



**Global IME  
Capital Limited**

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GROW WITH US

GICL

**FORTNIGHTLY**

COMMUNIQUÉ



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## **NEPSE: A ROLLER COASTER RIDE IN THE FY 2073/74**

- As the new fiscal year has just begun, it certainly is interesting to see the Nepse trends in retrospect. During the fiscal year 2073/74, Nepse created many thrilling movements which are worth discussing.

- An all time high of 1888 was reached in the last fiscal year. Also, the biggest fall since 2012 was witnessed in the same fiscal year. Nepse index had slipped 35% from the all time high within 7 months to trade around 1200+ levels.

- Another interesting event that occurred was- a quick recovery to 1700 levels in a month. Due to the significant rise and fall in the last fiscal year, the overall trend of Nepse in the last fiscal year can be called as “sideways”.

- In the current fiscal year, some major breakthroughs are yet to come. The immediate levels that intrigue traders are 1745 and 1218. Whichever the level is broken at first, market will go in that direction. A break above 1745 will open doors to the all time high of 1888 while the break below 1218 might see panic selling.

- As per the recent trend developments, market has been supported at 1740 region. Any further upside struggle will be to test the 1745 levels while in case of selling pressure, it will test 1740.



### **Technical Indicators (Weekly Chart)**

- Bullish as per 50-weeks SMA.
- Trend is neutral as per ADX.
- Volatility in the recent month was in a declining trend.
- On a weekly chart, momentum has been weak in the recent months.



## MARKET PERFORMANCE

NEPSE Top 5 Companies by No. of Transactions		
1	Nepal Life Insurance Co. Ltd.	7398
2	Standard Chartered Bank Ltd.	4764
3	Everest Bank Ltd.	3708
4	Nepal Investment Bank Ltd.	3330
5	Sanima Bank Ltd.	3115

NEPSE Top 5 Companies by Market CAP		
1	Nepal Telecom	100,500,000.00
2	NABIL Bank	94,638,257.10
3	Standard Chartered Bank	86,172,724.98
4	Nepal Investment Bank	67,788,575.75
5	Nepal Life Insurance	66,573,215.44

NEPSE Top 5 Companies by Traded Shares		
1	NMB Sulav Investment Fund-1	3254552.00
2	Prabhu Bank Ltd. Promoter Share	1,624,991.00
3	NIBL Samridhi Fund-1	1,301,590.00
4	Siddhartha Equity Oriented Scheme	1,123,003.00
5	NCC Bank Ltd.	844,872.00

NEPSE Top 5 Companies by Turnover		
1	Nepal Life Insurance Co. Ltd.	562,845,823.00
2	Everest Bank Limited	496,027,434.00
3	NABIL Bank Ltd. Promoter Share	488,205,350.00
4	Standard Chartered Bank Ltd.	466,332,428.00
5	NCC Bank Ltd.	320,341,001.00

NEPSE Top Laggards				
1	World Merchant Banking	178	143	-19.66
2	Everest Insurance Co. Ltd.	2909	2450	-15.78
3	Progressive Finance Ltd.	235	199	-15.32
4	Saptakoshi Development Bank	229	198	-13.54
5	Shrijana Finance (Bittaya Sanstha)	499	435	-12.83

NEPSE Top Leaders				
1	Forward Community MF	1419	3221	126.99
2	National MF	1186	1714	44.52
3	Kuber Merchant Finance Ltd.	98	137	39.80
4	Shree Investment Finance Co. Ltd.	350	383	9.43
5	NCC Bank Ltd.	359	383	6.69

In the review period, NEPSE surged 6.69 (0.42%) to close at 1582.67. Sensitive index, which gauges the performance of A class stocks rose 1.38 (0.41%) to close at 336.04. Similarly float index climbed tiny 0.2 points to hover around 116.14 regions. Sensitive float index performed comparatively well having increased by 1.12%.

Among the global stock market, Bengali stock market outperformed the major stock market which increased whooping 373 (6.83%) to close at 5834.6. FTSE 100, London based stock exchange was the worst performer of the month which dropped 0.67% in a month.

In the review period, the highest point Nepse conquered was 1587.56 and the lowest point reached was 1541.28.

