



GICL Fortnightly Communiqué: Vol- XIV (10th December – 30th December, 2017)

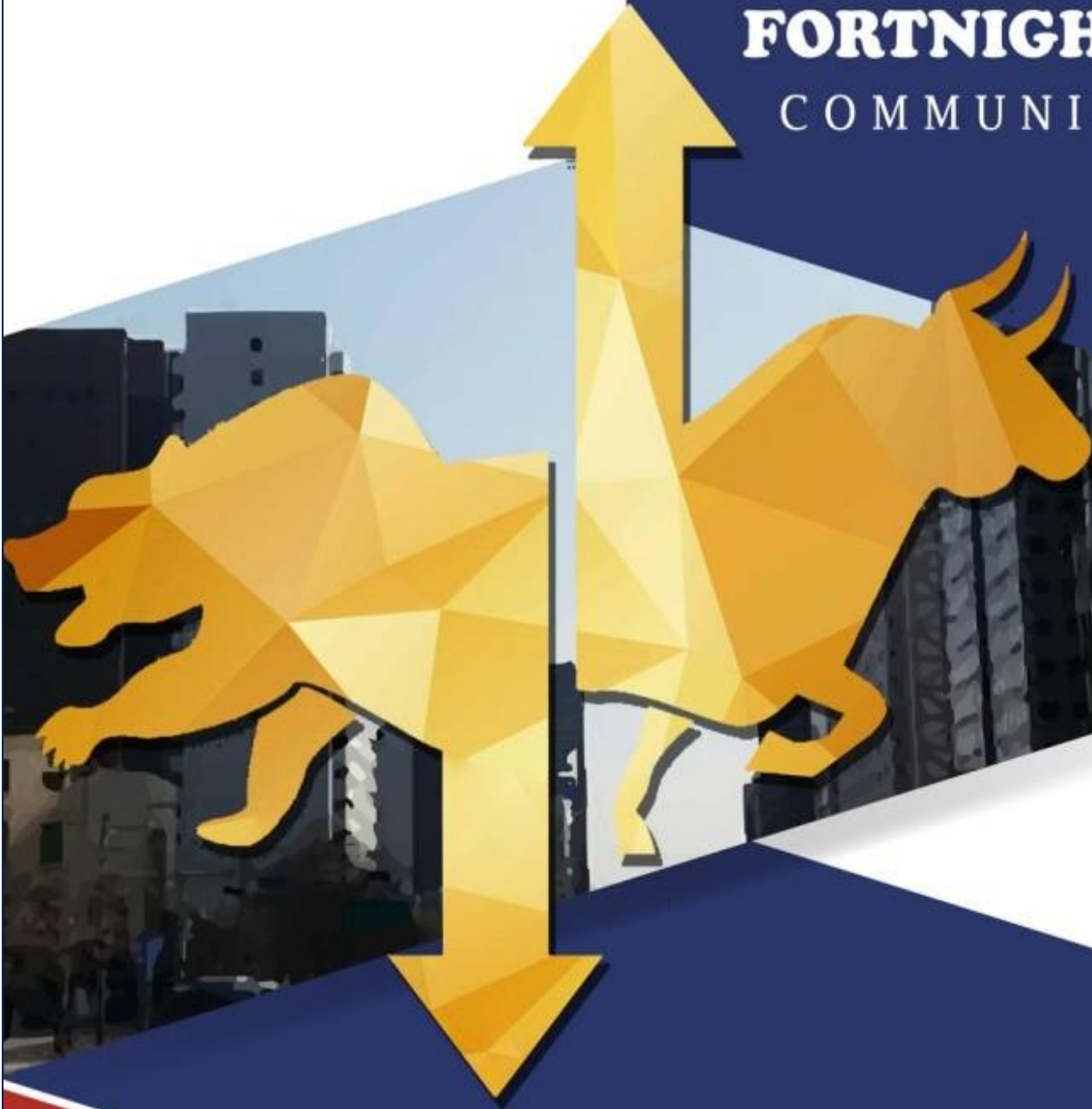


**Global IME
Capital Limited**

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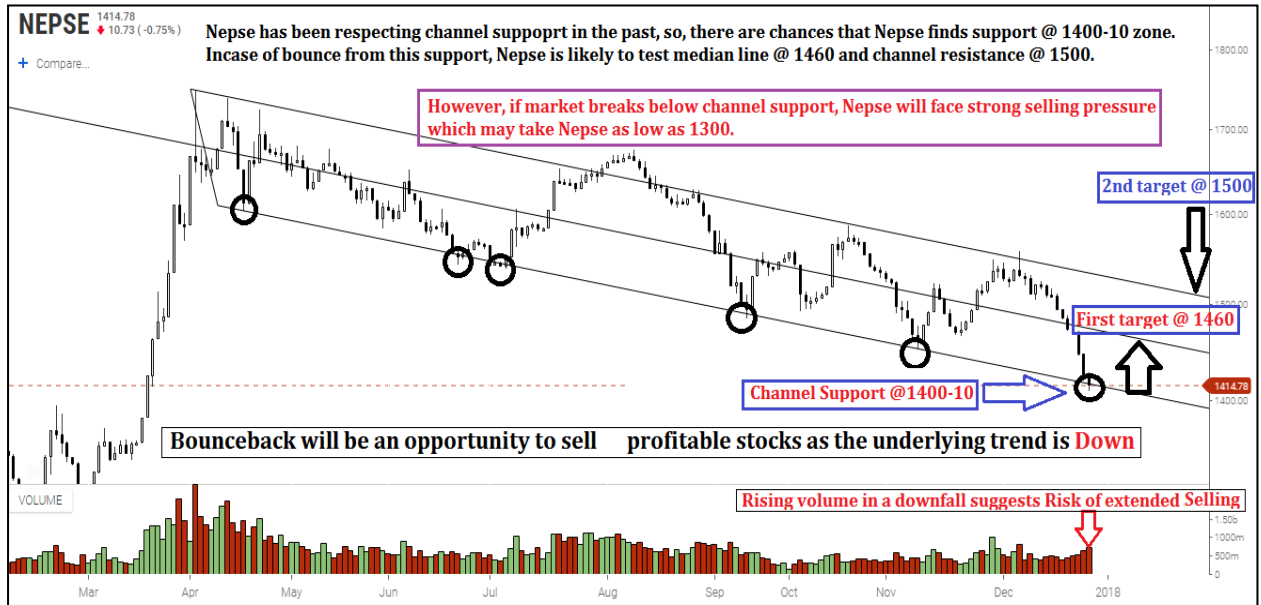
FORTNIGHTLY COMMUNIQUÉ



3rd Floor, Rastriya Naach Ghar
Jamal, Kathmandu, Nepal
Contact No.: +977-01-4222460, 4261178, 4223593
Fax No.: +977-01-4222534
Email: info@gicl.com.np
Website: www.globalimecapital.com



Sell the Rally: Current Trading Strategy



If anyone has followed NEPSE's action carefully for last 9 months, anyone can tell that NEPSE index has been down trending forming a certain particular pattern. The benchmark index has been moving inside a down trending channel and it is impressive to see NEPSE respecting this channel support and resistance every time it tests it. Channel is one of the most popular market analyzing techniques among technicians. The degree of angle is defined by the trend of the market. If the market is rising / falling in a steep trend, channel is also steeper. Another parallel line can be drawn between the channel which is a median line and this technique is popularly known as Pitchfork. The median line of pitchfork works as a support and resistance.

In NEPSE's case the channel has proved valid as it has worked perfectly in last 9 months. Circles drawn on above chart indicate support levels where price and the channel trend line coincide. It is clearly visible that NEPSE has bounced significantly from these