ज्योति क्यापिटल लि.
JYOTI CAPITAL LTD

JYOTI WEEKLY OUTLOOK

11th May to 16th May ,2025

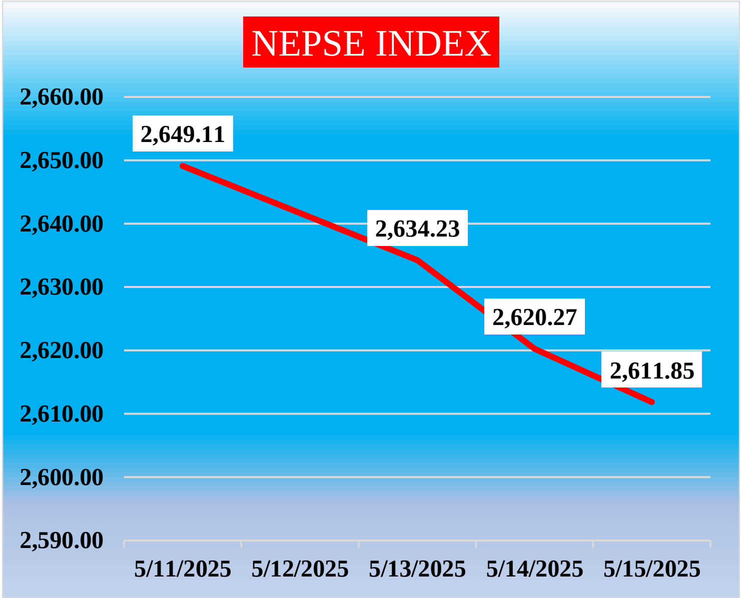
MARKET OVERVIEW

MACRO ECONOMIC UPDATE

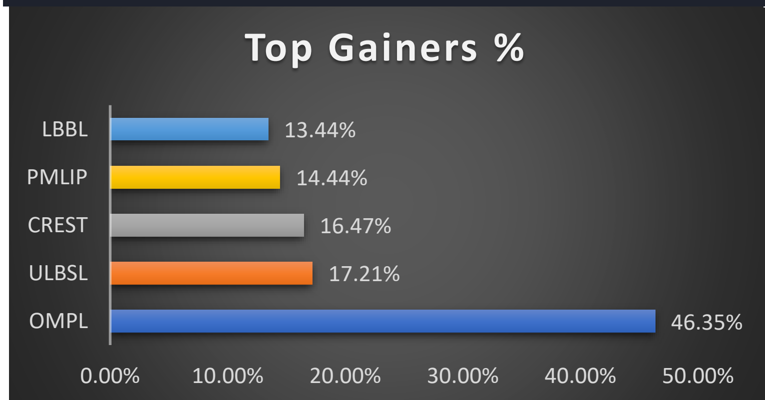
NEWS UPDATE

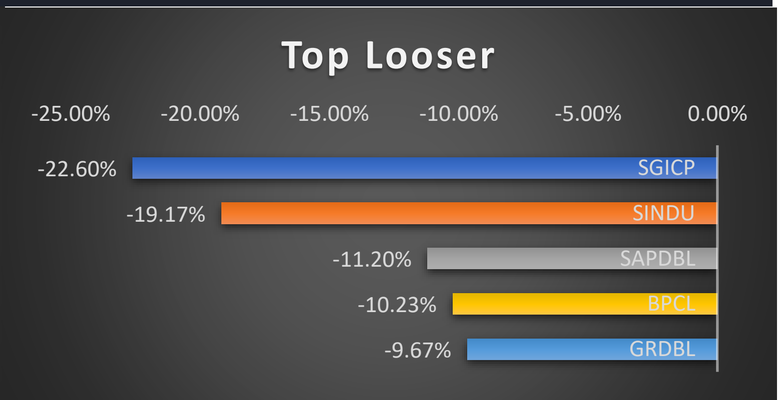
WEEKLY MARKET UPDATE

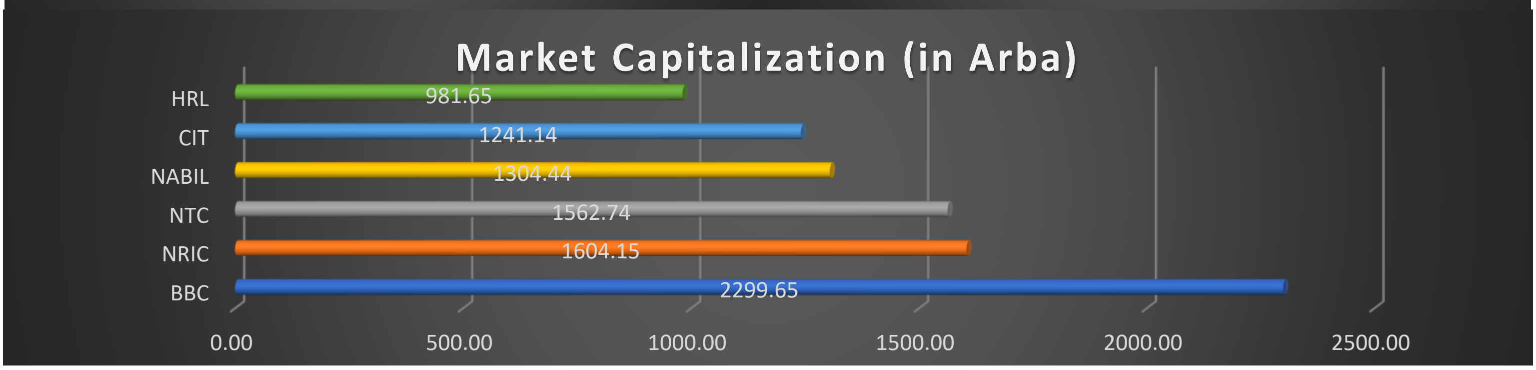
The NEPSE index registered a decline of 49.71 points (−1.87%) over the review period, concluding at 2,611.85. The market demonstrated pronounced volatility, oscillating within a bandwidth of 86.60 points, delineated by a weekly high of 2,692.50 and a low of 2,605.90. Aggregate weekly turnover amounted to NPR 35.65 billion, denoting a measured contraction in trading volume and suggesting a marginal decline in investor engagement relative to preceding periods. The trading cycle commenced at 2,661.56 on May 11, 2025, and exhibited a persistent downward trajectory across successive sessions. Notwithstanding intermittent intraday recoveries, the index settled at its lowest closing point on May 15. The intra-week apex was attained on May 11, prior to a discernible loss in market momentum.



