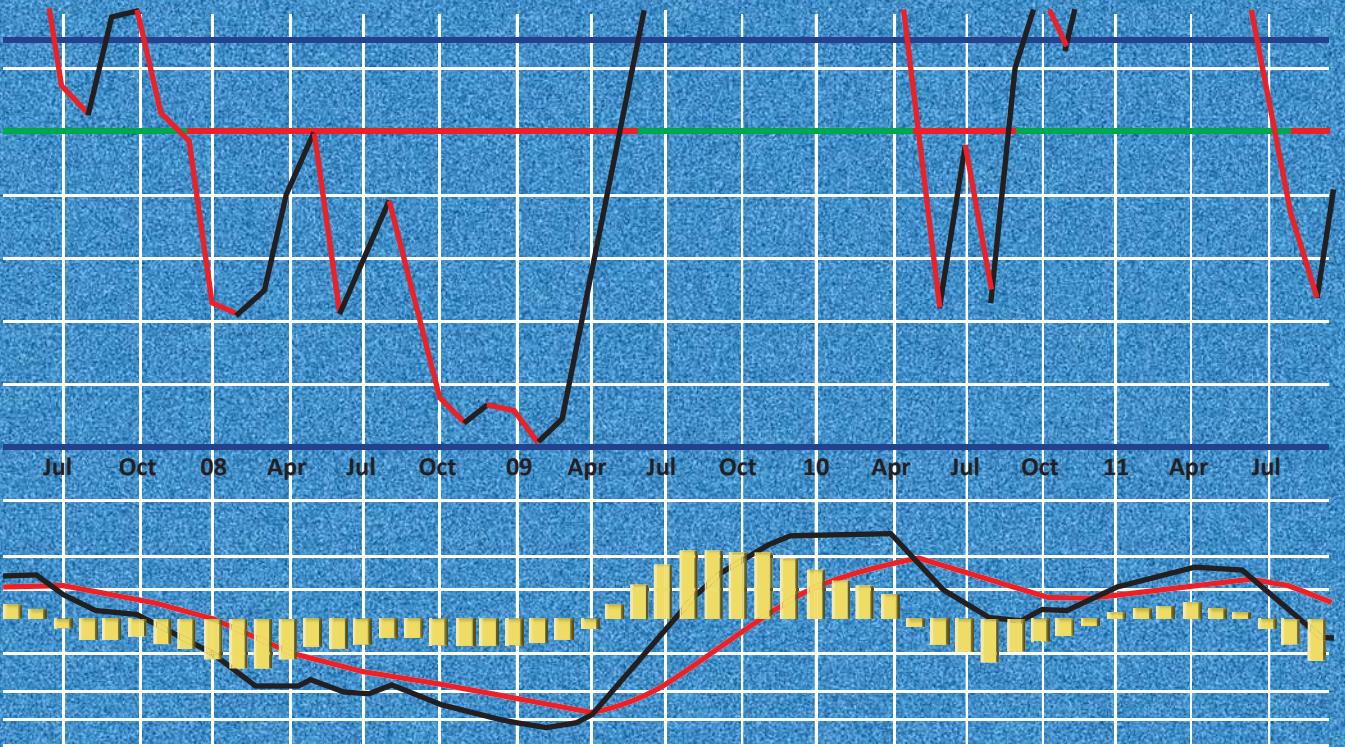


QUARTERLY SECURITIES MARKET INDICATORS

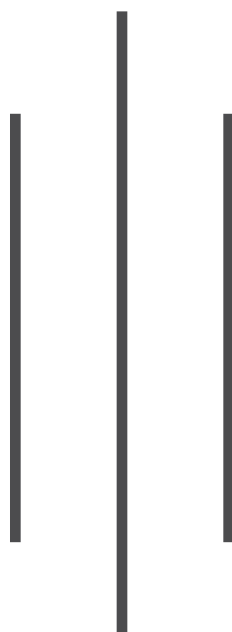
(Fourth Quarter, FY 2016/17)



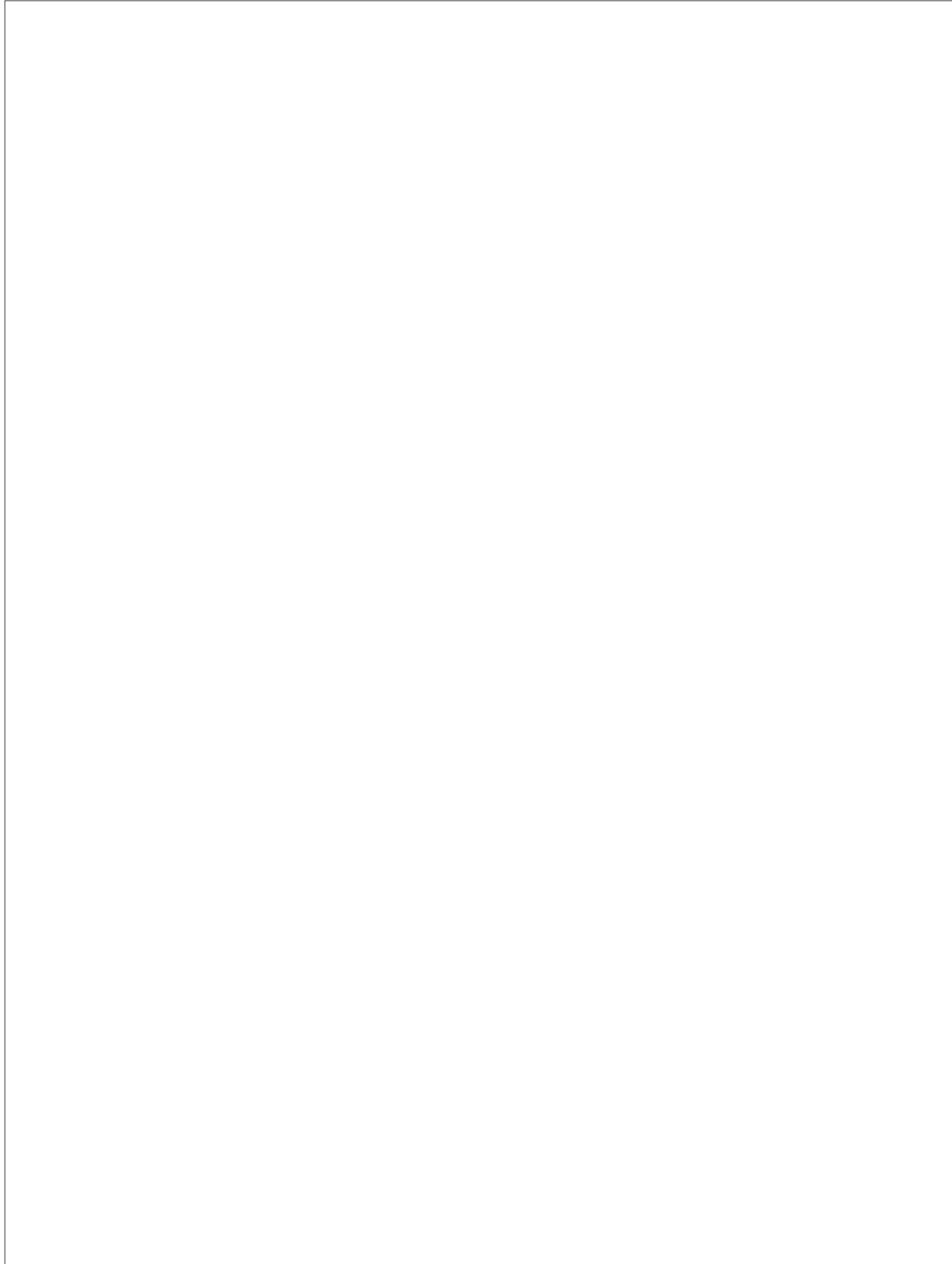
Securities Board of Nepal
Jawalakhel, Lalitpur, Nepal

