

CHAPTER-I

INTRODUCTION

1.1 Background of Study

Nepal is developing country with 3.5% economic growth rate. Economic development is main goal of developing country. When looking literature, a causal relation ship between economic growth and financial development has been argued along three lines: (I) financial deeping promotes economic growth (II) economic growth stimulates financial development and (III) financial development and economic growth influence each other (Isabella, 2006). So financial development play the vital role for the economic growth.

The stock market is one of the most important source of financial market. It allows business to go public or raise additional capital for expansion. On the other hand, the liquidity that on exchange provides allow investor to sell back quickly and easily. This means investing in stock is more attractive than investing in other in other less financial instrument. Stock means common stock. It is legal representation of equaty position in corporation. As an owner, equity share holders are entitle to the company's earnings and have a claim on the assets of company. Equity share are traded at secondary market in the form of common stock. In the secondary market price of stocks determind by demand and supply of stock, which is influence by various financial information on the other hand stock price is function of various external and internal factor. Change in any one factor affect the price of stock. So it can be said that stock price fluctuate and it is not for short period of time but for over the century. On other words market price of stock fluctuates with different factor. The market rumors play a significant role in fluctuation of stock price of the companies.

The major determinants of stock price are corporate earnings and interest rates. The stock market almost always falls before recessions. For example out of forty one recession from 1802 though 1990 thirty eight of them have been preceded. or

accompanied try decline of 8% or more in stock return index (the only exception where the 1829, 30, 1945 and 1953 recession). In the post war the peak of stock market preceded the peak of the business cycle by between six and seven month (Sukun, 2002)

There are many economic, political or technical signals occurring simultaneously. In spite that the analysts are almost unanimous about have a certain event affect the market, they are not unimous about which of the them is crucial at the moment. This causes the randomness stock price movements. On the other hand the unanimity among investor in treating a particular event as a valid signal of future stock price changes simultaneously may lead to a self fulfilling prophecy on the market. The self fulfilling prophecy might be evoked not only by a strong common opinion on validity of some fundamental news but also by common belief in strong predictive power of esoteric measures (zielonka, 2000).

Moreover, the historical trends have shown that the prices of stock are important part of the dynamic of economic activities and can influence or be an indicator of social mood. Rising stock prices, for intance tend to be to be associated with increased financial market and vice versa. So this research work analyze effect of micro financial indictor (Earning per share, dividend per share and Net worth per share) on market price per share, similarly an effort has been made to analyze the effect of macro financial indicator.

1.2 Focus of the Study

Common stock provides an effective way of procuring long term funds. Trading of common stock in secondary market plays vital role for market capitalization. Financial information play important role to determine the stock price. Due to the lack of information about common stock and its market trends, common stock investor cannot benefited accordingly. So this study focuses in relating the stock price with major micro financial indicator (Earning per share, Dividend per share and Network per share) and analyze the effect of these indicator in the stock price and this study also tried to analyze the effect of macro financial indicator as well

as different political, economic event on the stock price. It is the sum of study that reveals to the micro and macro financial factor on the stock price in Nepal.

1.3 Statement of the Problem

There are various factors which determine the stock price. These factors are such as internal factor and external factor.

Fundamental factor includes earning per share dividend per share, network per share discount rate are considered as independent variables to the value of common stock. Fundamental factor are mix of internal factor.

Technical factors are mix of external conditions that alters the supply and demand of stock. Some of them indirectly affect the fundamental. The technical factor includes inflation, economic strength of market, substitutes, incidental transaction, demographic, trends, liquidity, political event, government policies. etc. This is very difficult to examine all these avenues of the factor that determines the stock price. However this research work will try to answer the following question.

1. Is there any specific relationship of MPS with fundamental financial indicator (EPS, DPS and NWPS)?
2. What are the major effect of major event occurred in country on MPS?
3. Whether investors are analyze the stock price, investment return of stock and information comes to the market?

1.4. Objective of Study

The research work will focus on following specific objectives.

1. To examine the relationship between MPs and selected financial indication (EPS, DPS, and NWPS).
2. To analyze the effect of selected financial indicator (EPS, DPS and NWPS) on market price of stock.
3. To analyze the major effect of major event occurred in the country on MPS.
4. To conduct the opinion survey of investor on the effect of financial information on stock price in Nepal.