supports in the past, at least four times. On the other side it is also true that the top trend line of the channel has been acting as a resistance level. Generally in a channel, market tends to fall once it tests the channel resistance. Therefore, assuming that market is likely to move in this channel in near future, we can expect some bounce back in NEPSE. The median line of pitchfork can be set as a first target which is around 1450-60 region. If the bullish pressure continues, the second target can be set around the top trend line of the channel around 1500 levels.

Key Takeaways

As the overall sentiment of the market is down for last 9 months, investors' sentiments have not changed yet, the chart shows. So, any short term bounces should not be confused as buying opportunity, it is a sell the rally opportunity instead.



Market Glance

Indices	10 th Dec	28 th Dec	% Change
NEPSE Index	1530.49	1414.78	-7.56%
Sensitive	322.62	297.62	-7.75%
Float	109.81	101.34	-7.71%
Sensitive Float	97.83	90.14	-7.86%
Total Turnover	847,070,079.91	816,998,624.45	-3.55%
Total Traded Shares	1,212,780	1,861,065	53.45%
Total Transactions	6,571	7,945	20.91%
Total Scripts Traded	158	162	2.53%
Total Market Cap (Rs. Mill)	1778482.8	1,645,295.50	-7.49%
Float Market Cap (Rs. Mill)	596214.5	550,869.06	-7.61%

NEPSE Summary: 10 th Dec to th 28 th Dec, 2017	
NEPSE High	1530.49
NEPSE Low	1414.78
NEPSE Close	1414.78
Average Turnover per Day	583,199,962
Average Shares Traded per Day	1,226,663
Average Transactions per Day	5,448