QUARTERLY SECURITIES MARKET INDICATORS

(Fourth Quarter, FY 2016/17)



Securities Board of Nepal
Jawalakhel, Lalitpur, Nepal



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EXPLANATORY NOTES

1. Because of the subsequent revision in data, difference with previously published figures may occur.
2. In some cases, figures are rounded off. Hence, totals may not tally with their component units.
3. The following months of the Gregorian Calendar year are the approximate equivalent to the months of the Nepalese Calendar Year:

Gregorian Month	Nepalese Month
Apr/May	Baisakh
May/Jun	Jestha
Jun/Jul	Ashadh
Jul/Aug	Shrawan
Aug/Sep	Bhadra
Sep/Oct	Ashwin
Oct/Nov	Kartik
Nov/Dec	Marg
Dec/Jan	Poush
Jan/Feb	Magh
Feb/Mar	Falgun
Mar/Apr	Chaitra

4. The Nepalese fiscal year generally begins on July 16 and ends on July 15.
5. A dash (–) indicates that figures are nil or negligible. The non-availability of data is indicated by dots (...). An oblique (/) indicates a Nepalese fiscal year (e.g., 2016/16) or a Nepalese month (July/August = Shrawan). A hyphen (-) used with a Gregorian Calendar month indicates the end of a Nepalese month (e.g., Mid-July = end of Ashad). Symbols used : "FY" for fiscal year, "Q1" for 1st Quarter, "Q2" for 2nd Quarter, "Q3" for 3rd Quarter, "Q4" for 4th Quarter, QoQ for "Quarter on Quarter" and y-o-y for "year on year".

Quarterly Securities Market Indicators

(April 14, 2017 to July 15, 2017)

1. Overview of Global Securities Market

Global securities market in the first half of 2017 was mixed. Overall, market capitalisation reached record levels and listings were also up during the same period. There was a strong resurgence of IPOs. However, secondary market activities were muted with volume and value of shares traded in first half of 2017.

As per the H1 2017 Market Highlights published by World Federation of Exchanges, global market capitalisation reached a recorded level of US\$ 78.2 trillion on June 2017, represents the 16.30 percent growth as compared to June 2016. This is the highest market capitalisation recorded for this universe of exchange since 2012. However, overall value and volume of share trading was down by 9.1 percent and 12.2 percent respectively during first half of 2017. The total number of new listing exhibited notable growth of 44.10 percent on which 73 percent of new listing took place in the Asia-Pacific region.

Major stock indices all over the world exhibited a quite positive trend during the first half of 2017. NYSE Composite index, an indicator of New York Stock Exchange, increased by 6.4 percent. Similarly, FTSE 100, share index of 100 listed companies of London Stock Exchange, recorded the growth of 2.4 percent and Nikkei 225 of Japan witnessed growth of 4.8 percent during first half of 2017. During the period, the securities market index of our neighboring countries India and China also increased. S&P BSE SENSEX of India witnessed a notable increase of 15.9 percent and Shanghai Composite Index, an index of all companies traded in Shanghai Stock Exchange of China, also followed the increasing trend and increased by 2.9 percent during the first half of 2017.

2. Overview of Nepalese Securities Market

Nepalese securities market witnessed slowdown during fourth quarter of fiscal year 2016/17 as compared to third quarter of same fiscal year. Volume of capital mobilised through primary market decreased during the period. However, there was positive growth in the number of corporate bodies mobilising capital through securities market as compared to the third quarter. Though there was growth in the primary (IPOs) and mutual fund issue approval in Q4, negative growth in further public offerings of ordinary shares in overall resulted for less capital mobilisation in Q4 in comparison to previous quarter.

On QoQ basis, major indicators of secondary market decreased during Q4 of fiscal year 2016/17 in comparison to Q3 of same fiscal year. However, on y-o-y basis, indicators like turnover, average daily turnover, turnover to market capitalisation,

number of listed securities, total paid up value of listed securities followed upward trend as compared to corresponding period of previous fiscal year. The glimpse of primary and secondary market of Q4 of this fiscal year in comparison to Q3 and that of corresponding period of previous fiscal year has been discussed hereunder.

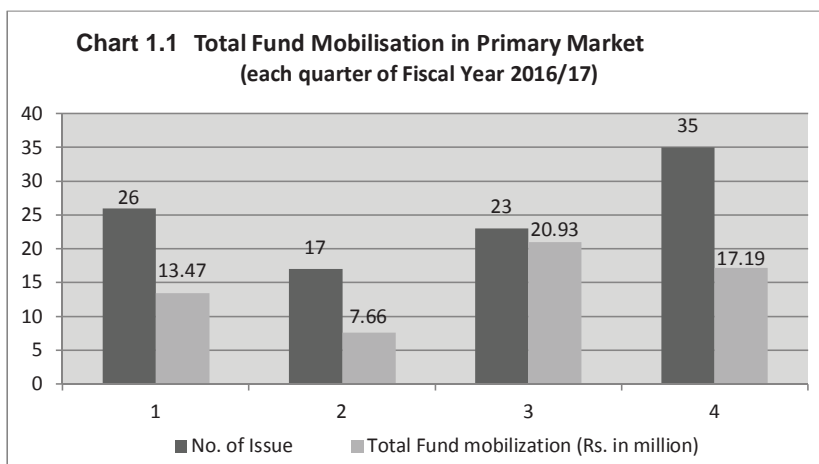
2.1 Primary Market

On QoQ basis, volume of capital mobilisation through primary market decreased by 17.9 percent in Q4 of fiscal year 2016/17 though number of companies that accessed the primary market increased by 52.2 percent. In Q4, 35 companies accessed the primary market and raised fund of Rs. 17.2 billion whereas, in previous quarter Q3, only 23 companies raised capital worth Rs. 20.9 billion. During the review period, right offerings contributed more for capital mobilisation that accounts almost 89.1 percent of total capital mobilisation, followed by mutual fund (7.3 percent) and IPO (2.3 percent). Among these issues, FPOs accounted 1.3 percent. The summary of primary market indicators of Q4 in comparison to Q3 and other quarters of fiscal year 2016/17 is presented in Table 1.1 and in chart 1.1.

Table – 1.1
Primary Market Indicators (Four Quarters of FY 2016/17)

Offering	Fiscal Year 2016/17 (Rs. In Billion)								Percentage Change					
	Q1		Q2		Q3		Q4		In Number			In Amount		
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	Q1-Q2	Q2-Q3	Q3-Q4	Q1-Q2	Q2-Q3	Q3-Q4
IPOs	3	0.44	5	0.41	4	0.26	5	0.40	66.67	-20.00	25.00	-6.82	-36.59	53.85
Right	21	10.78	9	2.17	18	17.37	28	15.32	-57.14	100.00	55.56	-79.87	700.46	-11.80
FPOs	-	-	2	4.48	1	3.30	1	0.22	-	-50.00	-	-	-26.34	-93.33
Mutual Fund	2	2.25	1	0.60	-	-	1	1.25	-50.00	-	-	-73.33	-	-
Total	26	13.47	17	7.66	23	20.93	35	17.19	-34.62	35.29	52.17	-43.13	173.24	-17.87

Source: Securities Board of Nepal



On y-o-y basis, both total number of issues and capital mobilisation increased significantly in Q4 of fiscal year 2016/17. During the review period, total number of issues and volume of capital mobilisation increased by 45.8 percent and 165.5 percent respectively as compared with the corresponding period of previous fiscal year. In Q4 of previous fiscal year, FPOs and mutual fund were not issued. The summary of primary market indicators of Q4 of previous three fiscal years is presented in Table 1.2.

