

# The Pulse

## Market Growth, Risks and Outlook

Baisakh 2082

### Inside This Edition

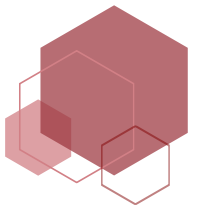
Global Markets Overview	1
Currency Market Trends	2
Macroeconomic Overview	3
Monthly Trading Statistics	3
Liquidity Overview	4
Public Debt Subscription	4
Sectoral Movement	5
Major Movers	5
Sectoral Divergence-Turnover	6
Highest Turnover, Volume	6
NEPSE Outlook	7
Scrip Analysis- Pure Energy Limited (PEL)	9
Issue of the Month –The Wyckoff Method	18
Historical Returns	22
Key Dates	23

हिमालयन क्यापिटल लि.



**Himalayan Capital**





A Subsidiary of Himalayan Bank Limited



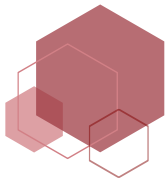
## Global Markets Overview

€	1.14 \$ (5.37%)	S&P 500	5,511.25 (-3.52%)
£	1.33 \$ (3.24%)	BSE SENSEX	79,801.43 (3.25%)
₹	85.29* (-0.43%)	NIKKEI 225	35,039.15 (-7.86%)
¥	142.67* (-5.32%)	FTSE 100	8,407.44 (-3.25%)
A\$	0.64 \$ (1.41%)	DAX	22,064.51 (-3.39%)
C\$	0.72\$ (2.63%)	CAC 40	7,502.78 (-6.57%)
		HANG SENG	21,909.76 (-6.70%)
		SSE COMPOSITE	3,297.29 (-2.12%)

\*Values Per 1 \$

	<b>Gold(\$)</b> Per Oz. 3,314.70 (9.27%)		<b>Bitcoin(\$)</b> 93,943.79 (8.10%)
	<b>Brent Crude(\$)</b> Per Barrell 66.61 (-9.74%)		<b>Ethereum(\$)</b> 1,769.83 (-11.91%)

#All Changes are in MoM basis.



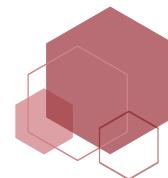
## Currency Market Trends

In the currency market, the Euro and British Pound have both strengthened notably, with the Euro rising by 5.37% and the Pound by 3.24%. This suggests improving investor sentiment toward the European and UK economies, possibly driven by stronger economic data or central bank policies. Meanwhile, the Japanese Yen fell sharply by 5.32%, reflecting either a weaker domestic economy or continued divergence in interest rates compared to other economies. The Indian Rupee showed a slight decline of 0.43%, maintaining relative stability, while the Australian and Canadian Dollars appreciated moderately, indicating resilient commodity-linked economies.

The equity markets showed mixed performances. While most global indices like the S&P 500, FTSE 100, and Nikkei 225 recorded losses between -3% and -8%, the Indian BSE SENSEX stood out with a 3.25% gain. The Nikkei 225 saw the steepest decline at -7.86%, possibly due to concerns over slowing growth or external risks. European indices like the DAX and CAC 40 also registered significant drops, signaling broader weakness in European equity markets. The Hang Seng and SSE Composite's declines underscore persistent challenges in the Chinese market, driven by economic uncertainty or regulatory pressures.

The commodities sector saw sharp divergence. Bitcoin and Gold surged, with Gold gaining 9.27% and Bitcoin 8.10%, suggesting a shift toward safe-haven and alternative assets amidst market volatility. In contrast, Ethereum dropped heavily by 11.91%, indicating specific bearish pressures in the broader cryptocurrency space beyond Bitcoin. Brent Crude saw a significant decline of 9.74%, which could reflect easing geopolitical tensions, weakening demand expectations, or rising supply concerns, impacting the broader energy market outlook by 1.79%, indicating a potential rise in global oil demand or supply constraints.

Overall, the financial landscape is characterized by a strengthening of major western currencies and commodities like gold and Bitcoin, while equity markets—except India—have generally turned bearish. This environment indicates growing risk aversion among investors, likely spurred by concerns over economic growth, monetary policies, and geopolitical developments. The stark divergence between safe-haven assets and riskier equities/cryptos points to a cautious market sentiment in the current period.



## Macroeconomic Overview



**Inflation**

3.75 % ▲



**Deposit Growth**

9.50% ▲



**Credit Growth**

7.27% ▲



**Import Growth**

11.19% ▲



**Export Growth**

57.20% ▲



**Remittance Growth**

9.42% ▲



**FX Reserve Growth**

28.64% ▲

\* Growth refers to the change between eight months data of FY 80/81 and FY 81/82.

\* Credit refers to claim on private sector.

## Monthly Trading Statistics



**Average  
Turnover**

**NPR 7.05 B**

-4.67% ▼



**Average  
Shares Traded**

**15.71 M**

1.69% ▲



**Average  
Transactions**

**64.06 K**

-15.72% ▼

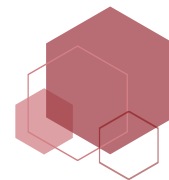


**Average  
Scrips Traded**

**319**

1.54% ▲

\* For the period (March 27, 2025) – (April 24, 2025)



## Liquidity Overview

### A. Major Rates

Description	Value As On					Change		
	Falgun-80	Magh-2081	Falgun-2081	Baisakh 4	Baisakh 11	YOY	MOM	WOW
Wt.Avg 28 Days TB rate (%)	2.87	2.90	2.95	2.97	2.98	0.08	0.05	0.01
Wt.Avg 91 Days TB rate (%)	3.02	2.86	2.93	2.97	2.97	-0.09	0.07	0.00
Wt.Avg 364 Days TB rate (%)	3.60	2.98	3.00	3.05	3.04	-0.60	0.02	-0.01
Wt. Avg Interbank Rate (%)	2.92	3.00	3.00	3.00	3.00	0.08	0.00	0.00
CapEx (In Billion NPR)	81.21	68.41	82.57	104.16	107.38	1.36	14.16	3.22