1.5. Statement of Hypothesis

The stock price has been affected by the various internal factor of company and external factor of the country. Out of these internal and external factor which affect the stock price internal factor have been studied by analyzing the financial indicator of concerned company. Where as for external factor have been analyzed as the test of hypothesis. For the test of hypothesis various external variables due to the major event occurred in the country that directly affect the share price immediate in future as per the nature of the event. So major four variables due to the event accrued in country have been taken for the test of hypothesis and base on these variables, the following hypothesis have been set.

1. There is no significant difference in stock price before and after government increase price of petroleum 27th Jestha, 2065.
2. There is no significant difference in stock price before and after majority of seats victory by Maoist in CA poll election held on 28th Chaira, 2064.
3. There is no significant difference in stock price before and after re-establishment of democracy on 11th Baishakh, 2063.
4. There is no significant difference in stock price before and after Nepal entry on WTO 25th Bhadra, 2060.

1.6 Significance of Study

Nepalese stock market characterized by a low trading volume, absence of professional brokers, early stage of growth, limited movement of share price and limited information available to investor. A number of researches are available to investor. A number of researches are available on government owned public enterprises. Especially the analysis of effect of financial information on stock price may heavily draw the attention every corner whether they may be investor or entrepreneurs and other upcoming research in this field. This study may helpful to executives of company to maintain their position in market as well.

1.7 Delimitation of Study

To keep the research work feasible, to keep study in track, to go according to plan, the research has to barricade the research from some limitation. The following limitation of study.

1. No attempt has been made to examine the reliability of secondary data.
2. Only commercial bank has been selected purposively.
3. For opinion survey of investor, Kathmandu and Pokhara valley have been selected purposively.
4. Only selected financial indicator EPS. DPS and NWPS have been selected for study.
5. Only selected statistical tools have been employed for the study.
6. Only four major event have been taken into consideration for event study.
7. The research study covers the period from FY 1997/98 to FY 2006/07.
8. The result of statistical test are extracted using computer software programme.

1.8 Organization of Study

The study has been divided into five part. Chapter one concentrates on introductory Part. Introduction chapter contains back ground of study, focus of the study. Statement of problem objective of study, statement of hypothesis significance of the study and limitation of study.

Chapter two concerned with review of literature. Literature review chapter contains conceptual review and review of related books articles, Journals, reports studies conducted both by Nepalese and international scholars.

Chapter three is concerned with research methodology, research design, methodology of data collection and statistical tools used under research methodology.

Chapter four deals with analysis and evaluation of data with the help of analytical tools such as SPSS and interprets the results obtained through this tool and major findings.

Chapter five contains summary conclusion and recommendations.

CHAPTER II

REVIEW OF LITERATURE

The Basic concern of this study is to focus on the effect of financial information on stock price of the companies listed on Nepal stock exchange. The focus of this chapter is to review of some literature related to stock market in Nepal. A better understanding of these determinants may investor confidence in stock market and there by enhance the effectiveness of corporate resource allocation.

In this chapter, some of the basic literature on effect of financial information on stock price is reviewed. It includes review of relevant theories on the topic and review of relevant previous empirical study done with in and outside the country.

2.1. Theoretical Review

There are numerous factors that cause the stock price fluctuation in the market. They are economic factor and non economic factors. The price of stocks are typically very sensitive responsive to all event real and imaginary that cast into the murky future (Cootner, 1964).

There are two approach of stock price movement. Efficient market hypothesis approach and classical approach. Under the efficient market hypothesis, there are three form of efficient market hypothesis classical approach consist the fundamental and technical analysis. Efficient market theories argue that the market is efficient whereas classical approach assumes market as inefficient.

2.1.1. Efficient Market Theory

A market is efficient with respect to particular set of information if it is impossible to market abnormal profit (other than by chance) by using this set of information to formulate buying and selling decision. In an efficient market a set of information is fully and immediately reflect in the market price of stock (sharp, 1999) Efficient market is concerned with the pricing mechanism of

security market, it has two dimension of price adjustment: one is to type of information reaching to and another is the speed and quality of adjustment of security to the information. As any random infusion information instantaneously and correctly adjusts in prices. There will be no subsequent lags that are profitable. Pricing is not only should be instantaneous but should discount accuracy of information so that the price fluctuates closely around its intrinsic value (Sharp, 1999).