NEPSE Top 5 Companies by Traded Shares

1	Global IME Bank Limited	716,148
2	NMB Sulav Investment Fund-1	682,230
3	Nepal Doorsanchar Company	645,633
4	Janata Bank Nepal Ltd.	625,763
5	Prabhu Bank Limited Promoter Shares	617,776

NEPSE Top 5 Companies by Turnover

1	Standard Chartered Bank Limited	1,088,166,499
2	Nepal Doorsanchar Company	566,208,393
3	Everest Bank Limited	300,620,334
4	Global IME Bank Limited	234,936,813
5	Butwal Power Company Limited	212,799,546

NEPSE Top 5 Companies by No. of Transactions

1	Standard Chartered Bank Limited	9,930
2	Nepal Grameen Bikas Bank Ltd.	3,555
3	Everest Bank Limited	2,804
4	Nepal Life Insurance Co. Ltd.	2,259
5	Prime Commercial Bank Ltd.	2,115

NEPSE Top 5 Companies by Market CAP

1	Nepal Doorsanchar Company	126,450,000,000
2	Nabil Bank	87,620,767,250
3	Standard Chartered Bank	76,108,590,700
4	Nepal Investment Bank	68,965,567,693
5	Nepal Life Insurance	54,218,464,786

In the review period, NEPSE plunged by 115.71 points (7.56%) from 1,530.49 on 10th December, closing at 1,414.78 on 28th December. Sensitive index, which gauges the performance of 'A' class stocks decreased 7.75 % to close at 297.62. Float index also fell by 7.71% closing at 101.34 while sensitive float index decreased by 7.86%. The indicators like turnover and market capitalization have negative growth while the transactions and volumes have risen at the end of the review period. The major fall of NEPSE Index in the review period is basically attributable to the news of liquidity shortage in the Banking sector.



Top Fortnight News

1. Liquidity problem on notice in Banks - As per the Nepal Bankers Association's latest data, lending of 28 commercial banks jumped 0.35 % i.e. Rs.7 billion, while their deposit base rose just 0.27% i.e. Rs.6 billion (between 15th Dec and 22nd Dec). Bank's at recent have been found accepting deposit over 12% rate due to which the lending rate has also surged to near 16%. Average CCD ratio of 28 commercial banks at present is 77% and the ceiling set by NRB is 80%.

2. Current Account deficit at Rs. 25.8 billion - The falling remittances and the rising merchandize imports have resulted the current account deficit of Rs. 25.8 billion in the first four months of Fiscal Year 2017/18 ending mid-October. The current account was in surplus of Rs 1.86 billion in the first four months of FY 2016/17 that ended in mid-October.

3. Profit repatriation by Ncell could further worsen the cash crunch of Banks - The Supreme Court has given a final verdict allowing the telecommunication service provider Ncell to withdraw the cash dividends from Nepal to its home country, stating that Ncell has cleared all its Capital Gain Tax of the Ncell buyout deal. The repatriation of nearly Rs. 72 billion of dividend could further deplete the liquidity crunch seen recently in banking sector.

4. Budget preparation guidelines for local units - The Ministry of Finance (MoF) is formulating budget preparation guidelines for the local units. The local units would have to present estimates of expenditure for next three fiscals along with the plan of mid-term review of the budget while presenting annual budget. As per MoF, local units should present their estimation of budget to central government and MoF within mid-January from 2019. Similarly, they would have to present model of budget implementation to the MoF within mid-October every year.

5. CARE Rating Nepal in operation - CARE Rating Nepal Limited has formally started to provide the credit rating services in Nepal. SEBON, the Board, had issued the Credit Rating License to the company on 16th November 2017. The company was incorporated with the Office of Company Registrar in May 2017. Mr. SB Mainak is the chairman of the company and Mr. Sajan Goyal is the CEO. It is the second credit rating agency in the country after ICRA Nepal.

6. 6 months 'Cooling Period' for CEO's for joining another Bank - Following the high turnover of the CEO's in the recent period, NRB on 29th December 2017 issued a circular introducing a cooling period (period between resigning from one and joining another institution) of 6 months for the CEO of the BFIs. The provision restricts the Chief Executive joining the other BFI's in the similar position immediate to the resignation of the previous one until a period of 6 months is over. The provision is aimed to improve the corporate governance in the BFIs.

7. 27% of total budget spent till 6 months of current fiscal year - According to the Finance Ministry, expenditure trend till the mid-December of the current fiscal year is progressive and out of Rs.1278 billion allocated budget, 26.6% (i.e. approx. Rs.340 billion) was spent. This includes Rs.292 billion in current expenditure, Rs.31.99 billion in capital expenditure and Rs.15.41 billion in fiscal management.