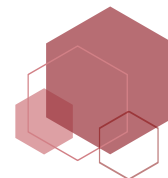
### B. BFI Statistics

Description	Value As On					Change		
	Falgun-80	Magh-2081	Falgun-2081	Baisakh 4	Baisakh 11	YOY	MOM	WOW
Wt. Avg Deposit Rate (%)	6.74	4.62	4.54	4.54	4.54	-2.20	-0.08	0.00
Wt. Avg Lending Rate (%)	10.78	8.55	8.40	8.40	8.40	-2.38	-0.15	0.00
Base Rate (%)	8.77	6.46	6.34	6.34	6.34	-2.43	-0.12	0.00
CD Ratio (%)	79.87	79.54	79.47	79.45	79.35	-0.40	-0.07	-0.10
Fixed Deposits/Total Deposits (%)	58.40	52.09	51.37	51.37	51.37	-7.03	-0.72	0.00
Total Liquid Assets/Total Deposits (%)	26.43	25.59	26.50	26.50	26.50	0.07	0.91	0.00

## Public Debt Subscription

Category	Issue Date	Offered Amount	Payment By GoN	No. of Participants	No. of Bids	BID Ratio	Allocated Amount	Discount Rate		
								Lowest	Highest	Average
28 Days	Baishak 9	1000.00	0.00	25	43	2.16	1000.00	2.60	3.00	2.98
91 Days	Baishak 9	525.00	0.00	22	52	3.53	525.00	2.83	2.98	2.97
182 Days	Baishak 9	600.00	0.00	18	36	3.09	600.00	2.90	3.02	2.99
364 Days	Baishak 9	400.00	0.00	16	40	5.06	400.00	3.00	3.05	3.04

\*Figures are in Millions NPR

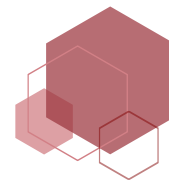


## Sectoral Movement

Index	Chaitra 13	Baisakh 11	Change
NEPSE	2,621.86	2,658.02	1.38%
Trading	4,057.38	4,564.25	12.49%
Investment	104.63	115.96	10.83%
Mutual Fund	19.08	19.57	2.57%
Non Life Insurance	12,149.85	12,339.51	1.56%
Hydropower	3,432.57	3,481.77	1.43%
Manufacturing & Processing	7,139.46	7,204.90	0.92%
Hotels & Tourism	6,391.39	6,410.67	0.30%
Others	2,371.17	2,375.95	0.20%
Development Bank	5,440.43	5,407.29	-0.61%
Microfinance	4,773.90	4,744.73	-0.61%
Life Insurance	13,221.65	13,140.65	-0.61%
Commercial Bank	1,344.09	1,334.96	-0.68%
Finance Company	2,521.44	2,449.85	-2.84%

## Major Movers

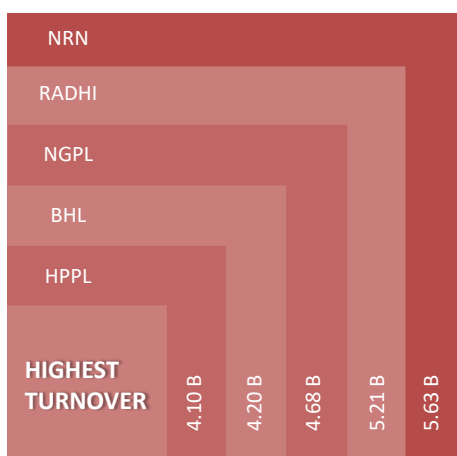
RADHI	61.22%	BHL	-34.41%
NRN	41.91%	SLBSL	-15.14%
NGPL	27.51%	UHEWA	-14.48%
UPCL	26.41%	USHEC	-13.36%
CORBL	21.49%	KBSH	-11.45%



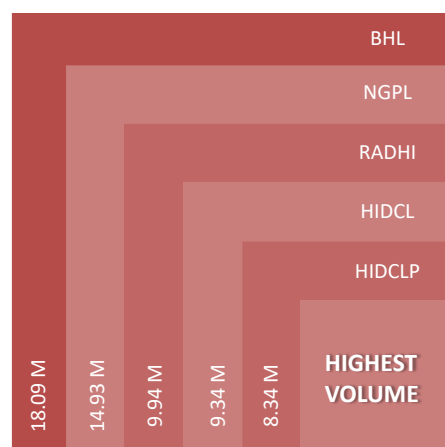
## Sectoral Divergence-Turnover

Index	90 Days Avg	Monthly Avg	Divergence
NEPSE	7.39 B	7.05 B	-4.67%
Investment	0.67 B	1.11 B	64.03%
Tradings	0.02 B	0.03 B	21.05%
Mutual Fund	0.01 B	0.01 B	19.28%
Others	0.65 B	0.75 B	15.28%
Hydro Power	2.85 B	3.09 B	8.78%
Manufacturing And Processing	0.23 B	0.25 B	7.39%
Life Insurance	0.40 B	0.41 B	0.80%
Commercial Banks	0.46 B	0.46 B	-0.72%
Development Banks	0.67 B	0.57 B	-15.14%
Hotels And Tourism	0.08 B	0.06 B	-19.92%
Non Life Insurance	0.20 B	0.14 B	-31.43%
Microfinance	0.47 B	0.30 B	-36.59%
Finance	0.47 B	0.21 B	-56.01%

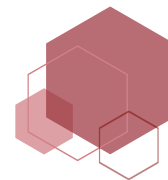
## Highest Turnover



## Highest Volume







# NEPSE Outlook

## A. Current Overview

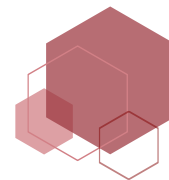


As of 24 April 2025, the NEPSE index closed at 2,658.02 points, marking a gain of 17.24 points (6.47%) across 20 trading days. The average turnover in these 20 trading days saw a notable decrease to NPR 6.75 billion, up from NPR 8.66 billion in the previous month.

The Relative Strength Index (RSI) stands at 43.77 points, indicating the market is in the neutral zone while the Moving Average Convergence Divergence (MACD) indicator suggests a bullish trend but is below the histogram.

Looking ahead, the NEPSE index's immediate support levels are identified as (S1) 2,635, (S2) 2,575, and (S3) 2,545 while immediate resistance levels are recognized at (R1) 2,730, (R2) 2,780, and (R3) 2,860. These support and resistance levels serve as valuable indicators for investors when formulating trading decisions.





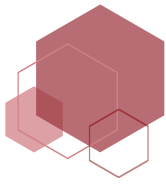
## B. Long Term Overview



The NEPSE index has recently broken through the psychological barrier of 2,200, a level not reached in over two years. This surge is driven by several key factors: a reduction in interest rates, and the Nepal Rastra Bank's (NRB) rate cuts aimed at stimulating economic activity.

The NRB's policy rate reductions have notably benefited the banking, financial institutions (BFI), and construction sectors. Furthermore, the NRB's decision to remove the NPR 20 crore cap on institutional investors is expected to further boost capital inflows into the market.