Table – 1.2
Primary Market Indicators (Q4 of Three Fiscal Years)

Offering	Fiscal Year (Q4) Amount in Rs billion						Percentage Change			
	2014/15		2015/16		2016/17		In Number		In Amount	
	No.	Amount	No.	Amount	No.	Amount	2015/16	2016/17	2015/16	2016/17
IPOs	7	0.17	8	0.48	5	0.40	14.29	-37.50	182.35	-16.67
Right	5	0.95	16	6.00	28	15.32	220.00	75.00	531.58	155.33
FPOs	-	-	-	-	1	0.22	-	-	-	-
Mutual Fund	-	-	-	-	1	1.25	-	-	-	-
Debenture	3	1.9	-	-	-	-	-	-	-	-
Total	15	3.02	24	6.48	35	17.19	60.00	45.83	114.57	165.28

Source: Securities Board of Nepal

Based on fiscal year 2016/17, corporate bodies from various sectors accessed primary market and raised capital of Rs 59.4 billion. Of the total 101 issues, 17 were in IPOs, 4 were in FPOs, 76 were in right offerings and 4 were in mutual funds. The number of issues increased by 83.6 percent and volume of capital mobilisation increased by two folds in comparison to capital mobilisation of Rs 19.0 billion through 55 issues in previous fiscal year 2015/16.

During the review period, the contribution of right offering to total capital mobilisation is 76.8 percent, followed by FPOs 13.5 percent, mutual fund 7.2 percent and least contribution is by IPOs 2.5 percent. Most of the Banks and Financial Institutions offered right shares to raise their paid up capital as mandated by Nepal Rastra Bank, the central bank of Nepal. The summary of primary market indicators of previous three fiscal years is presented in Table 1.3.

Table – 1.3
Primary Market Indicators (Annual)

Offering	Fiscal Year						Percentage Change			
	2014/15		2015/16		2016/17		In Number		In Amount	
	No.	Amount	No.	Amount	No.	Amount	2015/16	2016/17	2015/16	2016/17
IPOs	18	6.98	14	2.76	17	1.51	-22.22	21.43	-60.46	-45.29
Right Offerings	22	2.31	37	9.40	76	45.64	68.18	105.41	306.93	385.53
FPOs	-	-	3	5.83	4	7.99	-	33.33	-	37.05
Mutual Fund	3	2.25	1	1.00	4	4.25	-66.67	300.00	-55.56	325.00
Debenture	5	2.90	-	-	-	-	-	-	-	-
Total	48	14.44	55	18.99	101	59.39	14.58	83.64	31.51	212.74

Source: Securities Board of Nepal

The details of primary market is discussed hereunder:

2.1.1 Initial Public Offering

SEBON approved IPOs of 5 corporate bodies to raise capital worth Rs. 0.4 billion during the period of Q4 of fiscal year 2016/17, an increment of 53.9 percent and 25 percent in offering amount and number of issues as compared to Q3. Four corporate bodies got approval for IPOs to raise capital worth Rs. 0.3 billion during previous quarter of same fiscal year. The companies that got approval for public offering during the review period were from hydro sector only where four hydro companies issued ordinary shares to local people and one hydro company went for general public. It is observed that hydropower companies are attracted towards public offerings to get more benefit from the market based financing.

During Q4 of previous fiscal year 2015/16, SEBON approved public offerings of eight corporate bodies to raise capital worth Rs. 0.5 billion. Public offering amount and number of issues of review period decreased by 16.7 percent and 37.5 percent respectively as compared to Q4 of previous fiscal year. Similarly, total public offering amount of fiscal year 2016/17 decreased by 45.3 percent as compared to previous fiscal year. However, number of issues increased by 21.4 percent. The detail of IPOs approved by SEBON in Q4 of fiscal year 2016/17 is presented in Table 1.4.

Table 1.4
IPO Approval (Q4 of FY 2016/17)

S. N.	Issuing Company	Sector	Number of Shares Registered	Number of Shares Issued	Par Value	Amount of Public Issue	Percent of Issued Capital
1	Chhyangdi Hydropower Ltd. (For General Public)	Hydropower	540,000	540,000	100	54,000,000	20%
2	Mailung Khola Jal Vidhyut Co. Ltd. (For Local People)	Hydropower	2,945,144	368,144	100	36,814,400	10%
3	Rairang Hydropower Development Company Ltd. (For Local People)	Hydropower	4,760,000	560,000	100	56,000,000	10%
4	Himalayan Power Partner Ltd (For General Public)	Hydropower	2,130,834	2,130,834	100	213,083,400	20%
5	Nepal Hydro Developer Ltd. (For General Public)	Hydropower	390,000	390,000	100	39,000,000	15%
Total			10,765,978	3,988,978		398,897,800	

Source: Securities Board of Nepal

2.1.2 Right Offering

As Nepal Rastra Bank has given instruction to Banks and Financial Institutions (BFIs) to increase paid up capital, right offerings has got special importance in this fiscal year in general and in this final quarter in particular. During the review period, SEBON approved right offerings of 28 listed companies worth Rs. 15.3 billion, a decrease of

11.8 percent, as against the approval of 18 companies for Rs. 17.4 billion in previous quarter of same fiscal year. Commercial banks mobilised the largest amount of funds through right offerings. It accounted almost 61 percent of total right offering amount during the review period, followed by development bank 18 percent, insurance 9 percent, hydro 7 percent and finance 5 percent.

Both number of right issue and amount increased significantly by 75 percent and 155.3 percent during the review period as compared to Rs. 6 billion right issue by 16 corporate bodies in Q4 of previous fiscal year.

In fiscal year 2016/17, primary market witnessed multifold growth in number of right issue and amount. During the review period, SEBON approved 76 companies for right offerings to raise Rs. 45.6 billion, an increase of almost 4 times, as against 37 issues worth Rs. 9.4 billion in previous fiscal year 2015/16. The detail of right issues approved by SEBON in Q4 of fiscal year 2016/17 is presented in Table 1.5.