8. 28.5% population in poverty line as per MPI report - As per the report of Nepal's first national Multidimensional Poverty Index (MPI), nearly 28.5% population are under poverty line in Nepal. The research is made on three dimensions - health, education and livelihood.

(Source: MyRepublica)



Major Fortnight Corporate Events

IPO / Right News

1. Radhi Bidyut Company Limited floated IPO of 7,64,550 units shares on Poush 3 to Poush 6; allotment will be on lottery basis
2. Sanima Equity Fund concluded the public issue of Rs.1.30 billion worth mutual fund units; 21,135 applicants allotted 109,707,320 units.
3. Asha Laghubitta Bittiya Sanstha Limited endorsed to issue 3 lakhs units IPO shares to the general public
4. SEBON has approved the NIC Asia Growth Fund worth Rs.1 billion. It is a 7 year closed-end mutual fund.
5. Nepal Insurance Company Limited 100% right shares added in SEBON pipeline for approval
6. IME Life Insurance Company Limited to come up with the IPO to the general public.
7. IME General Insurance Limited (IGI) (*formally NB Insurance*) has appointed Global IME Capital Limited as the issue manager to issue right shares.
8. ICRA Nepal has assigned 'Grade 4' to the upcoming 16.50 lakh units IPO of Ghalemdi Hydro Limited
9. SEBON has approved the proposed 86.70 lakh units IPO of Sanjen Jalavidhyut Company Limited; the issue will be made to the Employees of Promoter Shareholding Companies, Employees having membership of Employee Provident Fund and Employees of Lending Institution; Citizen Investment Trust appointed the Issue Manager.

IPO Approved (General Public)

	Company Name	Units	Issue Manager	Approval Date	Status
1	Unnati Microfinance Bittiya Santha	165,000	Siddhartha Capital Limited	8/29/2074	Poush 21
2	Samudayik Laghubitta Bittiya Santha	300,000	Nepal SBI Merchant Banking	9/11/2074	Upcoming

FPO Approved (General Public)

	Ticker	Units	Issue Amount	Issue Manager	Approval Date	Status
1	Premier Insurance Company Ltd.	6,59,565	799	NMB Capital Limited	8/18/2074	Poush 16
2	Butwal Power Company Ltd.	40,81,000	501	NMB Capital Limited	8/18/2074	Upcoming

IPO / FPO Waiting for Reply and Compliance (General Public)

	Company Name	Type of Issue	Units	Issue Manager	Date of Application	Processing Status
1	NMB Bank Ltd.	FPO	11,415,163	Citizen Investment Trust	2/22/2074	Requested To Clarify on Regulatory Compliance

IPO under Preliminary Review (General Public)

	Company Name	Units	Issue Manager	Date of Application	Processing Status
1	CEDB Hydro Fund Ltd.	22,89,300	Sunrise Capital Ltd.	3/27/2074	Under Preliminary Review
2	Mailung Khola Jal Vidhyut Co. Ltd.	736,286	Siddhartha Capital Ltd	6/20/2074	1) Requested to submit all required documents on 2074/07/082) Additional documents received on 2074/08/26



3	Rairang Hydropower Development Company	840,000	Ace Capital Ltd.	7/27/2074	
4	Upper Tamakoshi Hydropower Ltd.	15,885,000	Citizen Investment Trust and Sunrise Capital Ltd.	7/30/2074	
5	Nepal Seva Laghubitta Bittiya Sanstha Ltd.	180,000	NMB Capital Limited	7/8/2074	

IPO Replied and Under Review

	Company Name	Units	Issue Manager	Date of Application	Date of Comment	Date of Reply	Processing Status
1	Aarambha Microfinance Bittiya Sanstha Ltd.	294,000	NIC Asia Capital Ltd	7/22/2074	8/29/2074	9/6/2074	Reply under Review

Mutual Fund Pipeline Status

S.N	Name of Schemes	Fund Size (Rs.)	Fund Manager	Date of Application	Processing Status
1	Global IME Balance Fund-1	1.2 billion	Global IME Capital Ltd	20474/02/07	Under Preliminary Review
2	Citizen Mutual Fund-1	1 billion	CBIL Capital Ltd	3/20/2074	Reply under Review
3	NIBL Sahabthagita Fund	500 million	NIBL Capital Ltd	3/27/2074	Under Preliminary Review