MARKET OUTLOOK





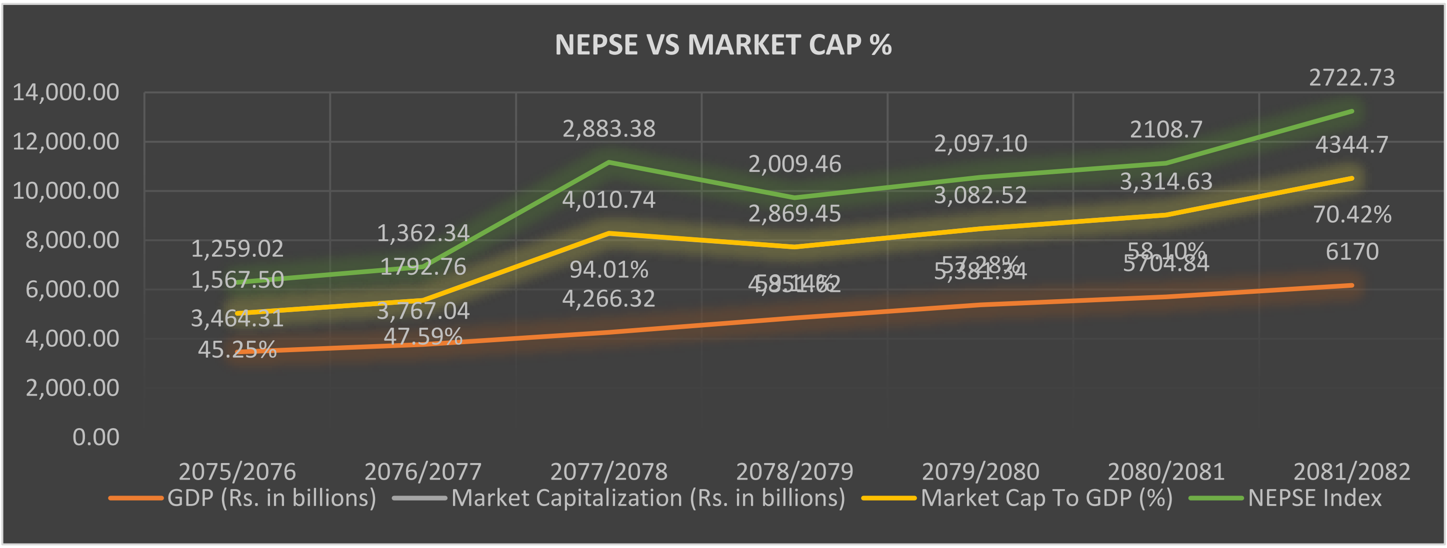


The NEPSE index, which plummeted 44.01% from its August 2021 peak of 3,227.11 to hit 1,806.09 in 2023, has since rebounded to 2611.85 as of May 15, 2025. This recovery has been supported by several positive developments, including improved excess liquidity in banking channel with the CD ratio at 79.24%, stable interbank rates of 3%, and strengthening macroeconomic fundamentals such as a BOP surplus and rising remittances. While the current market capitalization stands at NPR 43.44 Kharba with a market cap-to-GDP ratio of 70.42%, the index remains 19.07 % below its all-time high. The Nepalese stock market's ability to sustain its recent recovery will depend on maintaining macroeconomic stability, improving corporate earnings, and fostering continued investor confidence in the coming months. While recent trading activity with weekly turnover reaching NPR 35.65 billion reflects renewed market participation, several risk factors could influence the trajectory, including news of a new stock exchange, potential oversupply in the hydropower sector due to the unlocking of promoter shares, uncertainty surrounding the NRB governor's appointment, and broader political instability. Although these developments may create short-term volatility, the market's underlying fundamentals such as surplus liquidity, declining interest rates, and strong remittance inflows provide a supportive base. However, a full recovery to previous peaks will likely require sustained positive momentum, stable policies, and time to absorb these evolving market dynamics.

Indicators

Last Updated	THIS WEEK	PAST WEEK	Growth %
Total Deposits (in NPR Billion)	6,866	6,856	0.15%
Commercial Banks Total Deposits (in NPR Billion)	6,133	6,124	0.15%
Other BFIs Total Deposits (in NPR Billion)	733	732	0.14%
Total Lending (in NPR Billion)	5,524	5,515	0.16%
Commercial Banks Total Lending	4,907	4,898	0.18%
Other BFIs Total Lending (in NPR Billion)	617	617	0.00%
CD Ratio (in %)	79.24	79.23	0.01%
Interbank Interest Rate LCY - Weighted Avg. (in %)	3	3	0.00%

As of the May 13, 2025, Nepal’s banking sector reflected steady and balanced growth, signaling underlying financial stability. Total deposits in the system inched up by 0.15% to NPR 6,866 billion, led primarily by commercial banks, which contributed NPR 9 billion to this increase, while other BFIs posted a modest 0.14% rise. On the lending front, credit expanded by 0.16% to NPR 5,524 billion, entirely driven by commercial banks whose loan portfolio grew to NPR 4,907 billion, as other BFIs maintained their lending levels. The credit-to-deposit (CD) ratio remained stable at 79.24%, reflecting