

The Pulse

Market Growth, Risks and Outlook

Shrawan 2079

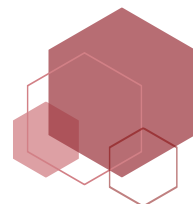
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Himalayan Capital

A Wholly Owned Subsidiary of Himalayan Bank Limited



Macroeconomic Overview



Inflation

8.56% ▲



Deposit Growth

11.30% ▲



Credit Growth

15.69% ▲



Import Growth

27.5% ▲



Export Growth

53.3% ▲



Remittance Growth

3.77% ▲



FX Reserve Growth

-13.83% ▼

* Growth refers to the change between the eleventh month of FY 77/78 and the eleventh month of FY 78/79

*Credit refers to claim on private sector

Monthly Trading Statistics



Average
Turnover

NPR 2.29 B

74.31 ▲



Average
Shares Traded

5.9 M

46.55% ▲



Average
Transactions

39.08 K

40.89% ▲

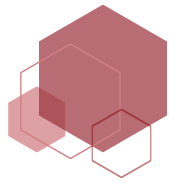


Average
Scrips Traded

223

-2.42% ▼

* For the period (June-28) - (July-29)



Liquidity Overview

A. Major Rates

Description	Value As On					Change		
	Jestha-78	Baisakh-79	Jestha-79	Shrawan-7	Shrawan-14	YOY	MOM	WOW
Wt.Avg 28 Days TB rate (%)	2.13	7.67	8.18	9.38	11.34	6.05	0.51	1.96
Wt.Avg 91 Days TB rate (%)	4.50	8.77	10.49	9.33	12.00	5.98	1.71	2.67
Wt.Avg 364 Days TB rate (%)	4.38	8.24	10.53	9.85	9.85	6.15	2.29	0.00
Wt. Avg Interbank Rate (%)	4.77	6.99	7.01	7.00	8.50	2.24	0.02	1.50
CapEx (In Billion NPR)	143.09	118.63	137.94	0.03	0.07	-5.15	19.31	0.05

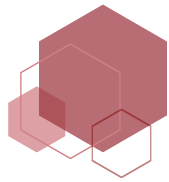
B. BFI Statistics

Description	Value As On					Change		
	Jestha-78	Baisakh-79	Jestha-79	Shrawan-7	Shrawan-14	YOY	MOM	WOW
Wt. Avg Deposit Rate (%)	4.72	7.25	7.34	7.25	7.34	2.62	0.09	0.09
Wt. Avg Lending Rate (%)	8.46	11.42	11.54	11.42	11.54	3.08	0.12	0.12
Base Rate (%)	6.83	9.30	9.39	9.30	9.39	2.56	0.09	0.09
CD Ratio (%)	89.63	90.30	89.61	87.94	87.62	-0.02	-0.69	-0.32
Fixed Deposits/Total Deposits (%)	48.34	47.36	56.41	47.36	56.41	8.07	9.05	9.05
Total Liquid Assets/Total Deposits (%)	24.01	24.82	25.38	24.82	25.38	1.37	0.56	0.56

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	Shrawan 10	200.00	0.00	11	47	2.93	200.00	9.34	12.24	11.34
91 Days	Shrawan 10	1360.00	1000.00	14	65	2.22	360.00	9.90	14.00	12.00
182 Days	Ashadh 27	600.00	0.00	25	87	3.21	600.00	9.00	10.74	9.84
364 Days	Ashadh 27	860.00	0.00	33	120	3.13	860.00	9.00	10.22	9.85

*Figures are in Millions NPR

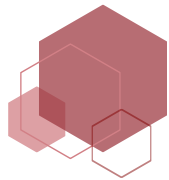


Sectoral Movement

Index	Last Month	This Month	Change
NEPSE	1,933.13	2,127.47	10.05%
Finance Company	1,401.98	1,970.93	40.58%
Trading	1,641.06	2,074.59	26.42%
Development Bank	3,236.09	3,892.54	20.29%
HydroPower	2,135.31	2,542.98	19.09%
Microfinance	4,177.36	4,914.65	17.65%
Hotels & Tourism	2,536.14	2,856.84	12.65%
Others	1,416.26	1,593.91	12.54%
Manufacturing & Processing	4,813.01	5,345.00	11.05%
Investment	64.41	70.16	8.93%
Mutual Fund	14.04	14.92	6.27%
Non Life Insurance	7,827.91	8,305.09	6.10%
Life Insurance	9,452.70	9,950.53	5.27%
Commercial Bank	1,340.60	1,389.00	3.61%