Table 1.5
Right Issue Approval (Q4 of FY 2016/17)

S.N.	Name of Company	Sector	Ratio	No. of share	Amount of Issue (Rs.)
1	Sahayogi Vikas Bank Ltd.	Development Bank	10:3.5	1,101,135.00	110,113,500
2	Jyoti Bikas Bank Ltd.	Development Bank	1:1	11,043,171.00	1,104,317,100
3	Mirmire Microfinance Development Bank Ltd.	Development Bank	01:0.5	150,000.00	15,000,000
4	Siddhartha Insurance Ltd.	Insurance	5.2:1	862,125.00	86,212,500
5	Nepal SBI Bank Ltd.	Commercial Bank	10:4	19,919,423.60	1,991,942,360
6	Lalitpur Finance Ltd.	Finance	1:1	1,879,454.00	187,945,400
7	NB Insurance Company Ltd.	Insurance	1:1	2,700,000.00	270,000,000
8	Sunrise Bank Ltd.	Commercial Bank	10:3	16,359,636.00	1,635,963,600
9	Everest Bank Ltd.	Commercial Bank	3:1	15,088,087.00	1,508,808,700
10	Goodwill Finance Ltd.	Finance	10:6	2,722,500.00	272,250,000
11	Purnima Bikas Bank Ltd.	Development Bank	4:1	880,962.82	88,096,282
12	Swarojgar Laghubitta Bikas Bank Ltd.	Development Bank	2:1	349,993.60	34,999,360
13	Siddhartha Bank Ltd.	Commercial Bank	10:3	15,752,578.13	1,575,257,813
14	Kanchan Development Bank Ltd.	Development Bank	10:3	1,039,500.00	103,950,000
15	Machhapuchhre Bank Ltd.	Commercial Bank	10:1.2	7,918,440.00	791,844,000
16	Alpine Development Bank Ltd.	Development Bank	3:2.1	1,803,247.00	180,324,700
17	Kankai Bikas Bank Ltd.	Development Bank	1:2.1	3,210,000.00	321,000,000
18	Kamana Bikas Bank Ltd.	Development Bank	10:3	2,413,137.60	241,313,760
19	United Finance Ltd.	Finance	5:1	1,345,410.95	134,541,095
20	Himalayan General Insurance Co. Ltd.	Insurance	1:1.7	6,420,000.00	642,000,000
21	Saptakoshi Development Bank Ltd.	Development Bank	1:1.3	2,743,000.00	274,300,000
22	Reliable Microfinance Bittiya Sanstha Ltd.	Development Bank	2:1	282,500.00	28,250,000

S.N.	Name of Company	Sector	Ratio	No. of share	Amount of Issue (Rs.)
23	Lumbini General Insurance Ltd	Insurance	1:1	3,900,000.00	390,000,000
24	Sanima Mai Hydropower Ltd.	Hydropower	1:1	10,550,000.00	1,055,000,000
25	Kabeli Bikas Bank Ltd	Development Bank	2:1	350,880.00	35,088,000
26	Sindhu Bikash Bank Ltd.	Development Bank	10:8	2,097,540.00	209,754,000
27	Century Commercial Bank Ltd	Commercial Bank	10:4	18,854,257.00	1,885,425,700
28	Arun Finance Ltd	Finance	1:1	1,500,000.00	150,000,000
Total				153,236,978.70	15,323,697,870.00

Source: Securities Board of Nepal

2.1.3 Further Public Offering

Further Public Offering (FPO) has been increasingly used in recent years to mobilise fund by listed companies and SEBON set criteria related to pricing of FPO in fiscal year 2016/17. During the review period, only one company issued FPO worth Rs. 0.2 billion. During Q3 also one company mobilised Rs. 3.3 billion funds through FPO.

In fiscal year 2016/17, four listed companies raised Rs. 8.0 billion through FPO, an increase of 37.1 percent as compared to the previous fiscal year. In fiscal Year 2015/16, 3 companies issued FPO and raised Rs. 5.8 billion. In fiscal year 2014/15, no companies were involved in such offering. Companies are allowed to issue FPO at premium price as per the FPO guidelines issued by SEBON. The detail of FPO during review period is presented in Table 1.6.

Table 1.6
FPO Approval (Q4 of FY 2016/17)

S.N.	Issuing Company	Sector	Number of Shares	Price Per Share	Public Issue Amount (Rs.)
1	Pokhara Finance Ltd.	Finance	983,682	220	216,410,040

Source: Securities Board of Nepal

2.1.4 Mutual Fund Issue

Mutual fund, the scheme designed to attract those investors who specially lacks huge fund, analytical skills and sufficient time to invest, is also increasing for the last couple of years. In Nepal, closed ended mutual fund is in practice. At present, total 11 mutual fund schemes are in operation.

During Q4 of fiscal year 2016/17, one mutual fund issued scheme worth Rs. 1.3 billion. In previous quarter of same fiscal year, no scheme was issued. During the fiscal Year 2016/17, four mutual fund issued scheme worth Rs. 4.3 billion, more than 3 times greater than previous fiscal year. In fiscal year 2015/16, only one scheme worth Rs. 1.0 billion was issued. The detail of Mutual Fund issued in Q4 is presented in Table 1.7.

Table 1.7
Mutual Fund Scheme Approval (Q4 of FY 2016/17)

S.N.	Name of Scheme	No. of Unit	Amount of Issue	Fund Manager
1	Laxmi Equity Fund	125,000,000	1,250,000,000	Laxmi Capital Markets Ltd.

Source: Securities Board of Nepal

2.1.5 Bonus Share Registration

Bonus share, additional shares given to the existing shareholder as a return/dividend on their investment, has been issued by listed companies especially BFIs to increase their paid up capital in last couple of years. During the review period, SEBON registered bonus share of 37 listed companies including 10 commercial banks, 19 development banks, four finance and four insurance companies worth Rs. 11 billion. In Q3, 75 listed companies registered bonus share worth Rs. 12.8 million. In fiscal year 2016/17, 164 listed companies registered their bonus share worth Rs 34.8 billion which in an increment of 65.3 percent in comparison to bonus share of Rs. 21.1 in fiscal year 2015/16. The detail of bonus share registration in Q4 of fiscal year 2016/17 is depicted in Table 1.8.

Table 1.8
Bonus Share Registration in Q4 of FY 2016/17

S.N.	Name of Company	Bonus Rate (%)	Total No. of Bonus Share	Amount
1	Sewa Bikas Bank Ltd.	19	808,554.88	80,855,488
2	Kakre Bihar Bikas Bank Ltd.	19.00	115,695.75	11,569,575
3	Kisan Micro Finance Bittiya Sanstha Ltd.	61.00	122,000.00	12,200,000
4	Jebil's Finance Ltd.	12.50	321,062.50	32,106,250
5	United Finance Ltd.	Fraction Share*	3,152.04	315,204
6	Everest Bank Ltd.	70.00	18,638,228.41	1,863,822,841
7	Mega Bank Nepal Ltd.	13.25	5,315,940.74	531,594,074
8	Kamana Bikas Bank Ltd.	21.58	1,427,743.30	142,774,330
9	Prime Commercial Bank Ltd.	17.25	8,522,103.21	852,210,321
10	Biratlaxmi Bikas Bank Ltd.	20.00	64,501.20	6,450,120
11	Kasthamandap Development Bank Ltd.	23.37	1,588,918.54	158,891,854
12	Rural Microfinance Development Centre Ltd.	10.00	629,200.00	62,920,000
13	Kumari Bank Ltd.	21.00	5,680,391.29	568,039,129
14	Himalayan Bank Ltd.	30.00	13,497,435	1,349,743,500
15	Asian Life Insurance Co. Ltd.	20.00	1,342,655.40	134,265,540
16	Civil Laghubitta Bittiya Sanstha Ltd.	5.00	50,000	5,000,000
17	Mahakali Bikas Bank Ltd.	9.25	137,662.20	13,766,220
18	Bank of Kathmandu Ltd.	23.00	10,526,850	1,052,685,000
19	Mount Makalu Development Bank Ltd.	16.00	41,600.00	4,160,000
20	Reliance Finance Ltd.	15.00	668,571.48	66,857,148