Right Shares Status

S.N	Ticker	Ratio	Opening Date	Closing Date	Book Closure Date	Issue Manager	Status
1	CBL	40%	08-12-2017	11-01-2018	21-11-2017	Laxmi Capital	Open
2	PICL	30%	31-12-2017	04-02-2018	01-12-2017	NIC Asia Capital	Upcoming
3	SADBL	80%	01-01-2018	04-02-2018	13-12-2017	Prabhu Capital	Upcoming
4	GRDBL	400%	16-01-2018	20-02-2018	01-01-2018	Laxmi Capital	Upcoming
5	PFL	15%	14-01-2018	18-02-2018	29-12-2017	NIBL Capital	Upcoming
6	PRVU	40%	Coming Soon	Coming Soon	05-01-2018	Sunrise Capital	Upcoming
7	SBL	10%	Coming Soon	Coming Soon		Laxmi Capital	Upcoming

Existing Auction

S.N	Symbol	Units		Opening Date	Closing Date	Closing Price	Issue Manager	Status
		Ordinary	Promoters					
1	GMFIL	45,877		28-12-2017	04-01-2018	192	NIBL Capital	Open
2	RSDC	93,027	1,02,680	26-12-2017	02-01-2018	1185	NIBL Capital	Open
3	NCDB	67,107	5,30,243	22-12-2017	31-12-2017	152	NIBL Capital	Open

The right share of below companies whose RTS is maintained by Global IME Capital Ltd is added in SEBON Pipeline:

- 1) Suryodaya Laghubitta Bittiya Sanstha Ltd (70% Right)
- 2) First Microfinance Laghu Bitta Bittiya Sanstha Ltd. (50% Right)

**AGM/SGM**

S.N	Ticker	AGM	Book Closure Date	AGM Date	Special Agenda
1	MNBBL	11th	12/22/2017	1/3/2017	20% Bonus Share and 1.05% Cash Dividend, Merger
2	SBI	24th	12/15/2017	1/3/2017	15.42% Bonus Share and 0.81% Cash Dividend
3	SIC	21st	12/22/2017	1/5/2017	
4	SLBS	5th	12/23/2017	1/6/2017	19% Bonus Share
	KMFL	5th	12/26/2017	1/8/2017	20.125% Bonus Share and 50% right share
5	PCBL	10th	12/20/2017	1/9/2017	27% Bonus Share
6	SCB	31st	12/31/2017	1/10/2017	100% Bonus Share and 5.26% Cash Dividend
7	DDBL	16th	12/29/2017	1/11/2017	16% Bonus Share and 15% Cash Dividend
8	HIDCL	6th	12/27/2017	1/12/2017	5% Cash Dividend
9	JBNL	8th	12/26/2017	1/12/2017	14.40% Bonus Share
10	HBL	25th	12/26/2017	1/12/2017	25% Bonus Share and 1.31% Cash Dividend
11	EBL	23rd	12/28/2017	1/12/2017	33% Bonus Share and 1.74% Cash Dividend
12	NLBBL	11th	12/24/2017	1/13/2017	13% Bonus Share and 7.68% Cash Dividend

Siddhartha Investment Growth Scheme – 1 (SIGS1) has matured on 9th Poush 2074, completing its 5 years tenure. The trading of the script has been suspended from NEPSE and fund assets will be liquidated and paid to the investors.

Other News and Events

- Mr. Anil Keshary Shah appointed as new CEO of Nabil Bank Ltd.
- NRB extends the deadline for Single District Development Bank and Finance Companies to increase the minimum paid up capital of Rs. 50 crore and Rs.40 crore respectively; new deadline Poush 2076.
- BFIs required to get approval from NRB before accepting any award from foreign institution.
- NRNs ready to invest Rs.10 billion into the Nepalese capital market; seek amendment in rules and regulations
- Germany to provide EUR 15 million development grant to Nepal; to be spent on 43km Damauli-Lekhnath hydro electricity transmission line which will strengthens national grid.
- Malaysian Investor Mr. Manjit Singh interested to invest \$400 million in Nepal's hydropower; waiting for a survey license of 303 MW Jawa Jumla Hydropower Project in Karnali.
- Saudi Arabia agree to provide a loan assistance of US\$30 million for reconstruction of private houses, schools and health institutions;