Efficient market theory contends that in free and perfect competitive market, stock price always reflect all the available information and adjust instantaneously every influx of new information in an efficient security price " Fully reflect" available information (Fama, 1977).

There are several concept of market efficiency and there are many degree of efficiency depending on market. Market in general are efficient when price adjust rapidly to new information, there is continuous market in which each successive trade is made at a price close to previous price. (The faster that the price responds to new information on the smaller the difference in price change). The more efficient the market, the market absorb, large amount of securities with out destabilizing the price (Stonley, 1998).

In an efficient market securities price would correctly reflect the important variable for that securities and would represent an unbiased estimate of its market value (Mosses, 1992).

Most financial economist agree that capital should be channeled to the place where it will do the most good. One goal of government policy is to encourage the establishment of allocation all efficient markets in which the firms with the most promising investment opportunities have access to the needed funds. However in order for markets to be allocation efficient, they need to be both internally and externally efficient. In externally efficient market, information is quickly and widely disseminated, which allows each security's price to adjust rapidly in an unbiased manner to new information, so that it reflect investment value. An internally efficient market is one which

broken and dealers compete fairly, making the cost of transacting low and the speed of transaction high (sharp, Alexander, and Baily, 2003).

The efficient market theory being extreme hypothesis i.e. price is fully reflect all the information, cannot be tested in the empirical data in its precise form. However, Postulating pricing mechanism with types of information set being impounded in the stock market, it can be done, hypothesis of market efficiency depending up on types of information set impounded in to price, They are:

- i. The efficient market hypothesis (EMH)
- ii. Theory of weakly efficient market or random walk Hypothesis (RWH)

i) The Efficient market Hypothesis (EMH)

The efficient market hypothesis says that the market rapidly incorporates all information affecting the value of security. Test of market efficiency require a model showing the impact of information upon the stock price. There are three form of market efficiency.

<u>form of efficiency</u>	<u>set of information reflected in security price.</u>
Weak form	Previous price of security.
Semi strong form	All public available information
Strong form	All information, both public & privet.

) Weak Form Efficiency

Under weak form stock price are assume to reflect any information that may be contained in the past history of stock price it self. This hypothesis holds that no investor can earn excess return by developing trading rules based in historical prices or return information.

) Semi Strong from of Efficiency

Under semi strong from all publicly available information is pre assume to reflect in securities price. This includes information in the stock price series as well as information an in the firms accounting reports. The reports of commentating firms announced information to the state of economy and any other publicly available information relevant to the valuation of firm.

J Strong form of Efficiency

The strong form takes the notion of market efficiency to the ultimate extreme. This form includes private as well as publicly available information. Under these forms, those who acquire inside information act on it, buying or selling the stock. Their actions affect the price of stock and the price quickly adjusts to reflect the inside information.

ii) **Theory of Weakly Efficient Market or Random Walk Hypothesis (RWH)**

The weakly efficient market hypothesis states that current prices fully reflect the information contained in the historical price movement. The market is efficient in weak sense in share price fully reflect the information implied by all prior price movement. Price movements are totally independent of previous movements, implying the absence of any price patterns with prophetic significance (Francis, 1991).

The past price has no meaningful information to predict the future course of price fluctuations, which can be used to earn above average returns. The movement of future prices is independent of the previous price or the series of price changes are random phenomena. Actually, the weak form of EMH is referred to as random walk theory of stock price behavior. Weak form of efficient market hypothesis is popularly known as random walk theory. Random walk theory describes whether past prices can predict future prices. The fundamental beliefs at the back of RWH are that successive price changes of individual stocks are independent over time and that their actual price fluctuates freely over time about their intrinsic value (Fisher, 1995).

RWH implies the future path of the price level of security is no more predictable than the path of a series of cumulated random numbers. The series of price changes has no memory, i.e., the past cannot be used to predict the future in any meaningful way. It means that the current size and direction of price changes are independent and unbiased outcomes of previous price changes. The random walk model in its pristine form includes two hypotheses, successive price

change are independent and price changes conform to some probability distribution (Eugene, 1965).

Statically independence means probability of distribution for the price change during time periods more precisely in algebraic term $\Pr(x_t = x | x_{t-1}, x_{t-2}) = \Pr(x_t = x)$ where the term on the left side of equation is the conditional probability distribution that the price change during time will take the value of x , conditional on the knowledge the previous price change the values x_{t-1} , x_{t-2} etc, but the term on the right of equation is the unconditional probability that the price change during the time take value x , the expression means the conditional and marginal probability distribution an independent random variable are identical (Gupta, 1989).