S.N.	Name of Company	Bonus Rate (%)	Total No. of Bonus Share	Amount
21	Innovative Development Bank Ltd.	21.75	631,837.50	63,183,750
22	Agriculture Development Bank Ltd.	21.75	11,812,800	1,181,280,000
23	Deprosc Laghubitta Bikas Bank Ltd.	35.00	902,733.46	90,273,346
24	Sagarmatha Finance Ltd.	32.94	1,216,469.00	121,646,900
25	Century Commercial Bank Ltd.	10.00	3,689,000.20	368,900,020
26	Global IME Bank Ltd.	15.76	9,862,829.00	986,282,900
27	Excel Development Bank Ltd.	25.00	769,125.00	76,912,500
28	Nerude Laghubitta Bikash Bank Ltd.	20.00	360,000.00	36,000,000
29	Prudential Insurance Co. Ltd.	20.00	712,800.00	71,280,000
30	RSDC Laghubitta Bittiya Sanstha Ltd.	15.00	150,000.00	15,000,000
31	Nepal Life Insurance Co. Ltd.	25.00	6,192,857.25	619,285,725
32	Mahalaxmi Bikash Bank Ltd.	7.90	913,416.00	91,341,600
33	Nagbeli Laghubitta Bikas Bank Ltd.	60.00	150,000.00	15,000,000
34	Surya Life Insurance Ltd.	5.00	312,500.00	31,250,000
35	Reliable Development Bank Ltd.	28.14	2,218,889.00	221,888,900
36	Nepal Community Development Bank Ltd.	5.15	107,949.00	10,794,900
37	Civil Bank Ltd.	2.88	1,320,136.25	132,013,625
Total			110,825,607.60	11,082,560,760

* Share less than one share

Source: Securities Board of Nepal

2.2 Secondary Market

Secondary market is another important tier of securities market as it provides the liquidity for securities and performs as a pulse of national economy. Nepal Stock Exchange Ltd, only operator of Nepalese secondary market, has listed the companies from different nine sectors consisting of bank, development bank, finance company, insurance, hydropower, manufacturing & processing, trading, hotel and others. It is also providing the platform for trading promoter shares and mutual fund unit. The major indicators used to analyse the secondary market are turnover, average daily turnover, market capitalisation, float market capitalisation etc. and some indices like NEPSE index, float index etc. are used to indicate the price movement of listed securities in overall.

The major indicators of secondary market in fiscal year 2016/17 reflected the mixed growth. The comparison of secondary market of Q4 with that of Q3 and with Q4 of corresponding previous fiscal year shows that major indicators of secondary market slightly declined. Among the major indicators, NEPSE index has decreased by 6.7 percent and reached to 1582.67 points at the end of Q4. It was 1697.13 points at the end of Q3 of same fiscal year. Likewise, during the Q4 of fiscal year 2016/17, NEPSE float index followed the same movement as that of NEPSE index by 8.8 percent and reached to 116.14 points, as against 127.31 points in Q3 of same fiscal year. During

the review period, turnover, market capitalisation and float market capitalisation also decreased by 7.8 percent, 4.8 percent and 6.2 percent respectively as compared to Q3 of same fiscal year. During the review period, number of listed companies decreased to 208 as compared to 210 in Q3 due to merger and acquisition of Banks and Financial Institutions. Number of transactions increased by 3.7 percent as compared to the previous quarter. The summary of major indicators of secondary market as of Q4 in comparison to previous quarters of fiscal year 2016/17 is presented in Table 2.1.

Table -2.1
Secondary Market Indicators
Four Quarters of FY 2016/17

Indicators	Fiscal Year 2016/17				Percentage Change		
	Q1	Q2	Q3	Q4	Q1-Q2	Q2-Q3	Q3-Q4
No. of Listed Companies	223	219	210	208	-1.79	-4.11	-0.95
No. of Listed Securities (Rs. in billion)	2.29	2.49	2.77	2.97	8.73	11.24	7.22
Turnover (Rs. in billion)	75.07	39.95	46.84	43.17	-46.78	17.25	-7.84
Average Daily Turnover (Rs. in billion)	1.34	0.70	0.79	0.74	-47.76	12.86	-6.33
Trading Days	56	57	59	58	1.79	3.51	-1.70
No. of Scripts Traded	172	171	175	178	-0.58	2.34	1.71
No. of Securities Traded (Rs. in million)	128.18	63.91	118.65	82.13	-50.14	85.65	-30.78
No. of Transaction	369,254	262,192	355,909	369,160	-28.99	35.74	3.72
Total Paid up value of Listed Shares (Rs. in billion)	222.10	242.38	269.75	289.59	9.13	11.29	7.36
Market Capitalisation (Rs. in billion)	1,998.62	1,660.28	1,951.15	1,856.83	-16.93	17.52	-4.83
Float Market Capitalisation (Rs. in billion)	689.24	569.16	683.73	641.69	-17.42	20.13	-6.15
Turnover to Market Capitalisation (In %)	15.04	9.64	9.61	9.32	-35.90	50.21	-3.02
Market Capitalisation/ GDP (In %)	76.89	63.88	75.07	71.44	-16.92	17.52	-4.84
Float Market Capitalisation/ GDP (In %)	26.52	21.90	26.31	24.69	-17.42	20.14	-6.16
NEPSE Index (In Points)	1803.74	1479.86	1697.13	1582.67	-17.96	14.68	-6.74
NEPSE Sensitive Index (In Points)	391.40	319.96	367.52	336.04	-18.25	14.86	-8.57
NEPSE Float Index (In Points)	135.04	110.09	127.31	116.14	-18.48	15.64	-8.77

Source: Nepal Stock Exchange Ltd.

While analysing secondary market during Q4 of previous three fiscal years, Q4 of fiscal year 2015/16 was better than Q4 of fiscal year 2016/17. During Q4 of fiscal year 2016/17, most of the secondary market indicators decreased in comparison to Q4 of previous fiscal year. NEPSE index, NEPSE float index decreased by 7.9 and 7.4 percent respectively. These indices were at 1718.15 points and 125.41 points respectively during Q4 of previous fiscal year 2015/16. In Q4 of fiscal year 2016/17, turnover shrank by 46 percent as compared to corresponding period of previous fiscal year and reached to Rs. 43.2 billion. In previous year, turnover was recorded as Rs 80.1 billion.

During the review period, market capitalisation decreased marginally by 1.8 percent, Rs. 1890.1 billion at the end of fiscal year 2015/16 to Rs. 1856.8 billion at the end of review period. However, float market capitalization increased marginally by 1.4 percent and reached to Rs 641.7 million as compared to Rs. 632.7 million at same period of previous fiscal year 2015/16. The summary of secondary market indicators of Q4 of previous three years is presented in Table 2.2.

Table - 2.2
Secondary Market Indicators
(Q4 of Three Years)

Indicators	Fiscal Year (Q4)			Percentage Change	
	2014/15	2015/16	2016/17	2015/16	2016/17
No. of Listed Companies	232	230	208	-0.86	-9.57
No. of Listed Securities (Rs. in billion)	1.63	2.11	2.97	29.45	40.76
Turnover (Rs. in billion)	11.12	80.07	43.17	620.05	-46.08
Average Daily Turnover (Rs. in billion)	0.24	1.25	0.74	420.83	-40.80
Trading Days	47	64	58	36.17	-9.38
No. of Scripts Traded	201	170	178	-15.42	4.71
No. of Securities Traded (Rs. in million)	28.38	140.32	82.13	394.43	-41.47
No. of Transaction	73,190	337,691	369,160	361.39	9.32
Total Paid up value of Listed Shares (Rs. in billion)	157.58	204.02	289.59	29.47	41.94
Market Capitalisation (Rs. in billion)	989.40	1,890.13	1,856.83	91.04	-1.77
Float Market Capitalisation (Rs. in billion)	318.72	632.66	641.69	98.50	1.43
Turnover to Market Capitalisation (In %)	4.52	16.95	9.32	275.00	-45.01
Market Capitalisation/ GDP (In %)	46.45	84.10	71.44	81.05	-15.05
Float Market Capitalisation/ GDP (In %)	14.96	28.15	24.69	88.17	-12.29
NEPSE Index (In Points)	961.23	1718.15	1582.67	78.74	-7.89
NEPSE Sensitive Index (In Points)	204.67	369.07	336.04	80.32	-8.95
NEPSE Float Index (In Points)	68.47	125.41	116.14	83.16	-7.39

Source: Nepal Stock Exchange Ltd.