- Area of cultivated land declining every year due to rampant urbanization; total cultivated land in fiscal year 2016/17 is 25,48,763 hectares while in fiscal year 2015/16 it was 25,79,097 hectares – NRB Report
- The Special General Meeting of Mega Bank has approved the proposed merger of Mega Bank and Tourism Development Bank; Swap ratio for the merger is 100:95.
- Nepal Investment Bank Limited has started its remittance service with PayPal Inc. (Xoom), US based online cash delivery service, to facilitate the process of sending remittance from the USA to Nepal.
- The Special General Meeting (SGM) of NIBL Capital and Ace Capital has endorsed the merger agreement at a swap ratio of 1:1; the merged entity will be “NIBL Ace Capital Limited” after completion of merger process.
- The Inland Revenue Department has urged the Stock Broker’s to register with VAT regulation and clear all the unresolved financial settlement while the Stock Broker are reluctant to follow such; claims the provision of Sales Tax Act 2023 provides no tax imposition on the financial revenues of the stock broker.
- NRB has issued a notice to purchase the Development Bond amounting Rs.5 billion through the Direct Purchase Auction. The auction will be held on 16th Poush 2074, Sunday at 2 pm. The counterparty has to specify the Serial Number, Quantity and the selling amount of the development bonds they are willing to sell

Debt Markets

Investment Opportunities in Debentures:

- NIC Asia Bank Limited has issued the ‘9% NIC Asia Debenture 2081/82’ worth Rs. 600 million to the general public from Poush 13, 2074. The issue will close on Poush 17 at the earliest.

Current Macroeconomic and Financial Situation of Nepal (Based on Four Months' Data of 2017/18)

Macroeconomic Outlook - Mixed Macro-Financial Outlook

1. Positive developments in three areas – construction, manufacturing and tourism are expected to underpin the growth outlook going forward.
2. Inflation surged up to 3.9 % in mid-Nov. 2017. Globally, there are instances of CPI picking up.
3. Decline in migrant workers’ remittances along with growth in imports relative to exports has resulted in a deficit in the current account. However, the sufficient level of international reserves underpins the external sector stability.
4. On financial sector, the credit growth remained at 17.5 % y-o-y in mid-November 2017 while deposit growth has remained lower at 14.9 %. After the successful completion of local, provincial and federal level elections, streamlining of government finances, especially a pickup in local level government spending is expected. This is likely to help ease the financial friction currently seen.



Capital Market

1. The NEPSE index on Y-O-Y basis decreased 12.5 % to 1489.1 points in mid-November 2017. This index had increased 55.5 % to 1701.9 points in mid-November 2016. Such index was 1582.7 points in mid-July 2017.
2. The stock market capitalization on y-o-y basis decreased 8.6 % to Rs. 1728.68 billion in mid-November 2017. This had increased 63.6 % a year ago. The ratio of market capitalization to GDP of 2016/17 stood at 66.5 % in mid-November 2017. This ratio was 84.2 % a year ago. In the total market capitalization, the share of banks, financial institutions and insurance companies stood at 82.7 %, hydropower 4.7 %, manufacturing and processing companies 2.5 %, hotels 1.6 %, trading 0.1 %, and others 8.4 % respectively.
3. The total turnover of the securities decreased 19.6 % to Rs. 9.83 billion in the review period. The turnover of the securities had substantially increased 271.4 % to Rs. 12.23 billion in the corresponding month of the previous year.
4. Due to the merger and acquisitions of BFIs, total number of companies listed at the NEPSE decreased to 197 in mid-November 2017 from 223 in mid-November 2016. Of the listed companies, 151 are BFIs (including insurance companies), 18 manufacturing and processing industries, 17 hydropower companies, 4 each hotels and trading institutions and 3 other sectors.
5. On y-o-y basis, total paid-up value of the listed shares increased 33.5 % to Rs. 303.30 billion in mid-November 2017. Total additional securities worth Rs. 57.60 billion were listed in the NEPSE during the review period. These consist of ordinary shares Rs. 1.56 billion, right shares Rs. 19.63 billion, bonus shares Rs. 1.27 million and government securities Rs. 35.14 billion.

Other Macro data in the Review Period

1. NRB mopped up Rs. 127.20 billion through open market operations.
2. BFIs utilized Rs. 5.50 billion standing liquidity facility (SLF). (Rs. 10.05 billion previously)
3. NRB injected net liquidity of Rs. 132.47 billion through the net purchase of USD 1.28 billion from foreign exchange market. (Rs. 137.87 billion previously)
4. Consumer Price Inflation – 3.9 % in mid – November 2017 vs 3.1 % in mid – October 2017
5. The y-o-y growth in salary and wage rate index moderated to 6 % (14.4 % previously). The salary index increased 9.5 %, while the wage rate index grew 5.1 %.
6. Merchandise exports increased 7.5 % to Rs. 26.35 billion (17 % increase previously).
7. Merchandise imports increased 10.8 % to Rs. 334.31 billion (87.4 % increase previously).
8. Total trade deficit expanded 11.1 % to Rs. 307.96 billion (expansion of 97.9 % previously)
9. The total services receipt increased 6 % and expenses rose 13.9 %.
10. The workers' remittances decreased 1.4 % to Rs. 228.95 billion (7.8 % increase previously).
11. Number of Nepalese workers seeking foreign employment decreased 1 %. The number of workers outbound to Malaysia jumped up while the outbound to Saudi Arabia has shrank significantly.
12. The current account registered a deficit of Rs. 25.81 billion (Rs. 1.86 billion surplus previously). Similarly, the overall BOP remained at surplus of Rs. 2.40 billion (Rs. 21.98 billion previously).