If the random walk hypothesis holds, the weak form of efficient market hypothesis must holds, though not vice versa thus, evidence supporting the random walk model is evidence supporting weak form efficiency (Elton, 1991)

2.1.2 Fundamental Analysis Theory

Fundamental analysis theory claims that at any point of time an individual stock has an intrinsic value of the future cash flow from the security discounted at appropriate risk adjusted discount rate. The value of common stock is simply the present value of all future cash flow. Which the owner of stock will receive the actual price should reflect the intrinsic value of the stock i.e. good anticipation of cash flow and capitalization rates corresponding to future time period, But in the practice, first it is not known in advance what a stock income will be in each future period and second, it is not clear what appropriate discount rate should be for a particular stock. So fundamental analysis attempt to reach best estimate of intrinsic value of share by studying company's sale profit dividend management competencies and numerous other factor which determine its future income and prospect of business opportunities (J. Clarks. 1991).

Fundamental analysis theory beings with the assertion that the true value of any financial assets equal to present value of all future cash flows that the owner of assets expected to received. Accordingly the fundamental stock

analyst attempt to forecast the timing and size of these cash flow and converts them to their equivalent present value by using appropriate discount rate. More specifically the analyst must attempt not only to estimate discount rate but also for cast the stream of dividends that particular will provide in the future, this process is equivalent to forecasting the firms earning per share and pay out ratio (Sharp, 1999).

Fundamental analysis use different models like top down versus bottom up forecasting. Probabilistic forecasting econometric model financial statement analysis etc. To estimate the value of security in on appropriate manner for making investment decision the approved though sound and base on basic financial figure does not suffer from drawbacks and to make this approach work effectively. One must be aware of them, first it is based on rational scientific analysis of data but the market is rarely rationales. The in formation and analysis may it self be in correct many companies with the help of creative and innovative accounting and accounting cosmetic disguise the relearning, the fundamentalists estimate of intrinsic value may be incorrect, the fundamentalists may not fully understand the economy or the industry as there are several external factor (Bekely, 2006).

2.1.3 Technical Analysis Theory

Technical analysis of security price involve the study of market price is an attempt to predict future movement for the common stock of particular firm. Initially, past prices are examined in order to identify reducing trends or pattern in price movements. Then more recent stock prices are analyzes in order to identify emerging trends or pattern that are similarly past ones. The analysis is done in the belief that these trends or pattern, repeat themselves. Thus by identifying an emerging trends or pattern, the analyst hopes to predict accurately future price movement for that particular stock (Sharp, 1999).

The technical analyst tries to forecast Short run shift supply and demand that will affect the market price of one or more securities. Typically, technical analyst records the historical, financial data on charts, study these charts in search of pattern to predict future price. Some charts are used to predict

movement of market index and still other are use to predict the action of both individual assets and market (Francis, 1997).

The technical analyst usually attempts to predict short term price movement and make recommendation concerning the timing of purchase and sale of either specific stock or group of stock in general. It is sometime said that fundamental analysis is designed to answer the question 'what' and technical analyst seems to trying to forecast 'When' (Gorden, 2000).

The understanding philosophy of technical analysis is that the price of stock depends on demand and supply in market and little relationship to intrinsic value as fundamentalists believe it to be. Thus Technical analysis tools are designed to measure supply and demand of stock in the capital market. The following assumption of technical analysis:

-) Market price is determined by interaction of demand and supply.
-) Demand and supply are governed by various factor both rational and irrational
-) Series of price contain trends that persist for appreciable length of time.
-) The change in trends caused by shift in demand and supply are detainable in analysis of past price and value.
-) The pattern trends to repeat it self.

The Technical Factors Includes Following

Inflation

Inflation actually is an input into the valuation multiple. But it is a huge driver from a technical perspective as well. Historically, Low inflation has had a strong inverse correlation with valuations (low inflation drives high multiples, and high inflation drives low multiples). Deflation on the other is generally bad for stocks because it signalizes a loss in pricing power for companies.