disciplined credit expansion supported by consistent deposit mobilization. The interbank interest rate held firm at 3.00%, underscoring adequate market liquidity and absence of short-term funding stress. Meanwhile, the yield curve remained gently upward-sloping, with short-term interest rates ranging from 2.93% (28 days) to 3.00% (364 days), reinforcing expectations of policy continuity, subdued inflation pressures, and investor confidence. Collectively, these trends point to a resilient and liquid banking environment, characterized by cautious lending, stable interest rates, and sound monetary conditions an encouraging signal for broader economic and capital market stability.



TECHNICAL INDICATORS

From a technical perspective, the immediate support remains firmly established near 2,580, a level previously tested during intraday lows. A decisive close below this threshold could trigger further downside toward the 2,500–2,480 zone. On the upside, the major resistance stands at 2,800, a level that has capped rallies multiple times in the past. The index is currently trading below the midpoint of the Bollinger Band, which often signals continuation of downward pressure, yet the increase in volume during this pullback phase suggests either institutional accumulation or panic-driven exits. Despite this corrective bias, repeated rebounds from the 2,600–2,620 zone hint at a potential base-building process. Should the index reclaim and sustain above 2,662 with strong volume support, it may attempt a retest of the upper range between 2,750 and 2,800. Until such a confirmation emerges, market participants are advised to approach with caution, keeping a close watch on support levels and volume patterns. The index structure suggests that while short-term sentiment remains bearish, the rise in volume at lower levels may foreshadow a possible reversal attempt or consolidation phase ahead.

Relative Strength Index (RSI)

The RSI has dropped from 49.52 to 39.64 over two weeks, signaling fading bullish momentum and mild bearish pressure. While still above the oversold 30 level, the decline reflects weakening buying interest and a lack of conviction. The index remains in a sideways range (below 60), confirming a cautious market with no clear trend. Recent downward movement suggests growing selling pressure, though a sustained break below 40 would strengthen the bearish case. Conversely, reclaiming 50 could stabilize sentiment. Until then, the bias leans slightly negative, but without extreme readings, the market appears balanced primed for consolidation rather than a sharp move. Traders should monitor RSI/price divergences for early reversal signals.