Given these factors, the market is likely to continue its upward momentum. If the NEPSE index surpasses its previous high of 3,200, Trend Based Fibonacci extension levels suggest it could target 3,400 and 3,690. On the downside, if the market experiences a pullback, long-term support is expected around 2,390, followed by 2,200, the previous resistance level. These levels will depend on broader economic conditions and market sentiment.



## SCRIP ANALYSIS

### Pure Energy Limited (PEL)

#### A. About the Company

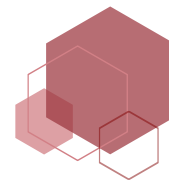
Pure Energy Limited, a flagship venture under the Golyan Group's energy division, has established itself as Nepal's largest private-sector solar power producer with the successful commissioning of its 20 MW solar photovoltaic (PV) facility in Raniyapur, Khajura Rural Municipality, Banke. The landmark installation is divided into two 10 MW projects—Pure Energy I and Pure Energy II—strategically developed across 22 bighas of land. This pioneering initiative is a joint venture between Golyan Group and India-based Renergo Developers Private Limited, underscoring a cross-border collaboration committed to advancing clean energy solutions in Nepal.

Pure Energy II began operations in May 2023, followed by Pure Energy I in December 2023. Each plant is equipped with over 19,000 advanced bifacial solar panels, capable of capturing sunlight from both sides, thereby significantly enhancing energy output. The electricity generated is transmitted to the national grid through a 33 kV double-circuit transmission line linked to the Kohalpur substation. Operated under a 25-year Power Purchase Agreement (PPA) with the Nepal Electricity Authority, the facility plays a vital role in bolstering the nation's renewable energy supply. The projects under the company maintains a Capacity Utilization Factor (CUF) of 15%, reflecting its operational efficiency.

This development reinforces Pure Energy Ltd.'s commitment to sustainable energy and marks a significant step forward in Nepal's transition to a greener, more self-reliant energy future.

In a major capital market milestone, Pure Energy Ltd. recently launched its Initial Public Offering (IPO), drawing overwhelming interest from investors. The company issued 1.6 million shares at a par value of NPR 100 per share, with allocations designated for project-affected locals, Nepali citizens working abroad, mutual funds, company employees, and the general public.

The IPO was oversubscribed by more than 19 times, attracting over 1.9 million applicants who collectively applied for nearly 23 million shares. Due to the immense



demand, shares were allotted through a lottery system, with only 119,520 applicants receiving 10 units each.

Following the successful IPO, Pure Energy Ltd.'s paid-up capital has increased to NPR 800 million.

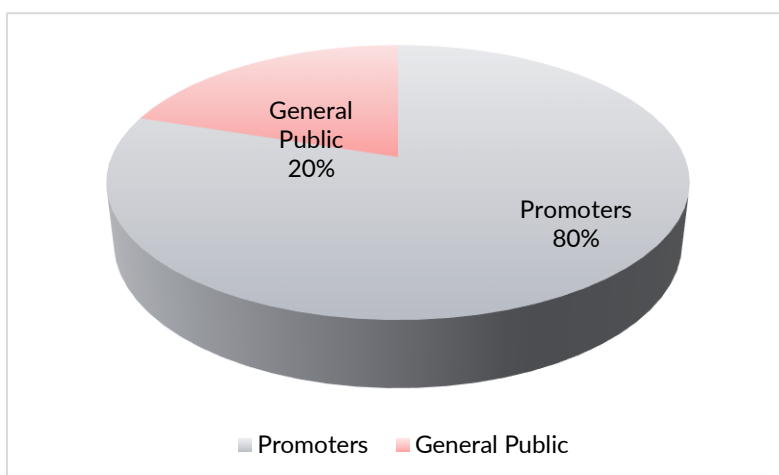
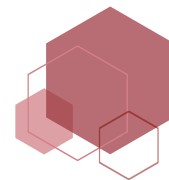


Figure: Shareholding Pattern of Pure Energy Limited post IPO issuance

### Key Project Details:

Particulars	Pure Energy I	Pure Energy II
Location	Raniyapur, Khajura Rural Municipality- 8, Banke	
Source	Solar	Solar
Project Size (MW)	10.00	10.00
Power Purchase Agreement Rate in NPR per kwh	7.30	7.30
Total cost in NPR millions	1,255.00	1,171.00
Cost per MW in NPR millions	125.50	117.10
Required Commercial Operation Date (RCOD)	11 Jestha, 2080 BS	11 Jestha, 2080 B. S
Commercial Operation Date (COD)	11 Poush, 2080 BS	18 Baisakh, 2080 B. S
Capacity Utilization Factor (CUF)	15.00%	15.00%
Validity of Generation License	28 Falgun, 2104 BS	28 Falgun, 2104 B. S



## B. SWOT Analysis

The following SWOT analysis provides a comprehensive evaluation of Pure Energy Limited (PEL). As Nepal's largest private-sector solar power producer, PEL has made significant strides in clean energy, backed by strong promoters and operational achievements. However, like any infrastructure-driven business, it also faces financial and operational challenges. This analysis highlights PEL's internal strengths and weaknesses, along with external opportunities and threats that may influence its future performance and strategic direction.

### Strengths

- **Strong Promoter Backing:** PEL is backed by Golyan Group and India-based Renergo Developers Pvt. Ltd., both of which bring substantial experience and financial strength. The Golyan Group has a diverse business portfolio and is actively involved in energy development.
- **Experienced Management:** Leadership includes seasoned professionals like Chairman Akshay Golyan, CFO Sanjay Kumar Sah, and CEO Prawin Aryal, all with deep sectoral and governance experience.
- **Operational Solar Projects:** Both 10 MW plants (Block-1 and Block-2) are commissioned and operational, reflecting successful project execution.
- **Long-Term PPA with NEA:** A 25-year Power Purchase Agreement at NPR 7.30/kWh under a "take or pay" model ensures revenue visibility and stability.
- **Government Incentives:** Tax exemptions for the first 10 years and mandates from NRB requiring banks to allocate funds to energy projects support favorable operating conditions.
- **High PBILDT Margin:** The operating profit margin stood at 99.04% in FY23, indicating high efficiency due to the fixed-tariff revenue model and low operational costs.