Major Movers

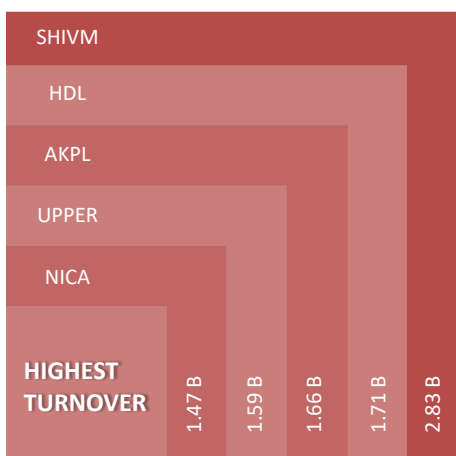
CYCL	94.81%	BOKD86	-22.40%
GUFL	65.05%	GBILD86/87	-17.16%
SFCL	56.39%	NCCD86	-6.46%
GMFIL	56.25%	MFLD85	-5.85%
MPFL	54.92%	NMBD2085	-5.76%



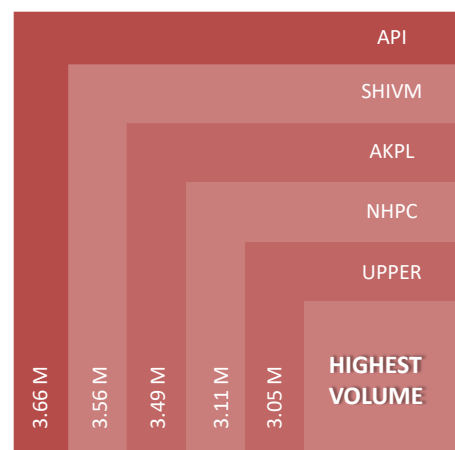
Sectoral Divergence-Turnover

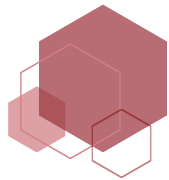
Index	90 Days Avg	Monthly Avg	Divergence
NEPSE	1.32 B	2.29 B	74.31%
Preferred Stock	0.01 M	0.02 M	203.57%
Finance	110.04 M	185.65 M	68.72%
Manufacturing And Processing	115.82 M	178.24 M	53.90%
Tradings	8.39 M	12.75 M	51.93%
Microfinance	184.89 M	250.89 M	35.70%
Development Banks	131.32 M	161.38 M	22.89%
Hydro Power	445.0 M	530.79 M	19.28%
Others	66.05 M	72.73 M	10.11%
Investment	97.08 M	98.72 M	1.68%
Commercial Banks	305.38 M	308.26 M	0.94%
Hotels	14.91 M	13.43 M	-9.93%
Corporate Debenture	1.51 M	1.22 M	-19.02%
Mutual Fund	6.22 M	4.87 M	-21.60%
Life Insurance	153.80 M	108.99 M	-29.14%
Non Life Insurance	95.16 M	55.09 M	-42.11%

Highest Turnover



Highest Volume





NEPSE Outlook

A. Current Overview



On July 28, 2022, NEPSE Index reached 2,127.74 points, with a total trading volume of NPR 4.976 Billion. Although last week's purchasing pressure was greater than previous week's, the index was unable to overcome the most recent resistance level of 2,148.62. The index did, however, break over that resistance level during the day. The index rose by 110 points (5.45%) in comparison to last week's closing price and average turnover, and there was a high weekly average turnover of NPR 3.73 billion, up more than 100% from the previous week's average turnover.

Observing from a parallel channel perspective, the index is moving upward staying in the middle trend line of the channel.

The Exponential Moving Average (EMA) indicator is still indicating a downward trend. But due to rise in the index and the overall market, both lines are converging.

The Moving Average Convergence Divergence (MACD) line has breakout baseline indicating diminishing weak momentum in the market supported by the rising positive MACD histogram with the bullish MACD crossover. It indicates a bullish trend.

The Relative Strength Index (RSI) is at 61.45 which is neutral in nature. It is close to oversold region which indicates the buyers are outweighing sellers in the market.



SCRIP ANALYSIS

Bottlers Nepal (Terai) Limited (BNT)

A. Technical Analysis



BNT's stock price is NPR 13,301 as of July 28th, 2022, and it has been moving sideways during the last few days following a sharp increase in the stock's price.

The stock is taking strong support at 13,222 points, which is the 50% Fibonacci level, according to the Fibonacci Retracement Values. During intraday trade, the stock did break beyond the 61.8 percent Fibonacci mark, but it was short-lived.