Moving Average Convergence Divergence (MACD)

The NEPSE index remains firmly bearish as technical indicators show strong selling pressure, with the MACD line at -15.64 well below its signal line at -14.28 and the histogram showing persistent negative momentum (-1.36 to -15.64). The downtrend that began in February 2025 continues to dominate, with no clear reversal signals yet visible. Traders should remain cautious, as the current setup favors defensive positions, and any long entries require confirmation of a trend reversal. Until then, the path of least resistance remains downward, with the 54.85 level serving as a key pivot point for near-term direction

Moving average

Days	Index	Trends
MA-5	2635	Bearish
MA-50	2690	Bearish
MA-200	2652	Bearish

The index faces strong bearish pressure across all timeframes, with the MA-5 (2635) below both the MA-50 (2690) and MA-200 (2652), confirming the downtrend initiated by March's death cross. While the 200-MA (2652) offers psychological support, rising volume during declines suggests either capitulation or institutional accumulation. Key levels to watch: 2670 (bullish reversal threshold) and 2627 (breakdown confirmation). Short-term traders could cautiously counter-trend trade bounces below 2600 with tight stops, while long-term investors should await stabilization near 2550 for safer entries. The market remains vulnerable until either: (1) MA-5 reclaims 2670, or (2) volume-supported base forms at 2550-2627. Current conditions favor patience over aggressive positioning.

Insights

The NEPSE index is currently navigating a phase of consolidation, balancing short-term caution with long-term recovery prospects. Technical indicators reflect subdued momentum, though not yet signaling significant weakness. The market shows resilience, supported by improving domestic liquidity, stable macroeconomic conditions, and active primary market participation. Upcoming catalysts including earnings releases and government policy reviews could bolster sentiment if results meet expectations. However, external risks such as global economic uncertainty and potential impacts on remittance flows may trigger intermittent profit-taking. In the near term, the index is likely to trade within a range, but a decisive improvement in domestic fundamentals, coupled with easing external pressures, could pave the way for a more sustained upward trend. Investors should remain selective, monitoring key triggers for directional clarity.

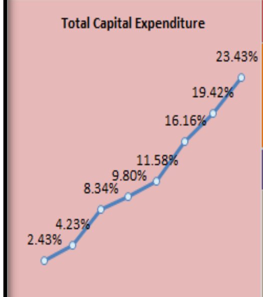
Macro- Economic Data Dashboard

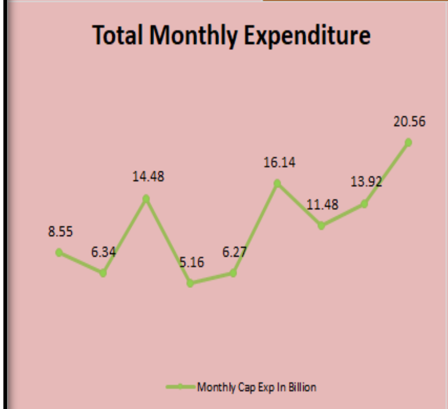
For the Month of Chaitra 2081

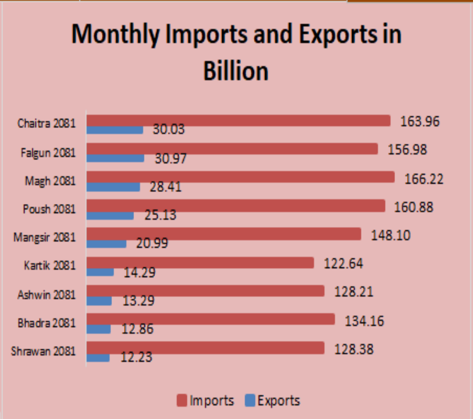
Gross Domestic Product	Total Budget (2080/81)	Total Capital Budget (2080/81))	Total Revenue Budget (2080/8)	Imports	Exports
NRs. 5,705 B	NRs. 1,860 B	NRs. 302 B	NRs 1,309 B	NRs 1,310 B	NRs 188 B