### Weaknesses

- **Leveraged Capital Structure:** PEL has a high debt-equity ratio of 2.71x as of FY24, with project funding structured in a 72:28 debt-equity mix. This results in a high interest burden.
- **Moderate Interest Coverage:** Interest coverage ratio was 1.60x in FY24, indicating modest cushion for debt servicing.
- **Early Operational Phase:** Block-1 only became operational in December 2023, and Block-2 in May 2023—stabilization risks remain during early operations.
- **Slight Underperformance in Generation:** Block-2 generated ~86% and Block-1 ~89% of contracted energy, slightly below expectations.
- **Interest Rate Volatility:** Exposure to floating interest rates creates uncertainty in cost of funds, although PEL has managed to reduce rates through refinancing.



## Opportunities

- **Growing Demand for Clean Energy:** Nepal's strategic focus on renewable energy and policy support makes the solar sector attractive.
- **Declining Financing Costs:** A downward trend in base rates from lenders may improve interest coverage and profitability.
- **Technological Advancements:** Use of bifacial, mono-crystalline panels positions PEL to take advantage of increasing efficiency and potentially higher CUF.
- **Scalability Potential:** With operational success and strengthened equity base post-IPO, PEL may explore project expansion or diversification into other renewable verticals.

## Threats

- **Climatic Dependence:** Solar energy production is weather-sensitive, and variability in solar irradiance directly impacts revenue.
- **Technological Risks:** Though advanced, bifacial panels are still exposed to degradation and performance issues over time.
- **Regulatory Risks:** While the environment is currently favorable, changes in policy, PPA terms, or taxation could impact future cash flows.
- **Moderate Credit Rating:** The BB+ rating indicates moderate credit risk, which may affect borrowing costs or investor confidence if not improved through operational performance.

## C. Comparative Annual Performance Visualizations

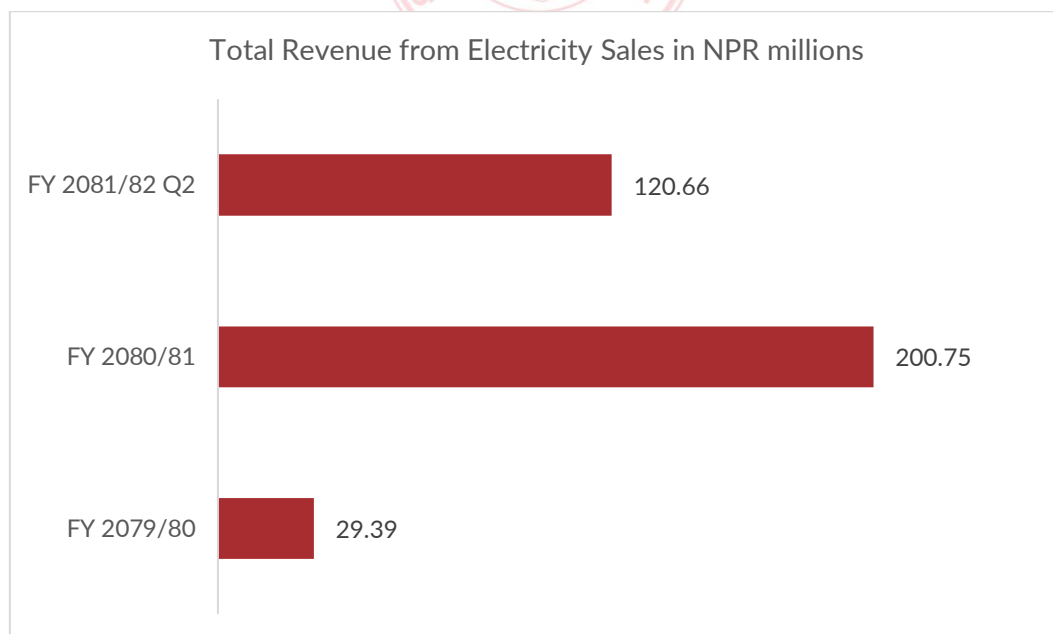


Figure: Total Revenue from Electricity Sales in NPR

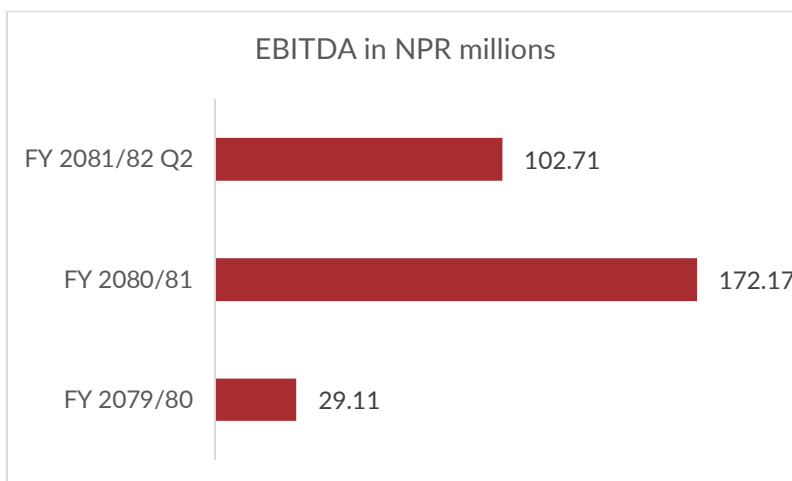
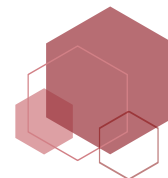