Observing Exponential Moving Average (EMA) of both 50 days and 20 days, a short-term bullish trend crossover can be expected indicating upward trend of the stock if supported by the volume.

The stock's Relative Strength Index (RSI), which measures a stock's relative strength, is 53.45, indicating neutral momentum.

The Moving Average Convergence Divergence (MACD) line has broken out of its baseline, indicating weakening market momentum that is being supported by an ascending positive MACD histogram and a bullish MACD crossover. thereby showing a positive trend.



The Average Directional Index (ADX) is at 29.63 indicating that the current trend of the market is strong.

The immediate support levels for this stock stand at: (S1) NPR 13,222, (S2) NPR 12,955, and (S3) NPR 12,566, whereas the resistance levels hold at: (R1) NPR 13,877, (R2) NPR 14,975, and (R3) NPR 16,450.

B. Stock Valuation

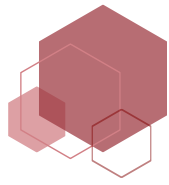
The valuation of Bottlers Nepal (Terai) Limited (BNT) has been done based on the average of Capitalized Earnings method, Earning Discount, Discounted Cash Flow, and Relative Valuation method. Based on the company's average previous performance growth, the company's financials are anticipated for 5 years, or until 2025/26. The company's ultimate average value was NPR 9,274.75, which was arrived at after calculating the final value from each model.

Methodology	Valuation Price (NPR)
Capitalized Earnings	6,698.10
Discounted Cash Flow	7,019.41
Discounted Earnings	7,254.03
P/B Model	16,003.43
P/E Model	13,415.21
Graham's Number	5,258.31
Final Average Valuation	9,274.75

Assumptions

I. Major Variables

- ✓ Revenue is projected based on average past five years growth of sales of the company.
- ✓ Cost of goods sold is projected based on average past five years proportion of sales and cost materials.
- ✓ Administrative and personnel costs are projected based on the past average proportion of total income.



- ✓ Total Property, Plant and Equipment is forecasted based on the past average capital asset turnover.
- ✓ Depreciation percentage of 8.49%.

II. Discounted Rate Using CAPM Model

- $Ke = Rf + (Rm - Rf) * B$

Specifics	Value
Cost of Equity (Ke)	12.07%
Cost of Debt (Kd)	12.72%
WACC	11.51%

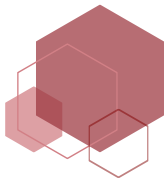
III. Sustainable Growth Rate = 4.20%

C. Recommendation

With over 35 years of operations, Bottlers Nepal (Terai) Limited under the brand names Coca-Cola, Sprite, Fanta, Coke-Zero, and Kinley, BNT produces, manufactures, sells, distributes, and supplies carbonated non-alcoholic beverages as well as packages water. The sole licensed bottlers and suppliers of "The Coca-Cola Firm" (TCCC) in Nepal are the company and its holding company, Bottlers Nepal Limited.

The company's ultimate average worth, based on valuations from six different approaches, is NPR 9,274.75. The final average value was determined using the Absolute Valuation Method and the Relative Valuation Method, arriving at NPR 6,990.51 and NPR 11,558.98, respectively. The stock price of the company is overpriced by 43% of the final average value when compared to its most recent trading price for BNT.

Similar to BNL, BNT's dividend history reveals erratic dividend payments to its shareholders. The firm also chooses to disburse cash dividends rather than bonus shares, which is a significant factor in the company's stock price being undiluted. The business relies substantially on machinery and plants for manufacturing because it is a manufacturer. According to prior performance, as new machinery and equipment were introduced, the company's scale of operations grew, and the stock price increased as well, making it one of the priciest companies in NEPSE.



Technically speaking, the company's stock is now trading at NPR 13,301 on July 28, 2022, with key indicators like the exponential moving average, relative strength index, and moving average convergence and divergence pointing to a short-term positive trend for the stock. If the stock price could overcome the NPR 13,877 resistance level, it may be a decent short-term investment.

After a comprehensive examination of the business from both a fundamental and technical perspective, the performance of the company is still above average for the industrial sector. Comparatively, the firm has a solid customer base that will assist them to compete in the market when looking at the consumer market and the competitors. Our appraisal indicates that the stock price is excessive, but the company's prospects for the future are promising. Therefore, if the price falls close to the valuation range or if the stock breaks out of the aforementioned resistance level, it can be a suitable purchase for investors.