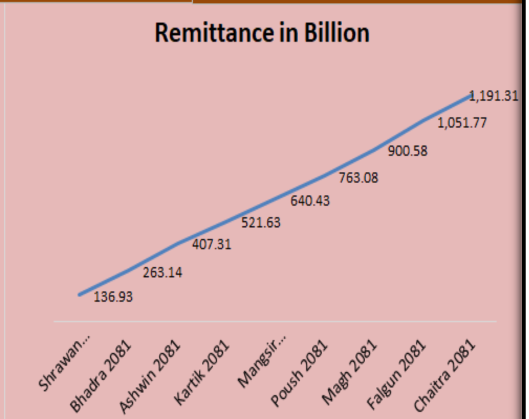
Utilization (Total Budget)	Utilization (Cap Budget)	Revenue Collection	Base Rate	InterBank
NRs 999 B	NRs 103 B	NRs 831 B	6.29%	3.00%

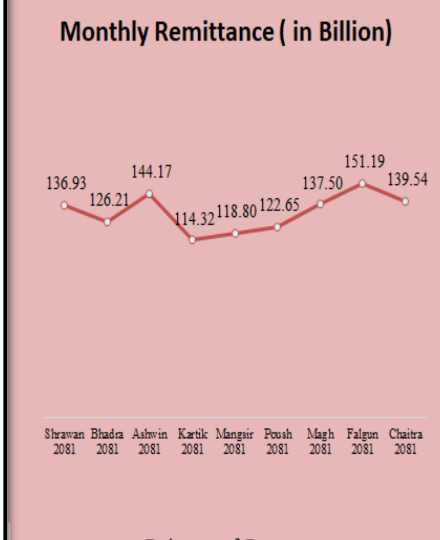
% Utilization	% Utilization	Nepal Govt Balance in NRB	Consumer Price Inflation
53.68%	29.20%	NRs 372 B	3.39

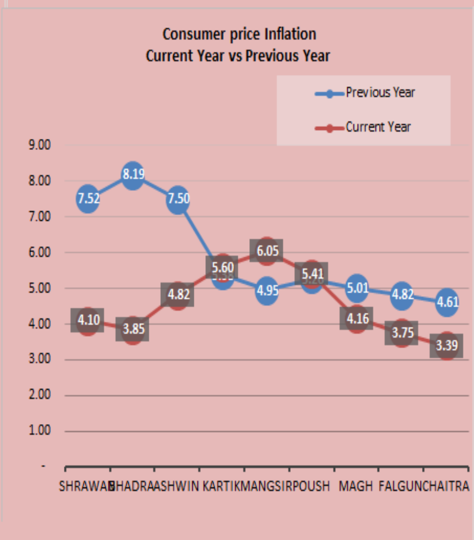


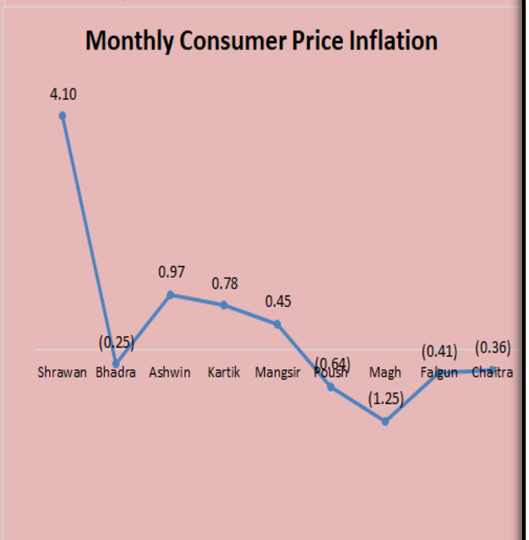


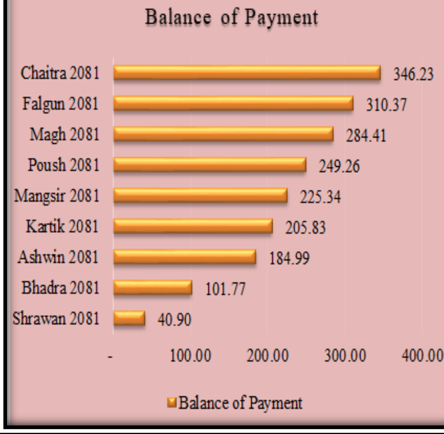












In Chaitra 2081, Nepal's macroeconomic indicators presented a mixed picture. The Balance of Payment recorded a surplus of NPR 346.23 billion, showing marginal improvement from the previous month but declining by 5.18% compared to Chaitra 2080. The Balance of Trade deficit widened further to NPR 1,121.33 billion, reflecting a 6.45% year-on-year deterioration. Total budget expenditure stood at NPR 998.52 billion, accounting for 53.68% of the annual allocation, whereas capital expenditure remained notably low at NPR 102.90 billion only 29.20% of the budgeted amount indicating continued delays and inefficiencies in development spending.