Economic Strength of Market and Peers

Company stocks tend to track with the market and with their sector or industry peers. Some prominent investment firms argue that the combination of

overall market and sector movements as opposed to a company's individual performance determines a majority of a stock's movement. For example, a suddenly negative outlook for one retail stock often hurts other retail stocks as "guilt by association" drags down demand of the whole sector.

Substitutes

Companies compete for investment with other asset classes on a global stage. These include corporate bonds, government bonds, commodities, real estate, and foreign equities, which influence the stock price in the market.

Incidental Transactions

Incidental transactions are purchases or sales of a stock that are motivated by something other than belief in the intrinsic value of the stock. These transactions include executive insider transactions, which are often pre-scheduled or driven by portfolio objectives. Another example is an institution buying or shorting a stock to hedge some other investment. Although these transactions may not represent official "votes cast" for or against the stock, they do impact supply and demand and therefore can move the price.

Demographics

Some important research has been done, about the demographics of investors. For example, middle-aged investors tend to pull out of the market who tend to invest in the stock market, while, older investors tend to pull out of market in order to meet the demands of retirement. The hypothesis is the greater the proportion of middle-aged investors among the investing population, the greater the demand for equities and the higher the valuation multiples.

Trends

Often a stock simply moves according to a short-term trend. On the one hand, a stock that is moving up can gather momentum, as "success breeds success" any popularity buoys the stock higher. On the other hand, a stock sometimes behaves the opposite way in a trend and does what is called "reverting to the mean." Unfortunately, because trends cut both ways and are more obvious in hindsight, knowing that stocks are "trendy" does not help us predict the future.

Liquidity

Liquidity is an important and sometimes under-appreciated factor. It refers to how much investor interest and attention a specific stock has. Trading volume is one proxy for liquidity. But it is also a function of corporate communications (that is, the degree to which the company is getting attention from the investor community). Large-cap stocks have high liquidity they are well followed and heavily transacted. Many small-cap stocks suffer from an almost permanent "liquidity discount" because they simply are not on investors radar screens.

Policies

There regulators policies related to stock market are also the key influential factor in determining the stock price. In developing countries like Nepal, such policies changes affect the stock market development and behavior of share price in a greater extent by the positive and negative response to market sentiment.

2.1.4 Market Sentiment

Market sentiment refers to the psychology of market of market participants, individually and collectively. This is perhaps the most vexing category because which matters critically. Market sentiment is often subjective, biased, and obstinate, For example, one can make a solid judgment about a stock's future growth prospects, and the future many even confirm his/her projections, but in the meantime the market may myopically dwell on a single piece of news that keeps the stock artificially high or low. And one can sometimes wait a long time in the hopes that other investors will field of behavioral finance. It starts with the assumption that markets are apparently not efficient much of the time, and this inefficiency can be explained by psychology and other social sciences.

Different types of investors depend on different factors as reflected in the market sentiment. Short-term investors and traders tend to incorporate and may even prioritize technical factors. Long-term investors prioritize fundamentals and recognize that technical factors play an important role.

Investors who believe strongly in fundamentals can reconcile themselves to technical forces with the following popular argument: technical factors and market sentiment often overwhelm the short-run, but fundamentals will set the stock price in the long-run. As stocks rise, investors sometimes jump in without doing their due diligence because they want to participate.

Greed overtakes their cautiousness. In other words, their desire to make a "quick killing" destroys their sense of responsibility, and investing merely a gamble. Fear also moves the stock market, but in a different direction. Sometimes investors become so afraid of losing more money that they will sell holdings at almost any price in order to get out now. This can be the ideal time to buy when everyone is scared and running for cover. In these situations, one many get a chance to buy and investment "on sale." In the short and long term, earnings can move the stock market. Good earnings usually push a stock up; bad earnings typically pull it down. This proves true especially over the long term.

Similarly, another important factor which influences the market sentiment is an interest rate. When interest rates rise, companies that need to borrow money must pay higher interest rates, which makes borrowing notably more expensive, particularly a lower interest cost and therefore are able to expand their businesses at lower borrowing costs overall. High interest rates also affect many industries such as housing and automobiles because consumers must decide whether to spend money on high interest payments to buy these big-ticket items.

Another stock market mover is simply this: how the financial community views a stock or the market. Even if a company has good earnings but a lower-than expected near-term performance ahead of it, the stock can head south regardless of strong current results. Some members of upper management guide analysis as to future earnings. Executives "talk down" future earnings in order to keep estimates low thus making it easier for the company to beat the street. This makes the company look better come earnings season and this helps increase the stock's price.