13. Nepal received capital transfer amounting to Rs. 6.42 billion and Foreign Direct Investment (FDI) inflows of Rs. 10.17 billion. (Previously Capital transfer and FDI inflows had amounted to Rs. 3.38 billion and Rs. 5.71 billion respectively.)
14. The gross foreign exchange reserves increased 2.4 % to Rs. 1105.52 billion as at mid-November 2017 from Rs. 1079.52 billion as at mid-July 2017.
15. Based on the imports of four months of current fiscal year, the foreign exchange holdings of the banking sector is sufficient to cover the prospective merchandise imports of 13.5 months, and merchandise and services imports of 11.6 months. The ratio of reserve-to-GDP, reserve-to-imports and reserve-to-M2 stood at 42.5 %, 96.4 % and 40.9 % respectively as at mid-November 2017. Such ratios were 41.5 %, 95.3 % and 41.7 % as at mid-July 2017.
16. Nepalese currency vis-à-vis US dollar depreciated 1.1 % in mid-Nov 17 from mid-July 17.
17. As of mid-November 2017, the outstanding refinance amounted to Rs. 8.32 billion including general refinance of Rs.7.56 billion and export refinance of Rs.754.1 million.
18. Inter-bank transactions among commercial banks stood at Rs. 321.10 billion and among other financial institutions (excluding transactions among commercial banks) amounted to Rs. 7.18 billion. Such transactions were Rs. 400.33 billion and Rs. 120.75 billion respectively in the corresponding period of the previous year.
19. The weighted average 91-day Treasury bill rate decreased to 2.55 % (3% previously). The weighted average inter-bank transaction rate among commercial banks decreased to 2.68 % (3.59 % previously). The average base rate of commercial banks increased to 10.11 % (6.55 % previously)
20. Broad money (M2) increased 4.2 % (5.6 % previously). On y-o-y basis, M2 expanded 13.9 %.
21. The net foreign assets (NFA after adjusting foreign exchange valuation gain/loss) increased Rs. 2.40 billion (0.2 %) (Rs. 21.98 billion (2.3 %) increase previously).
22. Reserve money decreased 14.3 % (1 % increase previously). On y-o-y basis, reserve money increased 1.9 % in mid-November 2017.
23. Domestic credit increased 3 % (3.7 % previously). On y-o-y basis, domestic credit increased 18.6 % in mid-November 2017.
24. Deposits at BFIs increased 4.8 % (3.9 % rise previously). On y-o-y basis, deposits at BFIs expanded 14.9 % in mid-November 2017.
25. Government of Nepal (GoN) was at a surplus of Rs. 32.15 billion in its budget. (Rs. 27.08 billion surplus previously)
26. Total government expenditure on a cash basis stood at Rs. 176.70 billion. (Rs. 140.68 billion previously)
27. Recurrent expenditure stood at Rs. 152.12 billion. (Rs. 124.89 billion previously) Capital expenditure increased 50.6 % to Rs. 17.86 billion. (Rs. 11.86 billion previously)
28. Government revenue collection increased 16.3 % to Rs. 195.43 billion. (Increase of 81.5 % to Rs. 168.04 billion previously). The government revenue collection has been less than the target. The growth in the government revenue continues to remain sensitive to high tariff rate related imports.
29. Because of a slow pace of government expenditure relative to resource mobilization, the treasury surplus amounted to Rs. 308.74 billion as of mid-November 2017.



Political News and Development

The recent elections and political development seems not impress the securities market in the country as the NEPSE is continuing its downtrends with a fall of over 100 points in the review period. The delay in formation of the government could be hinted the reason. As per the Constitution, the Federal Parliament should convene a meeting within 30 days; appoint a new prime minister within 25 days and new Council of Ministers within 35 days of the final election results.

However, the process to form the new government was delayed due to lack of political consensus over formation of the National Assembly.

The President Bidya Devi Bhandari signed the National Assembly Election Ordinance on 29th December, paving the way for the formation of new government in the nearest future and secure political stability.

This development however is expected to bring positive impacts in the depressing capital market.