Remittance inflows rose to NPR 1,191.31 billion, up by 10.04% year-on-year, while consumer price inflation eased to 3.39%, down by 26.46% from a year earlier, suggesting moderated price pressures. The fiscal balance remained in surplus at NPR 210.22 billion. Deposits held by the government in the Nepal Rastra Bank increased to NPR 371.79 billion, representing an 18.51% rise. The base interest rate declined to 6.29% from 8.51%, signaling an accommodative monetary stance, while the interbank rate remained stable at 3%.

On the external sector, imports increased by 12.18% to NPR 1,309.53 billion, and exports surged by 65.16% to NPR 188.20 billion, indicating some improvement in trade dynamics. Revenue collection amounted to NPR 831.40 billion, marking an 11.14% increase compared to Chaitra 2080 and achieving 58.14% of the annual target. While recurrent expenditure utilization was relatively sound at 59.45%, the underperformance in capital expenditure reflects structural bottlenecks in development execution.

Implications for the Stock Market

The sharp decline in inflation to 3.39% and interest rates to 6.29% creates favorable conditions for market liquidity and valuation re-rating, particularly benefiting financials and consumption-driven sectors, while strong 10% remittance growth continues to underpin economic activity. However, these positives are counter balanced by concerning structural weaknesses - the dismal 29% capital expenditure utilization reflects deep institutional bottlenecks that threaten infrastructure development and long-term growth potential, disproportionately impacting construction and heavy industries. Meanwhile, despite impressive 65% export growth, the widening trade deficit highlights persistent external sector vulnerabilities, as the export base remains narrow and import-dependent. This dichotomy suggests the market may experience selective rallies in interest-sensitive and consumption stocks, while broader sentiment remains constrained until tangible progress emerges on budget execution, infrastructure spending, and export diversification, with investors advised to adopt a barbell strategy that balances short-term cyclical opportunities with long-term structural caution.

MUTUAL FUND PERFORMANCE

Company Name	AUM	NAV	DiscountPremium%	CAGR%	Equity%	Fixed Income%	Cash%
SBCF	1,411,316.42	11.54	-18.89%	3.73%	92.04%	3.25%	4.71%
SFEF	1,149,993.66	11.71	-18.62%	7.80%	90.20%	0.76%	9.04%
NICFC	1,121,026.35	11.12	-18.44%	4.03%	76.01%	9.93%	14.06%
NIBLGF	1,414,572.32	10.54	-18.22%	1.67%	83.76%	11.01%	5.23%
NBF2	1,295,577.36	11.7	-17.69%	2.67%	73.72%	15.53%	10.74%
NICGF2	942,186.81	10.56	-17.23%	-1.86%	77.36%	13.31%	9.33%
KEF	1,058,797.04	10.8	-17.22%	1.90%	81.22%	15.05%	3.72%
NMBSBFE	3,120,296.14	10.54	-17.08%	1.58%	87.78%	5.62%	6.59%
SEF	1,757,211.21	11.86	-16.86%	2.34%	84.59%	3.69%	11.72%
NBF3	1,410,004.97	11.45	-16.68%	3.96%	79.10%	11.15%	9.76%
KSY	783,790.28	10.8	-16.67%	7.70%	92.37%	0.71%	6.92%
SAGF	774,189.46	11.49	-16.62%	6.32%	74.93%	15.73%	9.34%
KDBY	1,383,052.96	11.49	-16.62%	5.16%	84.46%	7.77%	7.77%
NIBSF2	1,529,729.36	10.09	-16.35%	3.66%	89.56%	8.43%	2.01%
C30MF	818,642.44	11	-16.27%	5.37%	71.93%	5.10%	22.97%
NICSF	1,358,641.06	10.96	-16.24%	2.62%	71.63%	10.15%	18.22%
MMF1	1,373,524.10	10.54	-16.22%	1.59%	78.97%	3.69%	17.34%
NSIF2	1,508,152.83	12.51	-16.07%	9.06%	86.44%	9.57%	3.99%
PRSF	1,254,682.15	12.4	-15.89%	10.91%	94.07%	0.00%	5.93%
SIGS3	955,937.01	12.01	-15.74%	10.21%	84.68%	0.90%	14.42%
SLCF	1,389,880.68	11.56	-15.74%	3.62%	77.15%	11.55%	11.30%
GIBF1	1,239,587.03	12.04	-15.70%	7.09%	86.90%	3.54%	9.56%
RMF2	946,234.08	11.15	-15.61%	6.93%	83.49%	10.23%	6.28%
NICBF	822,477.55	10.96	-15.51%	1.64%	53.69%	30.22%	16.09%
LVF2	924,134.23	11.51	-15.29%	9.43%	91.97%	0.00%	8.03%
H8020	1,250,872.80	12.45	-15.26%	15.71%	68.06%	17.36%	14.58%
LUK	755,604.35	11.56	-15.14%	3.29%	86.97%	1.44%	11.59%
RMF1	1,363,040.77	10.88	-14.71%	2.32%	79.94%	14.43%	5.64%
NIBLSTF	1,132,793.34	9.91	-14.43%	-0.77%	84.11%	0.04%	15.85%
PSF	1,546,424.93	12.17	-13.15%	5.11%	92.35%	2.60%	5.05%
SIGS2	1,413,288.30	11.91	-12.51%	3.26%	87.32%	2.60%	10.08%
NMBHF2	1,392,896.44	9.98	-8.92%	1.41%	35.82%	25.38%	38.80%
GSY	1,261,713.19	10.13	-8.00%	6.51%	58.40%	14.46%	27.14%
SFMF	976,259.98	11.53	-7.63%	2.65%	85.06%	10.42%	4.53%
MNMF1	1,260,322.79	9.96	-7.63%	0.00%	73.98%	5.48%	20.54%
NMB50	1,434,746.70	11.6	-7.33%	2.72%	81.48%	14.61%	3.92%
CMF2	587,176.19	10.46	-6.02%	0.92%	90.05%	0.00%	9.95%