2.2 Technical Tools.

2.2.1 Dow Theory

This theory was originated by Charles Dow. The objective is to identify long term trends in stock market price. It is believed that the market was always considered as having three movements all going the same time. The first is narrow movement from day to day. Second is short swing, running from two weeks to a month or more. Third is main movement covering at least four year duration (Francis, 1991).

Three forces simultaneously affecting the stock price. Basically call primary or major trends, secondary and intermediate trends and finally tertiary or bullish trends. The primary price movements are held to constitute bearish or bullish trends. Whereas the secondary movements are regarded as passing phases. Tertiary price movement and daily price fluctuation, Which to Dow attributes to no significance or ignore the role of this trends.

2.2.2 Confidence Index

Confidence index is another indicator of securities prices that is used by many technicians to forecast the movement of prices in the future confidence index is ratio of higher grade security yield to low grade security yield.

The confidence index is usually, but not always a leading indication. Like most of other technical indicator, the confidence index may some times issue erroneous signals and should therefore not be used with out confirming evidence form the indicator (Francis, 1997).

2.2.3 Bar Charts

A bar chart is another tool to analyze the price movement of securities. This is a tool of the chartists or technicians. Bar chart have vertical bar representing each day's price movement. Line chart and bar charts usually have bar graph along the bottom showing the volume of share traded on each date. "Head and shoulder" formation is an important technique to the technician to relate stock price moves and volume of shares traded (Francis, 1997).

2.3 Security Market

A security market or financial market can be define as a mechanism for bringing to gather buyer and seller of financial assets in order to facilitate trading one of its main function is "Price discovery" that is to cause security prices to reflect currently available information. The more quickly and accurately price discovery is achieved, the more efficiently. Financial market will direct capital to its most productive opportunities, there by leading to gather improvement in public wale fare. (Sharp, 1999).

Mainly there are two types of security market one is primary market and secondary market.

Primary Market

A primary market is the place where corporation and government issue new securities. All securities, whether in money or capital market, are initially issued in the primary market. The primary market for the original sale of securities by an issuer to the public.

Secondary Market

Secondary market is the market where already issued securities are traded basically following types of secondary market.

- Organize security market:

Organize security market provided central physical location where trading is done under set of rules & regulation.

- Over the counter market:-

The over the counter market exchange is not an organization but an intangible market for purchaser and seller of security not listed by the organize exchange.

- Third market:

The market is an over the counter market where the securities listed in the organized stock exchange are also traded.

- Fourth market:

The fourth market also exists in the over the counter market and here traded occur directly among the investor in this types of market the buyer and seller directly deal with each other. This deal occurs in the exchange listed securities.

2.4 Stock Exchange

The stock exchange is an institution where quoted stocks are exchange between buyers and sellers. The stock exchange provides market a wide range of traded security, generally of medium to long term maturities issued by companies, government and public organization (Winfield, 1985).

The key function of securities exchange is to create a continuous market for securities at a price that is not very different from the price at which they were previously sold. The continuity of securities market provides liquidity necessary to attract investors funds. Without exchange investor might have to hold debt securities to maturity and equity securities indefinitely. It is doubtful that many people would be willing to invest under such a conditions. A continuous market also reduce the volatility of securities price further liquidity (Gitman, 1992).

Most of the investors are attracted to the equity share because of its marketability and liquidity one may like to buy more share or selling existing share from time to time. When he/she need of money or when he/she want to shuffle his/her portfolio. Since the stock exchange is the place where, large number of buyer and seller congregate, once, can, by and large, early find his/ her counter part for sale or purchase of share. The investor can convert his/her share into cash at the prevailing market price readily. The exist of stock exchange facilitates all these function with out which it is almost impossible to do so.

2.5 Security Board of Nepal

Security board (SEBO), Nepal was established on may, 26, 1993, under the provision of securities exchange act, 1983 (first amendment). Since its establishment, SEBO has been concentrating its efforts on improving the legal and statutory framework which are the buses for the healthy development of capital market.

Formulation of policy and programme for development of securities market and advice to the government in this regard, register securities and grant issue approval, provide license to corporate bodies to incorporate the stock exchange business, supervise and monitor stock exchange and securities business persons, conduct research, study and awareness programs regarding securities market are current duties and responsibilities of SEBO (SEBO, 2007).