Indices			
Index	18 <sup>th</sup> June	13 <sup>th</sup> July	% change
NEPSE Index	1,575.98	1,582.67	0.42%
Sensitive	334.66	336.04	0.41%
Float	115.94	116.14	0.17%
Sensitive Float	103.02	104.17	1.12%

Global Indices				
S. No.	Indices	18 <sup>th</sup> June	13 <sup>th</sup> July	% Change
1	DJI	21,528.99	21,553.09	0.11%
2	NASDAQ	6,239.01	6,274.44	0.57%
3	NIKKEI	20,067.75	20,099.81	0.16%
4	SENSEX	31,311.57	32,037.38	2.32%
5	FTSE 100	7463.24	7413.44	-0.67%
6	DSE	5,461.63	5,834.86	6.83%

NEPSE Summary: 18 <sup>th</sup> June to 13 <sup>th</sup> June, 2017	
NEPSE High	1587.56
NEPSE Low	1,541.28
NEPSE Close	1,582.67
Total Average turnover per day	623,882,787
Total Average share Traded per day	3,247,474
Total Average transactions per day	5,710

## **PRICE ADJUSTMENT**

<b>Stock Symbol</b>	<b>Adjusted For</b>
<b>EBL</b>	33.33% Right
<b>CCBL</b>	40% Right
<b>HGI</b>	166.67% Right
<b>LGIL</b>	100% Right
<b>MIDBL</b>	11% Bonus
<b>SKDBL</b>	130% Right
<b>NCD</b>	5.15% Bonus
<b>RMFL</b>	50% Right
<b>KNBL</b>	214% Right

<b>Company Name</b>	<b>Stock</b>	<b>Price (Nrs.)</b>
<b>Everest Bank Ltd.</b>	EBL	1274
<b>Century Commercial Bank Ltd.</b>	CCBL	295
<b>Himalayan General Insurance</b>	HGI	691
<b>Lumbini General Insurance</b>	LGIL	930
<b>Mission Development Bank</b>	MIDBL	323
<b>Saptakoshi Development Bank</b>	SKDBL	209
<b>Nepal Community Dev. Bank</b>	NCD	280
<b>Reliable Microfinance Limited</b>	RMFL	1843
<b>Kankai Development Bank</b>	KNBL	231

## **CORPORATE ACTIONS**

### **Bonus/Rights/M&A/AGM ETC.**

<b>Global IME Capital Limited</b>	<b>Others</b>
<b>Himalayan Power Partner Limited's IPO is concluded on Shrawan 4, 2074.</b>	Himalayan General Insurance's 166.67% Right Issue is opened from 2017/7/12 till 2017/8/15.
<b>Last date of Right issue of NB Insurance Company Limited is on 2017/7/24.</b>	Citizen Investment Trust declared 21.85% Bonus Share.
<b>Cut-off price of Nepal Bangladesh Bank's ordinary shares auction stood at Rs. 368.</b>	NCC Bank called for AGM on Bhadra 16 to endorse 50% Right Share.
<b>Global IME Bank successfully acquired Reliable Development Bank with Swap Ratio of 100:82.90.</b>	ICRA Nepal assigned Grade 4 to 200% Right Issue of RSDC Laghubitta & Grade 5 to 100% Right Issue of Arun Finance.
<b>30% Right issue of Kanchan Development Bank is from 2017/7/14 to 2017/8/17.</b>	Janata Bank & Siddhartha Development Bank started joint transaction from Ashad 30 as Janata Bank.

## **FORTNIGHTLY GONE BY: MARKET OUTLOOK**

### **MACRO-ECONOMIC INDICATOR**

- Nepal Rastra Bank has released monetary policy for the fiscal year 2017/18 on July 9, 2017. It has addressed several key important policies which will impact the equity market in the current fiscal year.
- NRB is positive on Nepalese economy as it claims it was able to achieve high economic growth, low inflation, and satisfactory balance of payment.
- Monetary policy for the FY 2017/18 is expected to help achieve the economic growth rate of 7.2%.
- Loan against Shares: New NRB policy requires BFIs to issue share loan not more than 40% of the core capital. Additionally, NRB has put ceiling of 10% of core capital on how much BFI can issue share loan against the shares of the same company.
- Home Loan: Consumers in Kathmandu can get loan up to 40% of the home collateral, previously it was 50%.
- Auto Loan: Now, as per the new policy, vehicle owners can pay as less as 35% as a down payment for their new vehicle. In case of electric vehicle, down payment percent has come down to 20%. It shows the encouragement of NRB towards electric vehicle.

## DEBT MARKET

In the review period, Nepal Rastra Bank has issued the Treasury bill worth Rs. 2339 Crore among which 500 crore was fresh offer while the remaining were renewed. During the past one month the average interbank rate has been 0.63%.

