

Stocks witness correction after two days of loss

The Nepal Stock Exchange (Nepse) index remained volatile throughout Monday's trading session. The benchmark fell slightly in the first trading hour, but managed to pare its losses in the afternoon. At the end of the trading session, Nepse closed at 1241.19 points, or 9.55 points higher compared to Sunday.

The stock market recovered marginally after posting significant loss in the past two trading days. However, price fluctuation seen in the day shows that investors are still in a state of indecision. No major catalyst to uplift the market has been observed recently. Consequently, the stock market recorded a moderate turnover of Rs 440 million – down by 0.92 percent compared to Sunday. Major sub-indices ended the day in green. Hotels sector turned in the best performance as its sub-Index rose 3.35 percent. Similarly, sub-indices of Insurance and Microfinance groups surged above 1 percent each. Conversely, sub-indices of Trading, Finance, Development bank sectors closed lower.

Nabil Bank Limited (Promoter Share) was the most active stock on the day, recording turnover of over Rs 38 million. Likewise, shares worth Rs 17 million of Civil Bank Ltd changed hands on the day. The bank has recently proposed 10.25 percent bonus shares after which its capital will reach the mandatory Rs 8 billion. Shares of Nepal Bank Ltd and Nepal Investment Bank Ltd also recorded high turnovers on Monday.

Unnati Microfinance Bittiya Sanstha Ltd led the gains for the second consecutive day with its share price gaining almost 10 percent. Similarly, share of National Hydro Developers Ltd rallied more than 9 percent. Other top gaining stocks include Mithila Laghubitta Bikas Bank Ltd, Samata Microfinance Bittiya Sanstha Ltd and NLG Insurance Company Ltd.

On the contrary, share price of Everest Bank Ltd (Convertible Preference Share) declined the most. Its share price dropped over 9 percent. Further, NIBL Pragati Fund unit price was down

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5.9 percent. Kanchan Development Bank Ltd and NMB Sulav Investment Fund-1 also plunged 3.78 percent and 3.64 percent, respectively.

On announcements, Shree Investment Finance Company Ltd has called for its Annual General Meeting (AGM) on July 6. The finance company has proposed 26.57 percent bonus shares to its shareholders. Furthermore, Manjushree Finance Company Ltd is holding its AGM on July 4. Issuance of 5.71 percent bonus shares is one of the agendas of the AGM.

As per the ARKS technical analysis model, the stock market witnessed a slight correction with the formation of a bullish candlestick after two days of losses. The index is hovering between the support and resistance of 1,200 points and 1,300 points, making movement towards either direction likely.

Following today's gain, Relative Strength Index (RSI) bounced slightly from the oversold zone while Moving Average Convergence/ Divergence (MACD) continued to slope downwards. This indicates that the market is still lacking a significant thrust to enter into a prolonged uptrend.

Source: MyRepublica, 11th June 2018