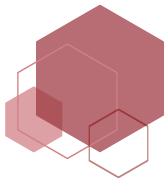
ISSUE OF THE MONTH

Investment Strategies: Gateways to Investment

The world of investing may appear large when you first start out on your own, sometimes too large. But there are several tried-and-true tactics you may use to simplify things. Investment strategies assist investors in making decisions about where and how to invest based on factors such as projected returns, risk tolerance, corpus size, long-term vs short-term holdings, retirement age, sector preference, etc. A sound investment approach can produce positive returns over time, free up your time to concentrate on other aspects of the process, or even make investing so simple that you can spend more time doing the things you like. The most widely used investing techniques in use today include:

A. Buy and Hold Investing

Buy and hold investing is the most straightforward long-term investment strategy. Simple purchases and perpetual holdings are made of individual equities. The performance of a buy-and-hold portfolio will clearly rely on the stocks that are kept. The simplest investing strategy, purchase and keep, can really be more successful than one might think. Investors sometimes act as their own worst enemies by selling their holdings at the wrong moment. This method solves the equation's issue.



There are two strategies to significantly raise a buy and hold portfolio's chances of success. Start by looking for equities that have a good chance of lasting a long period. Strongly branded stocks with little chance of disruption are an excellent choice. Keep your positions small, second. In this manner, your portfolio won't suffer too much if you make the wrong decisions. Additionally, the stocks that perform well will become large holdings in your portfolio.

B. Growth Investing

The primary benefit of growth investing methods is that they expose you to the businesses and sectors with the quickest rate of growth. This implies that you are investing in businesses that have the highest potential for producing large yearly returns. Gaining knowledge about the businesses that are developing and shaping the future is another fascinating aspect of investing in growth stocks. Growth investment, however, needs to be done cautiously.

Market values for growth stocks are often the highest. To justify their values, they must live up to the expectations of the market; otherwise, the stock price would decline, sometimes rather sharply. Do your research before investing in growth stocks to avoid chasing after businesses that are based solely on feeling.

C. Momentum Investing

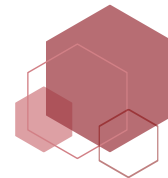
Similar to growth investment, momentum investing prioritizes stock price momentum above revenue or profits growth. The best-performing equities during a specific era are likely to outperform throughout succeeding periods, according to the evidence.

Therefore, buying and selling choices are made solely based on price activity, but avoiding tiny and illiquid businesses is facilitated by this. A relatively straightforward momentum strategy would hold 10 to 20 of the best-performing equities for a whole year. All equities are now sold, and the procedure is repeated. On a monthly or quarterly basis, more complicated iterations of the approach will continually rotate capital into the stock with the strongest momentum.

The majority of the time, momentum investing produces strong returns, but rare losses might be large. It is advisable to combine momentum investment tactics with other techniques.

D. Value Investing

Over the past 100 years, value investment has generated the most reliable long-term returns. Warren Buffett amassed his wealth via investments in businesses that offered



dependable revenues at competitive pricing. Worth investors purchase stocks when they are trading at their inherent or fair value or lower. This offers a safety margin in case the unexpected occurs. The lower the value at the time a stock is bought, the less the firm must earn in the future to produce a respectable return.

To ascertain a company's genuine worth, value investors need to comprehend financial statements. The majority of discounted stocks are so for a reason. Finding high-quality, low-priced companies is the responsibility of the value investor

E. Small Cap Investing

Choosing to concentrate on smaller businesses has two benefits. First off, a small business may increase its revenues more easily. It is far simpler to double income from a base level of NPR 10 Crores than it is from a base level of NPR 10 Arab. Second, smaller businesses are more likely to trade at a discount because investors are more prone to overlook them. The discount will get smaller as more investors become aware of the firm as it develops. If you were an early investment, this might result in an extra return.

Investing in small cap companies has several drawbacks. Finding information is more difficult, therefore research will take longer. Additionally, small businesses have less liquidity and more unpredictable share prices. You will need to carefully manage risk and stay away from circumstances when liquidity runs out before you can depart.

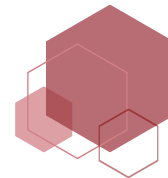
F. Dividend Investing

Generating an income stream is the goal of dividend investment, also known as income investing or yield investing. Strong dividend yielding stocks often have high profitability but relatively slow growth rates. Finding profitable firms that can maintain dividend payments is your responsibility as a dividend investor. Even better would be if the business could raise its dividend yield.