## INVESTO SCHOOL

### Understanding Bitcoin

The existence of digital currency has been around since 1990, the time when internet started to evolve world widely and people started to make the online bill payments and purchase online. However, the concept of cryptocurrency (a digital or virtual currency that uses cryptography), came into existence when Satoshi Nakamoto published an invention on 31<sup>st</sup> October, 2008 to a cryptography mailing list in a research paper called “Bitcoin: A Peer to Peer Electronic Cash System”. He implemented Bitcoin as Open source code and released in 2009 which created the roadmap for Bitcoin.

Bitcoin is an online communication protocol that facilitates the use of a virtual currency, including the electronic payment systems. Bitcoin is the first peer to peer payment network that is powered by its users with no central authority or middlemen. It is also best described as the “cash for the internet”, “digital cash” and many more. Bitcoin has brought a modernization in the digital currency and also changed the perception of everyone towards the money. Bitcoin does not require any central server or third party for the settlement of transaction. All transactions are peer to peer and are settled within 10 minutes. All the Bitcoin transactions are recorded permanently in the distributed ledger called the “block chain”. Bitcoin got all the media attention after its launch as it was the first digital currency that was considered as the alternative currencies. After the introduction of Bitcoin in the market several other digital currencies emerged such as Litecoin, Peercoin, Novacoin and Namecoin came into existence with the similar principle as Bitcoin.

Bitcoin has served approximately 62.5 million transactions between 109 million accounts. As per May 2017, the average daily transaction volume was approximately 200,000 Bitcoin.



### Block Chain

When someone is interested on bitcoin, it is crucial to understand the concept of a block chain. Block is record in the block chain that comprises and confirms many waiting transaction. Approximately every 10 minutes, new block including transactions is added to the block chain through mining. Block chain is a public record of bitcoin transactions in chronological order. Block chain is accessible to all Bitcoin users. Block chain is used to verify the permanence of Bitcoin transactions and to control double spending. Being able to control double spending is one of the most powerful inventions ever made in the crypto currency space.

## Bitcoin Mining

Bitcoin mining is the process of running complex algorithms for the Bitcoin network to confirm transactions and increase security. For doing so, Bitcoin miners can collect transactions fees along with brand new bit coins. In the mining market, the more calculation one does the more Bitcoin he/she gets. As the mining requires very powerful computer and vast computing knowledge, it is not an easy way to make money.

## Bitcoin Wallet

A Bitcoin Wallet is equivalent to physical wallet on the Bitcoin Network. The wallet comprises of users private key which gives users access to spend the bitcoins allocated to the respective wallet in the block chain. Bitcoin wallet gives information about the total bitcoins it contains and lets one pay specific amount to specific person, similar to physical wallet.

## Reason behind Recent Bitcoin Bubble

It was not long before when an average person never heard about the Bitcoin but after the recent bubble it was hyped around the world. All the mainstream news channels and Social Medias were covering this crypto currency. Actually it happens in any investment instruments; informed investors accumulate the assets at the early phase and when it skyrockets, public see it and it is hyped. Bitcoin didn't reach \$3000 for nothing. The following reasons are the major reasons behind Bitcoin's surge:

- **Increased Demand Worldwide**

As the Bitcoin went main stream, big and institutional investors started believing it. Investors took Bitcoin as a new asset class while some saw it as an asset like gold which could be a safe haven during the time of extreme uncertainty. Due to the institutional investors' faith in Bitcoin it surged as the demand increased dramatically.

- **Bitcoin Friendly Policies in Japan and China**

Japanese regulators amended new law that treated Bitcoin as a part of the banking system. This policy helped to burst the trading activities in Japan and people were selling Yen to buy Bitcoins.

- **The Hype Itself**

During the later phase of the bubble uninformed investors were buying in panic which is also the major reason for the surge of the Bitcoin price.

## BITCOIN VALUE HISTORY (comparison to US\$)

Date	USD : 1 BTC	Notes
<b>Jan 2009 – Mar 2010</b>	basically none	No exchanges or market, users were mainly cryptography fans who were sending bitcoins for hobby purposes representing low or no value. In March 2010, user "SmokeTooMuch" auctioned 10,000 BTC for \$50 (cumulatively), but no buyer was found.
<b>Apr-10</b>	\$0.00	On 25 Apr 2010, the now-defunct BitcoinMarket.com exchange is the first one that starts operating.
<b>May-10</b>	less than \$0.01	On 22 May 2010, Laszlo Hanyecz made the first real-world transaction by buying two pizzas in Jacksonville, Florida for 10,000 BTC.
<b>Jul-10</b>	\$0.08	In five days, the price grew 1000%, rising from \$0.008 to \$0.08 for 1 bitcoin.
<b>Feb 2011 – April</b>	\$1.00	<u>Bitcoin takes parity with US dollar.</u>