Figure: Total EBITDA in NPR millions

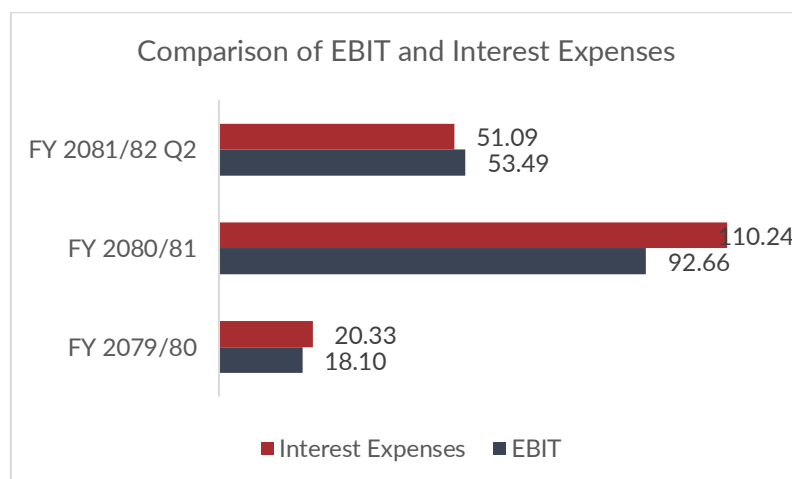


Figure: Comparison of EBIT and Interest Expenses in NPR millions

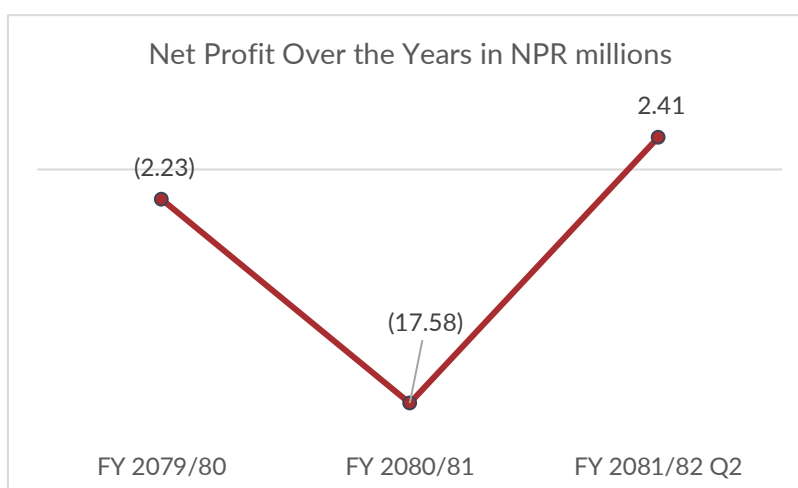
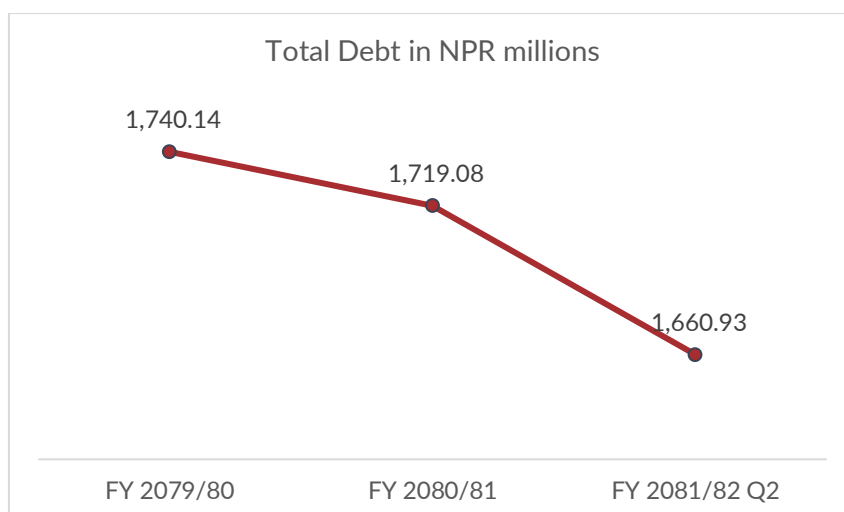
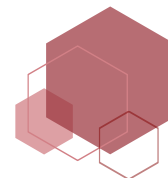
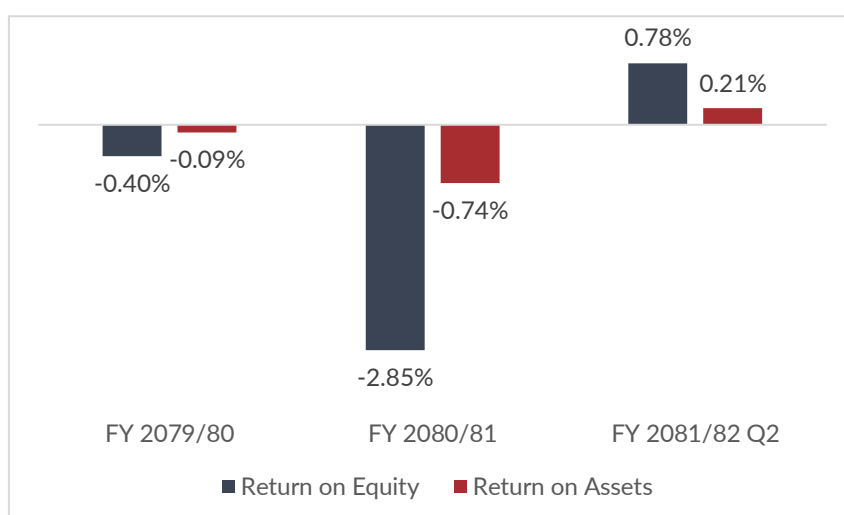


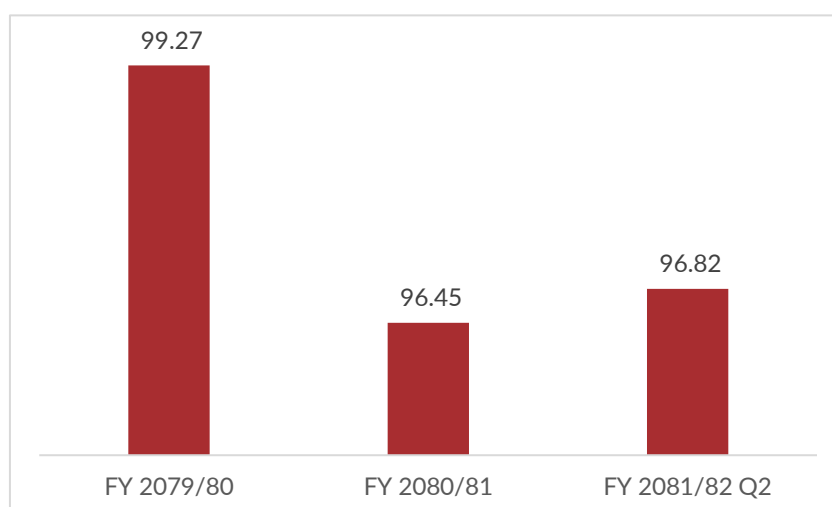
Figure: Net Profit Over the years in NPR millions