Analysing secondary market indicators on y-o-y basis, NEPSE index, NEPSE float index, number of listed companies, market capitalisation decreased marginally in comparison to the previous fiscal year 2015/16 though turnover, no. of transactions, float market capitalisation etc. increased during the same period. In fiscal year 2016/17, turnover of Rs. 205 billion was recorded, an increase of 24.5 percent as compared to Rs. 164.7 billion of previous fiscal year 2015/16. Average daily turnover increased too by 14.3 percent, recording turnover of Rs. 0.9 billion.

Ratio of market capitalisation to GDP (71.4 percent in FY 2016/17) decreased by 15.1 percent during the review period. Similarly, ratio of float market capitalisation to GDP was 24.7 percent which is a decrement of 12.3 percent in comparison to previous

fiscal year. However, turnover to market capitalisation increased by 26.8 percent as compared to fiscal year 2015/16. Turnover to market capitalisation was 11 in fiscal year 2016/17. The summary of secondary market indicators of previous three fiscal years is presented in Table 2.3.

Table – 2.3
Secondary Market Indicators (Annual)

Indicators	Fiscal Year			Percentage Change	
	2014/15	2015/16	2016/17	2015/16	2016/17
No. of Listed Companies	232	230	208	-0.86	-9.57
No. of Listed Securities (Rs. in billion)	2.22	2.11	2.97	-4.95	40.76
Turnover (Rs. in billion)	65.42	164.65	205.02	151.68	24.52
Average Daily Turnover (Rs. in billion)	0.30	0.71	0.89	133.33	14.29
Trading Days	216	233	230	7.87	-1.29
No. of Scripts Traded	271	274	270	1.11	-1.46
No. of Securities Traded (Rs. in million)	160.03	303.58	392.88	90.06	29.42
No. of Transaction	483856	838987	1356515	75.78	61.68
Total Paid up value of Listed Shares (Rs. in billion)	157.58	204.02	289.59	13.54	41.94
Market Capitalisation (Rs. in billion)	989.40	1,890.13	1,856.83	91.04	-1.76
Float Market Capitalisation (Rs. in billion)	318.72	632.66	641.69	98.50	1.43
Turnover to Market Capitalisation (In %)	6.61	8.71	11.04	31.77	26.75
Market Capitalisation/ GDP (In %)	46.45	84.10	71.44	81.05	-15.05
Float Market Capitalisation/ GDP (In %)	14.96	28.15	24.69	88.17	-12.29
NEPSE Index (In Points)	961.23	1718.15	1582.67	78.74	-7.89
NEPSE Sensitive Index (In Points)	204.67	369.07	336.04	80.32	-8.95
NEPSE Float Index (In Points)	68.47	125.41	116.14	83.16	-7.39

Sources: Nepal Stock Exchange Ltd.

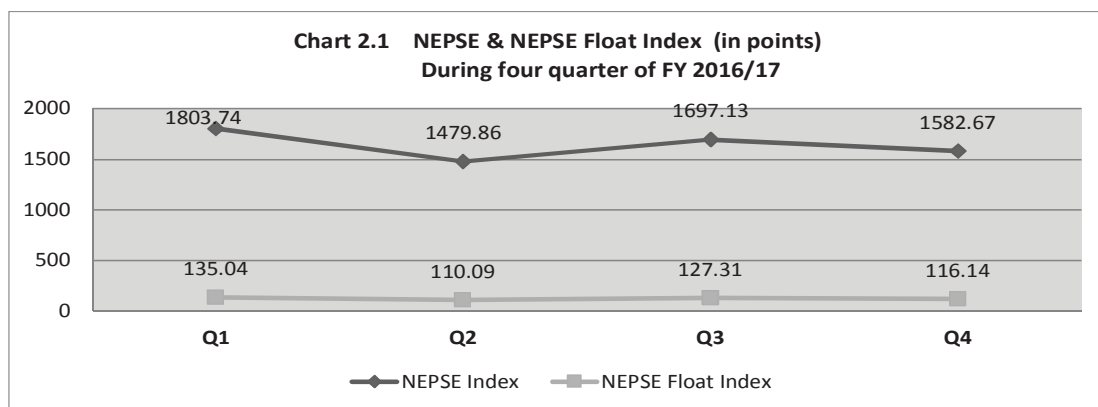
2.2.1 NEPSE Index

During the review period, NEPSE index went down to 1582.67 points dropping by 6.7 percent. It was 1697.13 points at the end of Q3 of fiscal year 2016/17. Likewise, NEPSE float index and NEPSE sensitive index also dropped to 116.14 points and 336.04 points respectively at the end of Q4. In previous quarter of same fiscal year, both indices reached to 127.31 points and 367.52 points respectively. The month end data of NEPSE Index and other indices in Q4 of fiscal year 2016/17 is presented in Table-2.4 and in chart 2.1.

Table – 2.4
NEPSE Index (Three Months of Q4)

S.N.	Index	Mid-May 2017	Mid-June 2017	Mid-July 2017	% Change	
					Mid-June	Mid-July
1	NEPSE Index	1658.58	1584.49	1582.67	-4.47	-0.11
2	NEPSE Sensitive Index	353.79	336.30	336.04	-4.94	-0.08
3	NEPSE Float Index	122.78	116.63	116.14	-5.01	-0.42
4	NEPSE Sensitive Float Index	109.58	103.62	104.17	-5.44	0.53

Source: Nepal Stock Exchange Ltd.



As we look over the sub index of secondary market during the review period, banking index had shown the highest fall of 10.3 percent as compared to the end of Q3 of same fiscal year, followed by insurance 5.9, hydropower 5.7, finance 4.2 and development bank 1.1 percent respectively. However, other sectors like manufacturing and processing, others, trading and hotels have shown positive growth of 7.2, 2, 1.7 and 0.7 percent respectively during the review period in comparison to Q3 of same fiscal year. The detail of sub-indices of NEPSE is presented in Table-2.5.