2011		
<b>8-Jul-11</b>	\$31.00	top of first "bubble", followed by the first price drop
<b>Dec-11</b>	\$2.00	minimum after few months
<b>Dec-12</b>	\$13.00	slowly rising for a year
<b>11-Apr-13</b>	\$266	top of a price rally, during which the value was growing by 5-10% daily.
<b>May-13</b>	\$130	basically stable, again slowly rising.
<b>Jun-13</b>	\$100	in June slowly dropping to \$70, but rising in July to \$110
<b>Nov-13</b>	\$350 — \$1,242	<u>from October \$150-\$200 in November, rising to \$1,242 on 29 November 2013.</u>
<b>Dec-13</b>	\$600 — \$1,000	Price crashed to \$600, rebounded to \$1,000, crashed again to the \$500 range. Stabilized to the ~ \$650-\$800 range.
<b>Jan-14</b>	\$750 — \$1,000	<u>Price spiked to \$1000 briefly, then settled in the \$800-\$900 range for the rest of the month.</u>
<b>Feb-14</b>	\$550 — \$750	Price fell following the shutdown of Mt. Gox before recovering to the \$600-\$700 range.
<b>Mar-14</b>	\$450 — \$700	Price continued to fall due to a false report regarding bitcoin ban in China <sup>[146]</sup> and uncertainty over whether the Chinese government would seek to prohibit banks from working with digital currency exchanges. <sup>[147]</sup>
<b>Apr-14</b>	\$340 — \$530	The lowest price since the 2012-2013 Cypriot financial crisis had been reached at 3:25 AM on 11 April.
<b>May-14</b>	\$440 — \$630	The downtrend first slows down and then reverses, increasing over 30% in the last days of May.
<b>Mar-15</b>	\$200 — \$300	Price fell through to early 2015.
<b>Early Nov 2015</b>	\$395 — \$504	Large spike in value from 225-250 at the start of October to the 2015 record high of \$504.
<b>May-June 2016</b>	\$450 — \$750	Large spike in value starting from \$450 and reaching a maximum of \$750.
<b>July-September 2016</b>	\$600 — \$630	Price stabilized in the low \$600 range.
<b>October-November 2016</b>	\$600 — \$780	As the Chinese Renminbi depreciated against the US Dollar, bitcoin rose to the upper \$700s.
<b>Jan-17</b>	\$800 — \$1,150	
<b>5-12 January 2017</b>	\$750 — \$920	Price fell 30% in a week, reaching a multi-month low of \$750.
<b>2-3 March 2017</b>	\$1,290+	Price broke above the November 2013 high of \$1,242 and then traded above \$1,290.
<b>Apr-17</b>	\$1,210 — \$1,250	
<b>May-June 2017</b>	\$2,000 — \$3,000	Price reached its maximum in the history of bitcoin. Reached an all-time high of \$3,000 on June 12 and is oscillating around \$2,500 since then. As of June 21, 2017, the price is \$2,669.

## Bitcoin as an Investment

Recent research on Bitcoin suggests that the number of active Bitcoin users is expected to approach five million by the year 2019. However, whether the Bitcoin can become the future of the currency has been a topic of hot debate in the

recent times. To the date it is still unclear how the Bitcoin will perform in the future but there has been many speculations regarding the success and failure of the Bitcoin as a established digital currency. As the Bitcoin are not tied with any centralized institutions, its price is prone to any news related to it.

Some investors have made millions from the Bitcoin surge but that does not guarantee those kinds of return in future. We cannot forget how Bitcoin climbed from few dollars to \$3000 in couple of years and also how it crashed several times in between. It is sort of high risk high gain kind of investment. It is not advisable to invest all the money in this emerging crypto currency but one can always buy few of it for fun or to learn the digital currency market. In the context of Nepal, Kantipur daily published news regarding this hyped digital currency which suggested that NRB, the central bank of Nepal, recognizes Bitcoin related activities as illegal. So, for Nepalese investors, it is still quite uncertain if one can invest in Bitcoin. In fact, Bitcoin is not an easy money game at all; it takes good amount of time to truly understand this digital currency. Buying Bitcoin and selling at higher value is not only the way to make money, miners do make too.

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