**Figure: Total Debt in NPR millions**



**Figure: ROE and ROA**



**Figure: Book Value Per Share in NPR**



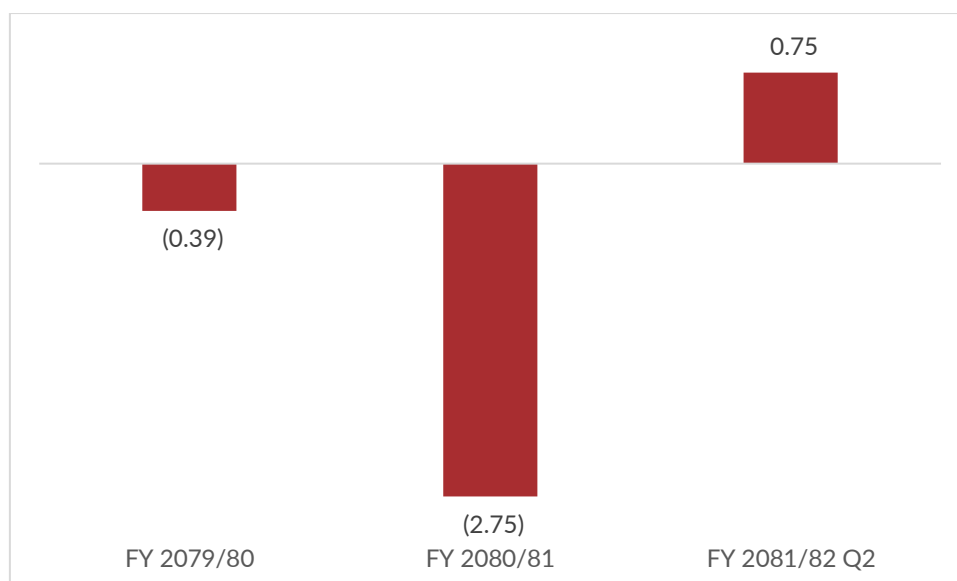
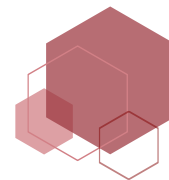
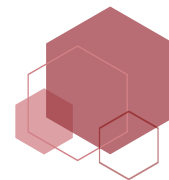


Figure: Earnings Per Share in NPR

### Key Variables used for Valuation:

1. Sustainable Growth Rate for longer period projection to calculate terminal value= 4%
2. Other specifics are as follows:

Specifics	Value	Remarks
Adjusted Beta ( $\beta$ )	1.00	New sector in NEPSE, so beta has been assumed to be 1.
Market Return ( $R_m$ )	11.04%	CAGR of closing prices of NEPSE from FY 2001/02 to FY 2023/24.
Risk Free Rate ( $R_f$ )	5.15%	The latest Development Bond Rate (5.48%) adjusted for a tax rate of 6.00%
Cost of Equity ( $K_e$ )	11.04%	As per the CAPM Model
Cost of Debt ( $K_d$ )	10.66% / 9.60% / 8.53%	As per the average monthly lending rates of commercial banks since February 2014 (adjusted as per tax rate)
Tax Rate	0.00% / 10.00% / 20.00%	As per tax rates for energy sector companies (Year 1 – 10, Year 11 – 15, and Year 16 onwards)
WACC	10.77%/ 9.99%/ 9.21%	Discount rate for the valuation (based on 72.83% debt and 27.17% equity in capital structure) as per change in tax rate (Year 1 – 10, Year 11 – 15, and Year 16 onwards).



### Other Assumptions:

- Revenue for the first three years is based on the IPO prospectus. From the fourth year onward, revenue is expected to decline by 0.5% annually, assuming a gradual 0.5% yearly decrease in the working efficiency of the solar panels.
- The plants will be in operation of Pure Energy Limited till 28 Falgun, 2104 BS.
- COGS is expected to increase by 3.5% each year.
- Administrative expenses are expected to increase by 3.5% each year.
- Capital expenditure up to the third year of valuation is based on the figures provided in the IPO prospectus. For the remaining years, an annual maintenance CAPEX of NPR 500,000 has been assumed.
- We have adopted the post-money valuation approach, considering 8,000,000 shares in total. The IPO proceeds, amounting to NPR 160,000,000 (the issue size), will be utilized to reduce the company's debt.

### D. Stock Valuation

We have valued Pure Energy Limited using the Discounted Cash Flow (DCF) method. This valuation method estimates a company's value by projecting future cash flows and discounting them back to the present. It's commonly used because it considers time value of money, providing a comprehensive, long-term financial assessment.

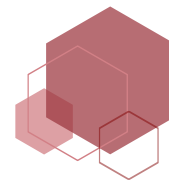
Internationally, DCF valuation is widely used for its adaptability and detailed view of future cash flows. However, it's subjective, relying on assumptions about growth and risk, which can vary widely across analysts and markets.

The final valuation of Pure Energy Limited has been tabulated below.

Valuation Metric	Valuation Price (NPR)
Discounted Cash Flow	77.71

### E. Conclusion

Pure Energy Limited (PEL) has established itself as a key private-sector player in Nepal's renewable energy landscape, with a fully operational 20 MW solar project backed by a long-term, 25-year "take or pay" Power Purchase Agreement (PPA) with Nepal Electricity Authority (NEA). Strong promoter backing from Golyan Group and Renergo Developers, high operational efficiency, and stable revenue visibility provide a solid foundation for the business.



However, despite these strengths, PEL's financial structure raises concerns. The company is highly leveraged with a debt-to-equity ratio of 2.71x, exposing it to substantial interest burden and refinancing risks. Furthermore, even after projecting 24 remaining years of cash flows through a detailed Discounted Cash Flow (DCF) valuation, the intrinsic value of the company stands at NPR 77.71 per share – significantly below its par value of NPR 100. This highlights that the company's future earnings potential does not fully justify its par valuation under current assumptions.

Given the modest financial resilience, early-stage operational risks, gradual decline in solar panel efficiency, and heavy debt load, Pure Energy Limited may not offer attractive returns at the current valuation level.

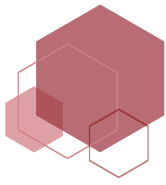
## F. Recommendation:

Investors are advised to exercise caution. Unless there is significant operational outperformance, reduction in leverage, or expansion without heavy borrowing, PEL does not present a compelling buy.

Given the IPO market dynamics in Nepal, where shares typically trade above the issue price, it is expected that PEL will likely experience a price increase post-listing, driven by high investor demand and retail market behavior.

- **Short-Term Outlook:** Post-listing price increase is expected, as PEL will likely trade above the issue price due to strong retail demand.
- **Long-Term Outlook:** While the intrinsic value is lower, the strong market sentiment, combined with PEL's operational assets and steady cash flows, supports the view that the stock will likely stay above the par value of NPR 100 in the long term, barring significant operational setbacks.

We expect a price increase post-listing with strong market sentiment, and anticipate that the stock will likely remain above NPR 100 in the long run, despite valuation concerns.