Dividend investing techniques aim to do more than just make money. An investment portfolio with a yield can also see significant capital growth if dividends are reinvested. Dividend-paying companies are often extremely prosperous, making them defensive during recessions.

G. Factor Investing

Value averaging is one such example. Value averaging, as opposed to Dollar-Cost averaging, suggests that if Mr. Ujjwal were to buy shares in a firm, he would buy less when the price was high and more when the price was low. While this approach can yield



great returns, investors run the danger of not having enough money to continue with it when larger purchases are necessary in a down market. Dollar-cost averaging is a much easier technique because it is passive and does not need substantial contributions at specific times.

H. Passive Investing

Buy and hold investment is a subset of indexing, or passive investing. Investments are made in indexes rather than specific equities, though. This strategy has a number of benefits. First off, investment in market cap weighted indexes ensures that your money is going towards the largest, fastest-growing businesses on the stock market.

Doing this, you won't need to choose stocks and can be guaranteed to hold all the important ones. Mutual Funds are the most popular method for passive investing since they have relatively cheap costs in comparison to other products. To acquire dozens, if not hundreds, of stocks, you only need to pay commission on a single purchase.

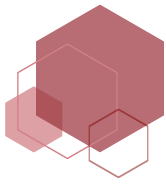
I. Multi Asset Investing

Over the long run, stocks often produce the biggest returns. They are the most volatile asset class, nevertheless. Combining multiple asset classes can result in superior risk-adjusted returns. An investment portfolio's volatility and risk will be reduced the more asset classes it contains. Stocks, bonds, cash, commodities, real estate, hedge funds, and private equity funds can all be included in a well-diversified portfolio. By distributing the stock portfolio over various of the aforementioned investment techniques, diversification may be further strengthened.

Application of Investing Strategies

Setting up your investing plan is similar to purchasing a new television; before looking at the many models, you must determine which aesthetic best suits you. There are several investment kinds to pick from when developing an investment plan, just like there are with televisions. There are several questions that must be addressed before selecting the best investing plan. What is the duration of your investments? What kind of results are you looking for? How much danger are you willing to take? What will be done with the money from this investment? In the end, the answers to these questions will also assist you in developing your portfolio.

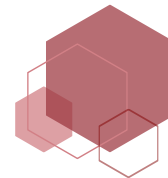
A smart place to begin when developing your investing plan is by deciding how much of your portfolio will be made up of cash, fixed-income securities, and equities. Your level of risk tolerance ultimately determines how your assets are distributed. A cautious



investor might want to maintain 20% of his portfolio in stocks and 80% of it in fixed-income securities. An aggressive investor would do the opposite, but a balanced investor would follow a 50/50 split.

If you are a high-risk investor with a long investment horizon, you might want to incorporate small cap and growth investing in your portfolio when it comes to particular stock market techniques within your asset allocation. Value and income investing may be a better fit for you if you have a moderate risk tolerance and a shorter investment horizon. You might choose to limit your investing to income if you have a low risk tolerance and limited time to invest. You may rather easily add socially responsible assets to your portfolio if you're seeking for businesses that strive to do no damage. It's crucial to adjust to the investing approach you feel most at ease with. A person with an aptitude for picking growth stocks could prioritize that approach in their portfolio.





Key Dates

Scrip	Issue Type	Quantity	From	To	Issue Manager
SIHL	IPO	850,000(O)	2022/07/22 AD 2079/04/06 BS	2022/08/05 AD 2079/04/20 BS	BOK Capital
RHPL	IPO	6,842,100(O)	2022/06/27 AD 2079/03/13 BS	2022/08/16 AD 2079/04/31 BS	Siddhartha Capital/Global IME Capital
SAYAPATRI	IPO	721,060(O)	2022/07/29 AD 2079/04/13 BS	2022/08/02 AD 2079/04/17 BS	NIBL Ace Capital
NLICP	Auction	596,921(P)	2022/07/21 AD 2079/04/05 BS	2022/08/04 AD 2079/04/19 BS	Global IME Capital
DDBLPO	Auction	5,000(P)	2022/07/22 AD 2079/04/06 BS	2022/08/11 AD 2079/04/26 BS	Sanima Capital
NICAP	Auction	717,950(P)	2022/07/21 AD 2079/04/05 BS	2022/08/04 AD 2079/04/19 BS	Global IME Capital
NCCBPO	Auction	2,633,136(P)	2022/07/13 AD 2079/03/29 BS	2022/07/27 AD 2079/04/11 BS	Sunrise Capital

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