2.6 Securities Market in Nepal

Government of Nepal (GON), under a program initiated to reform capital market converted security exchange centre into Nepal stock exchange in 1993. Nepal stock exchange, in short NEPSE is non profit organization, operating under securities exchange Act 1983 the basic objective of NEPSE is of impart free marketability and liquidity to the government and corporate securities by facilitating transactions in trading floor through the member. NEPSE opened its trading floor on 13th January 1994 since the establishment of NEPSE it was adopted an open outcry system but from July 2007 it has transformed to computerization. It means transaction of securities are now conducted on the computer inside the trading floor of NEPSE.

2.7 Event Study

Event study can be carried out to see just how fast security Prices actually react to the release of information. Do they react rapidly or slowly? Are the return after announcement data abnormally high or low or are they simply normal? Note that answer the second question requires a definition of normal return for a given security. An improperly specify assets pricing model can invalidate test of market efficiency (Sharp, 1999).

Event study is really joint test as they simultaneously involve test of asset Pricing model's validity and test of market efficiency. A finding that Price react slowly to information might be due to the use of an improper assets pricing model or it might be due to both (Sharp, 1999).

2.8 Review of Related Studies

2.8.1 Review of Related Study at International Level

Roberts (1959) he concluded simulation test by comparing the cummulation of random number and Dow Jones Industrial average index (DJIAI) for about one year. He observed the first difference of two series produce the same pattern. He gave a number of methodological suggestions for testing what he calls the chance model. He suggested run analysis for testing independence of price changes.

Gupta (1985) found out comprehensive test of the random walk hypothesis by employing serial correlation and run analysis in two set of time series data. The two set of time series data are first was economic time index, number of daily share price and financial express index number of equity prices on a daily and other weakly series and another was a weekend closing price. He concluded on the basis of these text the random walk model share price behavior suggesting in the Indian stock exchange were efficient in the weak sense in pricing share.

Mobarek and Keasey (2000) The study seek evidence supporting the weak form efficient of market listed securities on the Dhaka Stock exchange for the period of 1988 to 1997. Empirical analysis suggest that the Dhaka stock market of Bangladesh is not weak form efficient the result of individual share return also evidence that they are not following random walk model.

Abraham, Seyyed and Alsakram (2002). The data consist of weekly index value for the three major Gulf stock markets of kuwait, Saudi Arabia and Bahrain for the period of October 1992 to December 1998. Random walk hypothesis and market efficiency hypothesis are assessed using the variance ratio and the nonparametric (run test) consistent with results in the literature for similar emerging markets both RWH and weak form efficiency are rejected for the Gulf markets when the observed index levels are used. The corrected indices show that successive price changes are independent for all three markets implying weak form efficiency. Random walk hypothesis for the Saudi

Arabia and Bahrain market cannot reject, Kuwaiti market fails to follow random walk even after correlation.

Pena and Alana (2003) test if stock index price follows random walk in the Spanish stock market by means of variance ratio. By using daily weekly and monthly price return autocorrelation in the Spanish stock market for the two indexes and for individual security by means of variance ratio tests. They found that positive string autocorrelation for both IGM 13 and IBEX 3 index daily returns cannot reject the random walk hypothesis for March 31 1997 to 2000. Significant position of autocorrelation monthly return are not significant at 5% level in and period on the other hand, Spanish stock market security daily return show weakly positive autocorrelation. Even though index monthly return positive autocorrelation are low, there is no strong evidence of monthly return cross-correlation at one lag (a month) between portfolios based on size. In particular large stock portfolio lead to the small stock ones.

Wicremasighe (2004) has conducted empirical tests of foreign exchange market efficiency have been carried out by using a variance ratio test and random walk in foreign exchange rates. The study examined the weak and semi strong form efficiency of foreign exchange market in Sri Lanka by using monthly data for six currencies. The monthly nominal spot exchange rates for Japanese Yen (JPY), the UK pound (GBP), the US Dollar (USD), France Franc (FRF), Indian Rupee (INR) and German Mark (GM) for the period of January 1986 to November 2000. While unit root tests are used to test weak form of the efficient market hypothesis is investigated using co-integration, Granger causality and variance decomposition analysis. The result of unit root tests indicates that all six exchange rates are random walk. The efficient market hypothesis in its weak form the participants in the foreign exchange in Sri Lanka cannot devise some rule or technique that can be used to predict future movement of an exchange rate from its past value. However, the co-integration and Granger causality tests and variance decomposition analysis provide evidence against semi strong version of the efficient market hypothesis. They indicate that the movement of one or more exchange rate can be predicted

from the movement of the other exchange rates. Therefore, the participants in the foreign exchange market can engage in profitable transaction both in the short and long run.