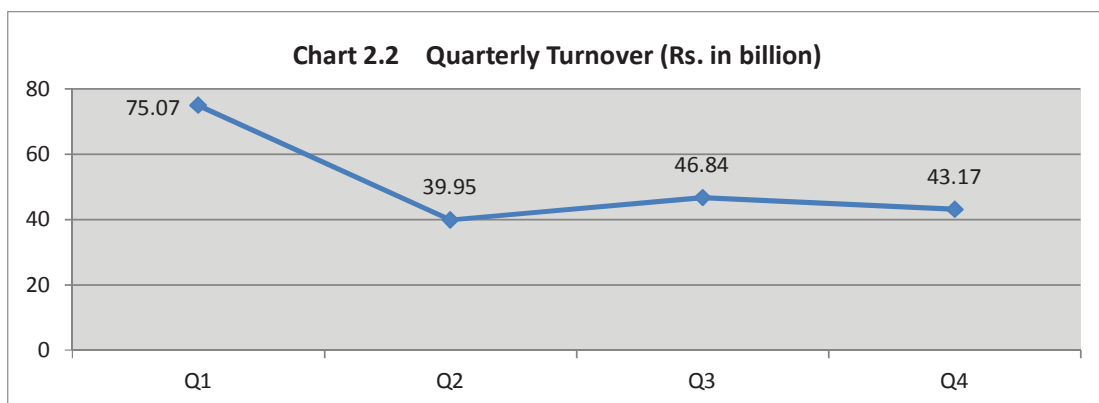
**Table – 2.5
Sub-indices of NEPSE**

Sub-indices	Quarters				Percentage Change		
	Q1	Q2	Q3	Q4	Q1-Q2	Q2-Q3	Q3-Q4
Banking	1719.55	1418.2	1581.22	1418.81	-17.52	11.49	-10.27
Development Bank	1840.18	1518.93	1966.63	1945.37	-17.46	29.47	-1.08
Finance	832.79	710.58	761.65	729.62	-14.64	7.19	-4.21
Hotels	2405.54	1864.94	2206.20	2221.57	-22.47	18.30	0.70
Hydro Power	2348.80	1747.22	2034.12	1918.01	-25.61	16.42	-5.71
Insurance	9269.66	6934.80	8869.00	8350.29	-25.19	27.89	-5.85
Manufacturing and Processing	2322.74	2102.78	2207.99	2366.58	-9.47	5.00	7.18
Trading	202.79	205.03	209.25	212.76	1.10	2.06	1.68
Others	769.02	732.58	685.74	699.62	4.74	-6.39	2.02

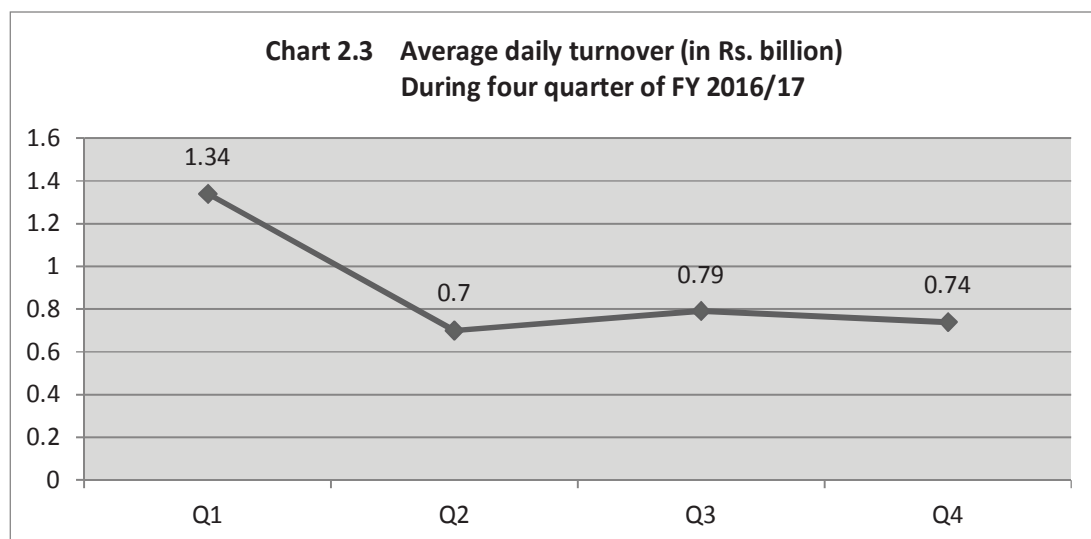
Sources: Nepal Stock Exchange Ltd.

2.2.2 Market Turnover

Market turnover is the trading volume of listed securities of secondary market. Higher turnover indicates the high liquidity of securities. In fiscal year 2016/17, annual turnover of securities is Rs. 205 billion, an increase of 24.5 percent as compared to Rs. 164.7 billion of last fiscal year 2015/16. However, during Q4 of fiscal year 2016/17, it decreased by 7.8 percent in comparison with Q3 of same fiscal year. The quarterly turnover of fiscal year 2016/17 is depicted in chart 2.2.



During Q4 of fiscal year 2016/17, average daily turnover reached to Rs. 0.7 billion from Rs. 0.8 billion of Q3 of same fiscal year. However, considering annual turnover, it was Rs. 0.9 billion in fiscal year 2016/17 which is an increment of 14.3 percent as against Rs. 0.7 billion of previous fiscal year. Trend of average daily turnover during four quarters of fiscal year 2016/17 is depicted in chart 2.3.



2.2.3 Sectorwise Turnover

Turnover of secondary market consists of trading ordinary shares, preferred stocks, promoter shares of different companies from 9 sectors and mutual fund units as well. Among them, turnover of commercial bank occupied the highest 37.7 percent, followed by insurance 29.0 percent. The details of sectorwise turnover is depicted in chart 2.4 and is presented in Table 2.6.

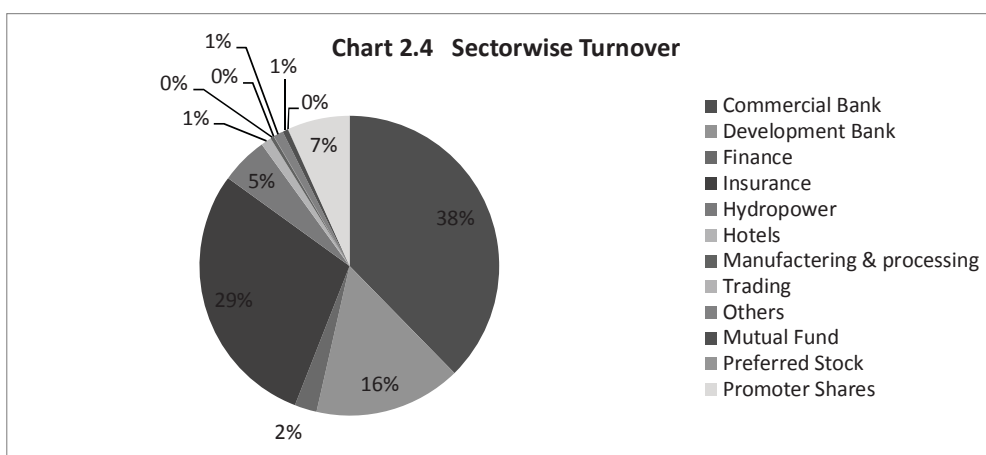


Table- 2.6
Sectorwise Turnover (Three Months of Q4)

(Rs.in Million)

SN	Sector	Apr 14-May 14	May 15-Jun 14	Jun 14-Jul 15	Total	Proportion
1	Commercial Banks	6,064.92	5,539.49	4,660.99	16,265.40	37.68
2	Development Bank Limited	2,957.82	2,173.03	1,729.37	6,860.22	15.89
3	Finance	460.26	282.53	281.26	1,024.05	2.37
4	Insurance	5,621.10	3,766.49	3,135.60	12,523.19	29.01
5	Hydro Power	928.46	782.34	479.83	2,190.63	5.07
6	Hotels	96.18	127.61	282.49	506.28	1.17
7	Manufacturing And Processing	41.84	73.20	46.43	161.47	0.37
8	Trading	0.24	0.00	0.00	0.24	0.001
9	Others	120.69	163.19	180.72	464.60	1.08
10	Mutual Fund	42.50	101.65	114.40	258.55	0.60
11	Preferred Stock	0.54	0.24	18.99	19.77	0.05
12	Promoter Share	746.13	751.43	1,401.28	2,898.84	6.71
	Total	14,080.68	13,761.20	12,331.36	43,173.24	100.00