## ISSUE OF THE MONTH

### The Wyckoff Method

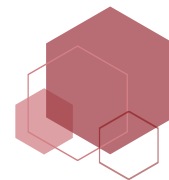
#### A. Introduction

The Wyckoff Method is a technical analysis approach to trading that focuses on the relationship between supply and demand in the market. The method aims to identify trends and market cycles by analyzing price and volume movements. The method consists of analyzing chart patterns, volume, and market cycles to identify potential trading opportunities and manage risk.

#### B. Tenets of Wyckoff Method

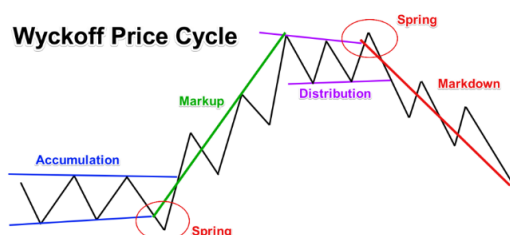
The method is based on the following tenets:

- **Market Cycles:** The Wyckoff Method acknowledges that financial markets move in cycles. Each cycle consists of four stages, as described in the Wyckoff Cycle: accumulation, markup, distribution, and markdown.
- **Supply and Demand:** The Wyckoff Method focuses on the interaction between supply and demand as the primary driver of market price movements. The method assumes that prices move because of imbalances between supply and demand.
- **Volume Analysis:** Volume is a critical aspect of the Wyckoff Method. The method emphasizes that volume should confirm price movements. Increasing volume during markup stages and decreasing volume during markdown stages can signal a trend reversal.
- **Chart Analysis:** Chart analysis is another critical component of the Wyckoff Method. The method relies on the study of chart patterns, such as trendlines, support and resistance levels, and price and volume chart patterns, to identify potential trading opportunities.
- **Trading Ranges:** The Wyckoff Method recognizes the importance of trading ranges in the market. It suggests that accumulation and distribution stages often occur in a trading range, where price movements are limited within a defined range.
- **Composite Operator:** The Wyckoff Method introduces the concept of a "composite operator" who is responsible for manipulating the market. The composite operator is a large trader or group of traders who have the resources to influence the market's price movements.



- **Chart Reading Skills:** The Wyckoff Method emphasizes the importance of developing chart reading skills. It suggests that traders should learn to identify market trends, support and resistance levels, and price and volume chart patterns.
- **Risk Management:** The Wyckoff Method acknowledges that trading involves risk. The method emphasizes the importance of proper risk management, such as setting stop-loss orders and limiting the amount of capital at risk.

### C. Stages of Wyckoff Cycle

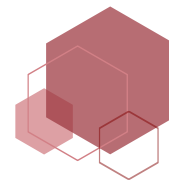


- **Accumulation Stage:** Smart money investors buy shares at a low price when other investors are fearful or uncertain, using the psychological bias of others to their advantage.
- **Markup Stage:** Retail investors tend to follow the crowd and buy shares when others are buying, leading to a bullish trend. This can create a bubble-like market where the price of the asset becomes overvalued.
- **Distribution Stage:** Smart money investors take advantage of retail investors who hold onto their shares due to confirmation bias, selling their shares to them even as the price starts to decrease.
- **Markdown Stage:** Retail investors tend to hold onto their shares even as the asset's value continues to decrease due to loss aversion, which can lead to panic selling and further price decreases. Smart money investors take advantage of this bias by buying shares at a low price and preparing for the next accumulation stage.

### D. Understanding Wyckoff cycle using technical Parameters.

The Wyckoff Cycle stages can be analyzed using various technical parameters, including volume, RSI, ADX, MACD, and others. Here's how these indicators can be used to analyze the Wyckoff Cycle stages:

- **Accumulation Stage:** During the accumulation stage, the trading volume is typically low. However, as the smart money investors start to accumulate shares, the trading volume can start to increase gradually. The RSI can be used to identify when the accumulation stage is ending and the markup stage is beginning. The RSI may start to rise above 50 as demand for the asset increases, indicating a shift towards a



bullish trend. Additionally, the ADX may start to increase, indicating the start of a new trend.

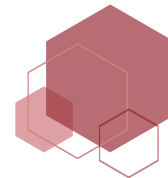
- **Markup Stage:** During the markup stage, the trading volume and value of the asset typically increase, with occasional price pullbacks. The RSI may rise above 70 as the asset becomes overbought, indicating a potential pullback. The MACD can be used to identify potential buying opportunities during pullbacks in a bullish trend. As the asset continues to rise, the ADX may also increase, indicating a strengthening of the trend.
- **Distribution Stage:** During the distribution stage, the smart money investors start to sell their shares at high prices, leading to a decrease in demand and price of the asset. The trading volume may start to decrease, and the RSI may start to fall below 50 as the asset enters a sideways or bearish trend. The MACD can be used to identify potential selling opportunities during pullbacks in a bearish trend. The ADX may start to decrease as the trend weakens.
- **Markdown Stage:** During the markdown stage, the asset's value typically decreases, with lower trading volume and occasional price rallies. The RSI may fall below 30 as the asset becomes oversold, indicating a potential pullback. The MACD can be used to identify potential buying opportunities during pullbacks in a bearish trend. The ADX may start to increase again as the asset enters a new accumulation stage.

## E. The Composite Operator

Composite Operator (CO) is a group of highly skilled traders who manipulate the market and control stock prices. They are responsible for the markups and markdowns in the market. Wyckoff believed that studying the movements of the CO was essential for understanding the reasons behind stock price movements.

The CO represents the combined efforts of multiple professional traders working together at the same time. The immense size of their operations gives the CO the ability to enter into the Accumulation Phase early on and buy shares without attracting attention. At the start of the Accumulation Phase, the goal is to collect as many shares as possible at the lowest price while keeping the price suppressed to avoid drawing attention. These Accumulation operations can last for several months, and substantial amounts of capital are discreetly deployed at market lows.

These operations, when carried out on a significant scale, would result in targeted stocks rallying dynamically after the accumulation phase, leading to faster and more extended stock movements than other stocks. These stocks were worth owning. While the CO operates with Sam Fisher-like stealth, their footprints can be seen in price and volume on the charts. The Wyckoff method involves analyzing the footprints left by the CO to take the same trades as them.



This involves identifying whether the stock is being accumulated or distributed and buying or selling accordingly. By repeatedly analyzing the footprints of the CO on charts, one can begin to think and act in unison with them, even with less capital. Wyckoff suggests that retail traders should understand and play the market game as the CO plays it, regardless of whether market moves are real or artificial. To do this, traders must study individual stock charts to judge the behavior of the stock and the motives of the large operators who dominate it. With practice, one can acquire the ability to interpret the motives behind the action portrayed on a chart, allowing for the identification of trading and investment opportunities early enough to profit from them.