Other major political briefing are:

- CPN-UML emerging as the single largest party in the recently held parliamentary and provincial assembly polls.
- The annual expenditures for the two houses of parliament and the provincial assemblies will approx. Rs. 4.25 billion, which is nearly a three times that of the previous constituent assembly-turned parliament – Report by Parliament Secretariat
- A preliminary estimate by the Finance Ministry shows that at least Rs 820 billion would be required to run the federal administration for the next three years. This will include the establishment of provincial infrastructure in the first phase, including the administrative units for the second tier of government.
- The vote count for the First-Past-The-Post (FPTP) for the House of Representatives and Provincial Assembly Elections was concluded on 13th December; CPN-UML has emerged as largest party with victory on 80 seats to the House of Representatives and 168 seats on provincial assemblies, while CPN (Maoist Center) won in 36 seats on House of Representatives and 73 seats on provincial assemblies.
- Of 220 seats for Proportional Assembly category in the Provincial Assembly Elections, CPN-UML bagged 75, NC 72 and CPN (Maoist Center) 35.
- The government has finalized a draft of the directives concerning the roles and responsibilities of the provincial governments, proposing 7 ministries in each; These includes - Provincial Council of Ministers, Financial Development Ministry, Home Ministry, Agriculture Cooperative and Land Management Ministry, Provincial Infrastructure Development Ministry, Forest Science and Environment Ministry and Education, Health and Social Development Ministry.



Global Markets

Global Indices				
S. No.	Indices	11th December	29th December	% Change
1	S&P 500	2659.99	2673.61	0.51%
2	NASDAQ	6875.07	6903.39	0.41%
3	DJIA	24386.03	24719.22	1.37%
4	SENSEX	33455.79	34056.83	1.80%
5	NIKKEI	22938.73	22764.94	-0.76%
6	FTSE 100	7453.48	7687.77	3.14%

Global News in Brief (Source: Investing.com)

- Bitcoin closed at \$12,619 on Friday, touched \$19,187 on 16th December; Ripple – second largest crypto-currency.
- Gold Futures trading at 3 months high on Friday; closed at 1305.10; falling US Dollar, political tensions and receding concerns over the impact of US Interest rate hikes major reasons.
- US President Donald Trump signed Republican’s massive \$1.5 trillion tax overhaul into law on Friday; also approved a short-term spending bill.
- US Economy grew at its fastest pace in more than two years in the third quarter, powered by robust business spending.
- Tension surface in middle east after US vowed to recognize Jerusalem as Israel’s Capital.
- China’s Central Bank said to maintain “prudent and neutral” monetary policy and use multiple policy tools to keep liquidity reasonably stable.
- Property price soaring in Hong Kong; second most expensive city’s flat in the world.
- India to borrow additional \$7.79 billion in this fiscal year; analysts predict the fiscal deficit could be higher than the targeted fiscal deficit of 3.2%.
- Reliance Communication, owned by billionaire Anil Ambani, announced to quit the mobile business; Reliance Jio, owned by elder brother Mukesh Ambani to take over the assets.
- Saudi Arabia and UAE plan to impose 5% VAT in 2018 on most goods and services like food, clothes, electronic and gasoline, phone, water, electricity bills etc. to boost revenue.
- “Small but steady progress” in beating deflation – Japanese Finance Minister Taro Aso

Global IME Capital Ltd. has been running an awareness campaign among students of various colleges in the valley to share the practical as well as theoretical knowledge of the Nepalese Financial Market. Students have been briefed on how to practically involve in the primary capital market of the nation. So far, three colleges in the capital including Capitol Hill academy Teku, Kantipur City College and St. Xavier’s College, Maitighar have been scheduled.



Investo-School: Efficient Market Hypothesis (EMH)

According to the Efficient Market Hypothesis, the market price of a security reflects all the relevant available information and it is impossible to outperform the market by any strategies. It has 3 forms:

- 1) Weak Form of EMH – As per this hypothesis, the current price incorporate all past price and volume data and any technical analysis will not provide consistent abnormal returns.
- 2) Semi-Strong Form of EMH – This hypothesis assumes that the current price reflect all public information as well as past price and volume data and any fundamental and technical analysis will not work consistently.
- 3) Strong Form of EMH – It assume that the market price reflect material non-public information as well as public information and past price and volume data. Such form of market are very rare to exist since any inside trading is prohibited in most markets.

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Global IME Capital Limited
3rd Floor, Rastriya Naach Ghar
Jamal, Kathmandu, Nepal
Contact No.: +977-01-4222460, 4261178, 4223593
Fax No.: +977-01-4222534
Email: info@gicl.com.np
Website: www.globalimecapital.com