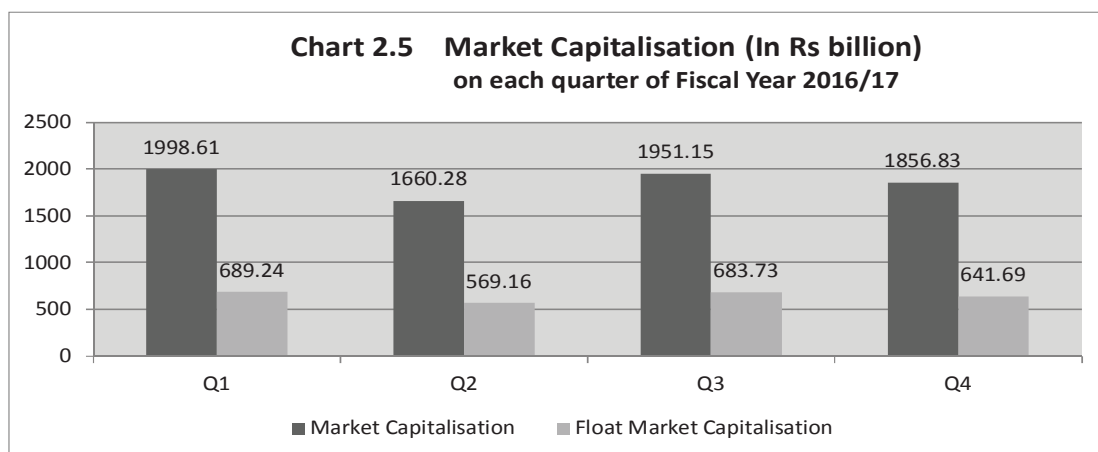
Source: Nepal Stock Exchange Ltd.

2.2.4 Market Capitalisation

Market capitalisation, the total market value of listed companies obtained by multiplying the number of listed securities of companies with closing price of respective stock, decreased by 4.8 percent and reached to Rs. 1856.8 billion at the end of Q4 of fiscal year 2016/17. It was Rs 1951.2 billion at the end of Q3 of same fiscal year. During the review period, ratio of market capitalisation to GDP was 71.4 percent, which was 75.1 percent at the end of previous quarter of same fiscal year.

Float market capitalisation which is calculated on the basis of market capitalisation of tradable shares decreased by 6.2 percent from Rs. 683.7 billion at the end of Q3 of fiscal year 2016/17 and reached to Rs. 641.7 billion at the end of Q4 of same fiscal year.

The market capitalisation and float market capitalisation of each quarter of Fiscal Year 2016/17 are depicted in chart 2.5.



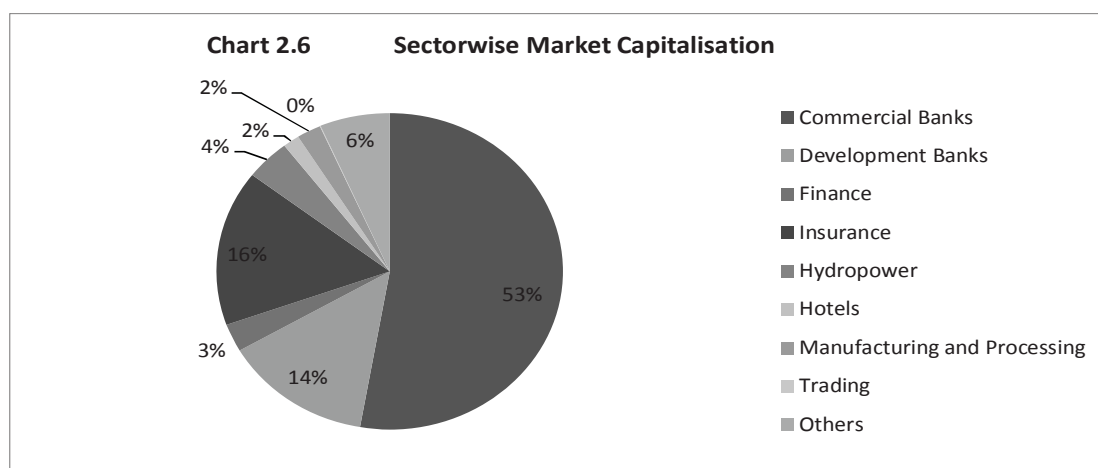
2.2.5 Sector wise Market Capitalisation

Commercial bank almost covered 53 percent of total market capitalisation as on Mid-July 2017, followed by insurance sector 15.9 percent. Development bank covered 13.9 percent whereas hydropower covered 4.2 percent of total market capitalisation. The detail of sectorwise market capitalisation of three months of Q4 and percentage shares of each sector to total market capitalisation is presented in Table 2.7 and in Chart 2.6.

**Table-2.7
Sectorwise Market Capitalisation**

S.N.	Sector	Q4 of fiscal year (In Rs. billion)			Proportion as on Mid-July, 2017
		Mid-May	Mid-June	Mid-July	
1	Commercial Banks	1,019.05	970.60	979.49	52.75
2	Development Banks	269.27	261.03	258.43	13.92
3	Finance	55.25	54.03	52.36	2.82
4	Insurance	312.35	295.30	295.80	15.93
5	Hydropower	79.04	80.28	77.20	4.16
6	Hotels	29.84	29.12	29.36	1.58
7	Manufacturing and Processing	39.09	42.65	41.99	2.26
8	Trading	1.24	1.24	1.24	0.07
9	Others	120.52	119.52	120.96	6.51
Total		1,925.65	1,853.77	1,856.83	100.00

Source: Nepal Stock Exchange Ltd.



2.2.6 Mutual Fund's Net Assets Value

In last few years, there is significant growth of close ended mutual fund in terms of both number of mutual fund and volume of fund mobilisation. Their performance is measured by Net Assets Value (NAV), which is calculated by the dividing the differences between value of market value of assets and value of liabilities by number of units. During the review period, SEBON approved one mutual fund scheme sponsored by Laxmi Bank Limited, worth Rs 1.3 billion with maturity of 7 years. The NAV report of mutual fund schemes with regard to each month of Q4 of fiscal year 2016/17 is presented in Table 2.8.

**Table – 2.8
NAV of Mutual Fund Schemes (3 months of Q4)**

S.N.	Name of Mutual Fund Scheme	Q3 of FY 2016/17			% Change	
		Mid-May	Mid-Jun	Mid-Jul	Mid-Jun	Mid-Jul
1	Siddhartha Investment Growth Scheme -1 (SIGS 1)	27.28	27.57	26.96	1.06	-2.21
2	Siddhartha Equity Oriented Scheme (SEOS)	15.14	15.05	15.40	-0.59	2.33
3	Nabil Balance Fund -1	24.53	24.07	23.95	-1.88	-0.50
4	Nabil Equity Fund	10.11	9.97	9.97	-1.38	0.00
5	NMB Sulav Investment Fund -1	17.01	16.77	16.64	-1.41	-0.78
6	NMB Hybrid Fund L-1	10.46	10.43	10.50	-0.29	0.67
7	Global IME Samunnat Scheme -1	10.37	10.05	10.11	-3.09	0.60
8	NIBL Samriddhi Fund -1	15.46	15.11	14.94	-2.26	-1.13
9	NIBL Pragati Fund -1	10.37	9.97	10.05	-3.86	0.80
10	Laxmi Value Fund -1	13.61	13.74	13.98	0.96	1.75
11	Laxmi Equity Fund	-	9.94	9.85	-	-0.91

Source: Securities Board of Nepal



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