## F. The common investor and Wyckoff cycle

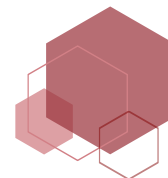
Understanding the Wyckoff Cycle is important for common investors because it provides a framework for analyzing market trends and making informed investment decisions. Here are some reasons why understanding the Wyckoff Cycle is important for common investors:

- **Helps identify potential trends:** By understanding the stages of the Wyckoff Cycle, common investors can identify potential trends in the market and adjust their investment strategy accordingly. For example, if an investor identifies that an asset is in the accumulation stage, they may decide to buy shares at a lower price in anticipation of the markup stage.
- **Aids in risk management:** The Wyckoff Cycle can also help common investors manage their risk by identifying potential buying and selling opportunities. For example, if an investor identifies that an asset is in the distribution stage, they may decide to sell their shares to avoid potential losses.
- **Provides a systematic approach:** The Wyckoff Cycle provides a systematic approach for analyzing market trends and making investment decisions. By following a systematic approach, common investors can avoid making impulsive decisions based on emotions or short-term market fluctuations.
- **Helps with long-term investing:** Understanding the Wyckoff Cycle can also help common investors with long-term investing by identifying potential opportunities to accumulate shares of an asset over time. By identifying assets in the accumulation stage, investors can accumulate shares at a lower price and hold them for the long-term.

Overall, understanding the Wyckoff Cycle can help common investors make more informed investment decisions by providing a framework for analyzing market trends and identifying potential opportunities and risks.

*\*This article was previously published in the Baisakh 2080 edition of The Pulse.*










## HISTORICAL RETURNS

### TOP PERFORMING NEPSE STOCKS






#### PAST 1 YEAR

 Corporate Development Bank Ltd. कorporेट डेवलपमेन्ट बैंक लि. first choice - financial friend	CORBL	506.32%
 CEDB Holdings Limited	CHDC	416.34%
 NRN	NRN	400.79%
 नारायणी डेवलपमेन्ट बैंक लि. Narayani Development Bank Ltd. "मैला लाग्ने बैंक" वा "सबैको लागि बैंक"	NABBC	390.83%
 सप्तकोशी डेवलपमेन्ट बैंक लिमिटेड SAPTAKOSHI DEVELOPMENT BANK LIMITED "सबैको लागि बैंक"	SAPDBL	370.64%





#### PAST 3 YEARS

 Coca-Cola Bottlers Nepal Limited	BNL	113.84%
 GREEN DEVELOPMENT BANK LTD.	GRDBL	69.87%
 Corporate Development Bank Ltd. कorporेट डेवलपमेन्ट बैंक लि. first choice - financial friend	CORBL	66.54%
 नारायणी डेवलपमेन्ट बैंक लि. Narayani Development Bank Ltd. "मैला लाग्ने बैंक" वा "सबैको लागि बैंक"	NABBC	64.12%
 CEDB Holdings Limited	CHDC	58.25%

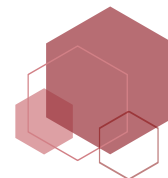
#### PAST 5 YEARS

 Corporate Development Bank Ltd. कorporेट डेवलपमेन्ट बैंक लि. first choice - financial friend	CORBL	84.31%
 GREEN DEVELOPMENT BANK LTD.	GRDBL	68.12%
 Coca-Cola Bottlers Nepal Limited	BNL	59.03%
 सप्तकोशी डेवलपमेन्ट बैंक लिमिटेड SAPTAKOSHI DEVELOPMENT BANK LIMITED "सबैको लागि बैंक"	SAPDBL	58.90%
 Nepal Hydro Developer Limited	NHDL	58.83%

#### PAST 10 YEARS

 Salt Trading Corporation Limited	STC	61.81%
 Corporate Development Bank Ltd. कorporेट डेवलपमेन्ट बैंक लि. first choice - financial friend	CORBL	35.31%
 HIMALAYAN DISTILLERY LIMITED	HDL	33.65%
 Sindhu Bank Ltd. सिन्धु बैंक लि. "सबैको लागि बैंक"	SINDU	25.59%
 नारायणी डेवलपमेन्ट बैंक लि. Narayani Development Bank Ltd. "मैला लाग्ने बैंक" वा "सबैको लागि बैंक"	NABBC	25.06%

\*Returns are dividend-adjusted on a year-over-year (YoY) basis. Past performance should not be interpreted as indicative of future results.



## Key Dates

Scrip	Issue Type	Quantity	From	To	Issue Manager
TTL	IPO	3,97,169 (O)	2025/04/21 AD 2082/01/08 BS	2025/05/05 AD 2082/01/22 BS	Laxmi Sunrise Capital
SANVI	IPO	2,91,000 (O)	2025/04/18 AD 2082/01/05 BS	2025/05/02 AD 2082/01/19 BS	Nepal SBI Merchant
SANVI	IPO	8,80,000 (O)	2025/04/18 AD 2082/01/05 BS	2025/05/02 AD 2082/01/19 BS	Nepal SBI Merchant
SAMPANNA	RIGHT	1,01,330 (O)	2025/04/24 AD 2082/01/11 BS	2025/05/28 AD 2082/02/15 BS	Sampanna Capital and Advisory Nepal Limited
KSBBLP	AUCTION	11,741 (P)	2025/04/28 AD 2082/01/15 BS	2025/05/04 AD 2082/01/21 BS	Prabhu Capital
NIL	AUCTION	1,81,481 (O)	2025/04/25 AD 2082/01/12 BS	2025/05/04 AD 2082/01/21 BS	Sanima Capital
NIMBPO	AUCTION	8,50,000 (P)	2025/04/25 AD 2082/01/12 BS	2025/05/04 AD 2082/01/21 BS	Sanima Capital

**Disclaimer:** Investment in equity shares has its own risks. The information contained herein is based on analysis and on sources that we consider reliable. This Report is a proprietary document prepared by Himalayan Capital Limited (HCL)'s Research and Investment Unit. (HCL) does not assume any liability for any financial or other loss resulting from this report in consequence of any undertaking made dependent on this report.

**Himalayan Capital Limited**  
**IT Plaza, Kamaladi, Kathmandu,**  
**Contact: 01-5970675**  
**[www.himalayancapital.com](http://www.himalayancapital.com)**  
**[info@himalayancapital.com](mailto:info@himalayancapital.com)**