in stocks and bonds but when it is weaker rise in commodities market will be stronger. U.S. is more focus on storing oil which concentrated more on drilling reserves for oil in North Dakota and emergence of new drilling companies. (Lancelot, Y., Larson, R., Fisher, A., Rabinowitz, P. D., Meyer, A. W., & Garrison, L. E. , 1990)U.S. and Canada is the successful example for producing oil through drillings and pressuring in international forum for fluctuating oil prices. In 2014 Pacific Drilling face the same situation during the month of January the downfall of stock price was \$1,125,00 to \$460,000.

Chevron Collaboration

The collaboration with Chevron was considered as wise move by the Pacific Drilling because Chevron was largest corporations. Chevron is the U.S. energy giant which produces natural oil, chemicals, energy, oil refinery, manufacturing etc (Zaman, K. B. M. Q., Bridges, J. E., & Huff, D. L., 2011). The collaboration deal was signed in the year 2011for the development of Nigerian oil field Agbami and was estimated to make turnover around \$580 Million for the period of three years.

Pacific Drilling Challenges

Pacific and other offshore drilling companies faced many challenges. The Pacific Meltem run by Pacific Drilling, for example lost a contract with Chevron that left Pacific Meltem. (Bralower, T. J., Silva, I. P., & Malone, M. J. , 2015)On January 4, 2014 Pacific Drilling's revenues decreased gradually by \$1.14 billion in 2020. Pacific drilling, too, lost revenue of \$535 million.

Market Competitors and Shale Oil Supply

Between offshore oil companies and shale oil there is an intense rivalry. Shale gas and oil have been very critical reservoirs over the course of time. (Tan, S. H., & Barton, P. I. , 2017)Shale gas represented 1% flammable gas at the beginning and gaseous petrol represented more than 20% percent by 2010. It is assumed in the year 2030, 46% percent gaseous petrol needs will be supplied by Shale. Shale oil has maintained price stability, which has helped to decrease oil prices by 10%. We can examine that nations have begun to approach distinctly towards shale oil having hydraulic and horizontal drilling by spurring least interest for offshore drilling.

Technological Difficulties

The most crucial phase for Pacific Drilling was technological aspects. The main tactical frame adopted by the CEO was to make the company high specification in the context of drilling and using ultra-deep and top class drillship to cope with competitive advantages. The deal with Chevron was to use dual-gradient drilling (DGD) and reducing labors effects leading safety and speeding drilling.

Oil Price Fluctuation in International Markets

The fluctuation of oil price depends on its demand and supply. International law and turmoil in political aspects which hampers for its productions. In the year 2008 financial crunch in the globe was the main reason for the oil price fluctuations. In the year 2005 U.S. was affected by hurricanes where supply of oil was increased by 20% and rate was \$13 per barrel.

Conclusion

A ton of difficulties was face by Pacific Drilling and other offshore drilling companies. In the beginning Pacific Drilling was profited because of the demand of oil and industrialization and rewarding agreement between Chevron to produce revenues of \$580 Million and \$1,076 Billion. But in the year 2014 oil market suffers financial crunches and the nations interest of oil dropped essentially. The stock of Pacific Drilling declined from \$1,125,400 to \$460,00 when Saudi began modest creation. Pacific Drilling went foreseeing bankrupt and CEO Chris Beckeet resigned from his post and got cautioning from New York Stock Exchange (NYSE). To summarize impact of oil pricing political factors, warfare, news, transportation and common cataclysm etc. Despite the awful outlook of the business both Pacific and Chevron adopted two options to remain the Gulf of Mexico until 2021 for its long term survival and to gain competitive advantage plan.

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