Economic News

01 *IPO for General Public: Sanvi Energy Limited to Issue 24,15,300 IPO Shares from Jestha 9*

02 *Himalayan Reinsurance Limited Calls AGM on Jestha 25; To Endorse 4.74% Dividend*

03 **Neco Insurance Company Calls AGM on Jestha 9; Company to Endorse 7.3684% Dividend**

04 *Nine companies, including five-star hotels, have an IPO worth Rs. 4 billion in the pipeline*

05 *Matrubhumi Laghubitta Proposes Rs 115 million FPO*

1. IPO for General Public: Sanvi Energy Limited to Issue 24,15,300 IPO Shares from Jestha 9

Sanvi Energy Limited (SANVI) is issuing 24,15,300 IPO shares at a par value of Rs. 100 per share to the general public from 9th Jestha, 2081. The early closing date is 13th Jestha, extendable up to 23rd Jestha if under-subscribed. This follows prior allotments to locals, migrant workers, mutual funds, and employees. The total public issue amounts to Rs. 24.15 crore. Nepal SBI Merchant Banking Limited is the issue manager, and investors can apply for 10 to 20,000 shares. CARE Ratings Nepal has reaffirmed a 'CARE-NP BB+ (Is)' rating, indicating moderate credit risk. Established in 2011 and converted to a public company in 2020, Sanvi operates two hydropower projects under the BOOT model, backed by experienced promoters.

2. Himalayan Reinsurance Limited Calls AGM on Jestha 25; To Endorse 4.74% Dividend

Himalayan Reinsurance Limited (HRL) has scheduled its 4th AGM for 25th Jestha, 2082 at Nepal Pragya Pratisthan, Kathmandu, starting at 11 AM. The AGM will endorse a 4.74% dividend for FY 2080/81, including 4.5% bonus shares and 0.24% cash dividend on the paid-up capital of Rs. 10.40 Arba–amounting to Rs. 46.80 crore in bonus shares and Rs. 2.46 crore in cash. Additional agendas include approval of financial reports, appointment of an auditor for FY 2081/82, and confirmation of directors. The book closure date is Jestha 11, meaning shareholders recorded before that date are eligible for the dividend and AGM participation.

3. Prabhu Mahalaxmi Life Insurance Company Limited Calls AGM on Jestha 26; To Endorse 8.421% Dividend

Neco Insurance will hold its 29th Annual General Meeting on Jestha 9, 2082, at Lisara Receptions, Naxal, Kathmandu at 11 AM. The AGM will approve a 7.3684% dividend for FY 2080/81, comprising 7% bonus shares and 0.3684% cash (including tax), as proposed in the board's 480th meeting. Other agendas include approving financial reports and appointing an auditor for FY 2081/82. Shareholders recorded by Baishakh 30 are eligible for the dividend and can attend the meeting.

4. Nepal Reinsurance Company Records Rs 63.3 million Net Profit in First Quarter

Nepal Reinsurance Company Limited reported a net profit of Rs. 63.3 million in the first quarter of the current fiscal year, marking a sharp recovery from a net loss of Rs. 475.6 million in the same period last year. Although the company has only published financials up to mid-Asoj, while most peers have reported up to Chaitra-end, the performance signals a significant turnaround. Earnings per share (EPS) improved to Rs. 0.47 from a negative Rs. 3.71, and the net worth per share stands at Rs. 145.54.

5. IME Life Insurance Pays Rs 30.4 million in Claims in Baisakh

IME Life Insurance Company Limited settled 72 insurance claims worth Rs. 30.4 million in Baisakh of the current fiscal year. The claims included 16 under foreign employment insurance, 39 under term life, and 17 under conventional insurance policies. The company continues its practice of regularly publishing monthly claim data, highlighting its commitment to transparency, efficiency, and customer.

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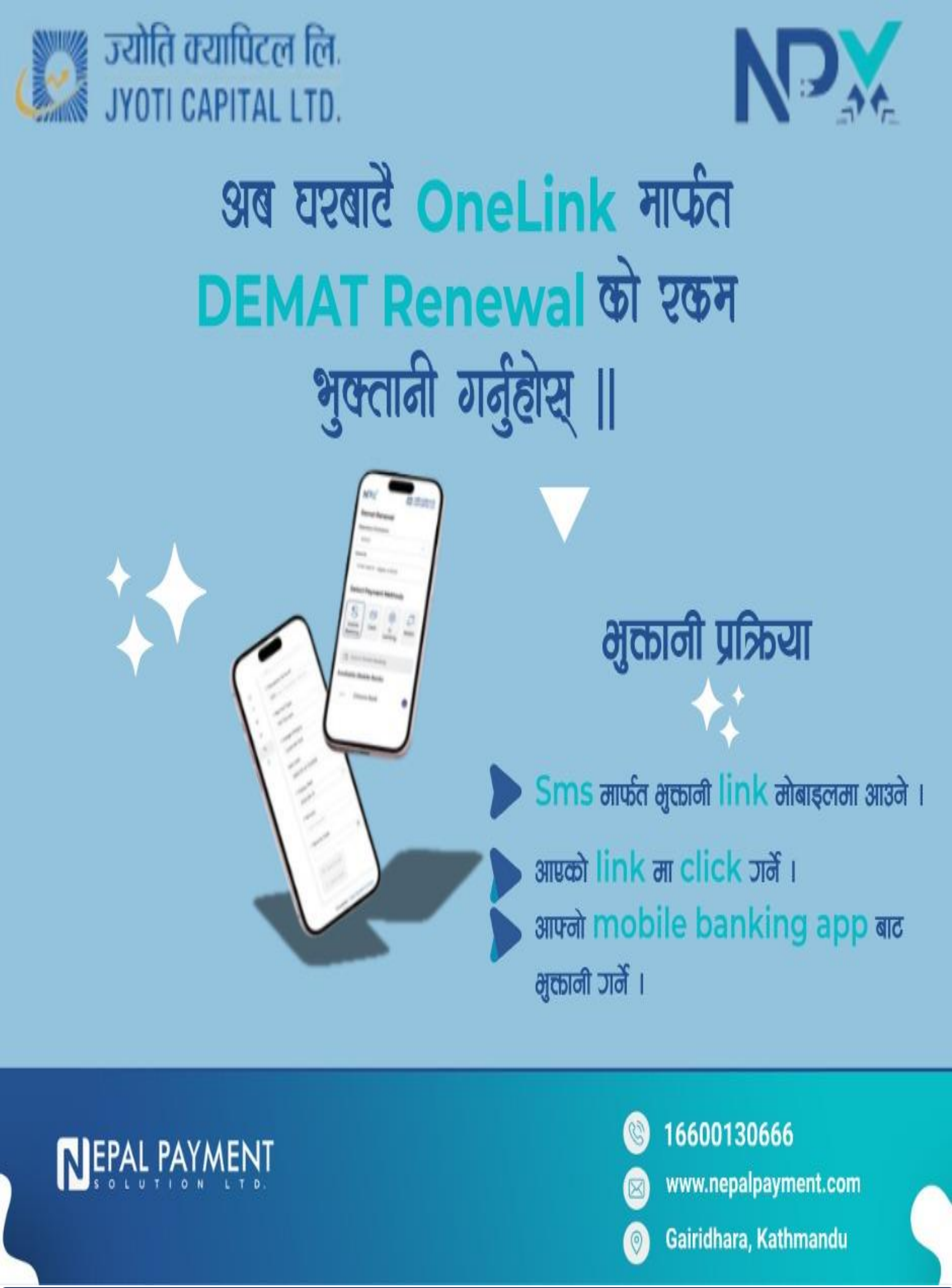
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