Ialanm and Khaled (2005) carried out a test of weak form efficiency of the Dhaka stock exchange use of monthly versus daily data or weak. The study uses daily, weekly, monthly market prices and returns of the stock exchange during the year 1990 to 2001. Starting from the January 1990, the daily market price data cover the period up to 23 November 2001, while the weekly and monthly price data cover the period up to 21 November 2001 and October 2001 respectively. Data for the period 1990 to 1991 were taken from the daily price quotations. Test of weak form efficiency of the Dhaka stock exchange by using the auto correlation test. Test separately for the period before July 1996 and for the period after March 1997. They concluded on the basis of these test weak efficiency is rejected by using autocorrelation test but on the basis of hypothesis at the 5% significance level in the case of monthly data. But for weekly data and daily data the market efficiency was rejected for the pre boom period 1996 but not for the post crash.

Balke & Woha (2006) A study on what drive stock price? Identifying the determinants of stock price movement and concluded that there is strong relationship between real stock returns and divided yield and also argues that this is consistent with "information". The study has been conducted identifying the determinants of stock price movement of United Kingdom. Also concluded that when drawing together existing research on capital markets to understand how divided/ price ratio and dividend growth predict movement in share prices. Analyze data from the UK stock market from January 1995 to December 1996 to test out two hypothesis. (i) There is no significant lag effect from price determinants to real stock return. (ii) Being the "information hypothesis" of dividends, which predict that unexpected change in dividend payment may 'single' changes in future return to investor there by leading to higher returns. The study points out that this second market hypothesis is consistent with the efficient market hypothesis and analyzes the movement in stock returns using

Granger causality tests and find that dividend / price ratio predicts real stock return for the UK stock market.

Porter & Shiller (2006) conducted A study on what moves stock price and concluded that the present value of dividend to be the principle determinant of the level of stock prices. However, under the assumption of constant discount factor, stock prices were too volatile to be consistent with movement in future dividends.

Billmeir and Massa (2007) A study on what drives stock market development in middle East and central Asia institutions, remittances or natural resources? Concluded that (i) both institutions and remittance have a positive and significant impact on market capitalization and (ii) both resources matter especially in country with out significant hydrocarbon sector whereas (iii) resource-rich countries stock market capitalization is mainly driven by the oil price.

2.8.2 Review at National Level

Shrestha (1999) conducted research on share holders democracy concluded that the success of companies directly depends on the protection of their owners at present, the overall Shareholders democracy in term of protection their interest is basically focused on the payment of satisfactory dividend and maximization of Shareholder 's wealth by appreciating the value of share they sold this is height influencing the stock price behaviors in Nepal.

Balampaki (2004) has conducted study on fundamental of stock return in Nepal, concluded that the fundamental of stock return share price in Nepal largely depend upon, dividend yield, capital gain and total yield are related to earnings yield, size, book to market ratio related to earnings yield. The examination and dealings with pooled cross sectional data of 40 enterprises whose stock, are listed in the Nepal Stock Exchange Limited and traded in the stock market have been conducted for the study. The study also reveals that earnings yield and cash flow yield have significant positive impact on dividend yield and an insignificant impact on book to market value of share price.

Pant (2004) A study on investing a major portion of investment on 'Blue-chip share' in the beginning for safety, not to choose too many companies in the name of diversification since watching all of them seriously will be difficult to buy a minimum unit of share from different companies just to gain some experience, and participate in every annual general meeting to gain better knowledge about the company that have been invested in, sell the stock recently bought if market value goes down by ten or more percent within in two or three week.

Pradhan (2006) conducted research on a study the efficient market hypothesis and the behavior of share price in Nepal and concluded that the Nepalese stock market may not be termed as weakly efficient in pricing of shares. The survey of opinion of Nepalese financial executives indicate buy or sell decision, to predict future average return and to predict future prices. The main factor affecting share prices as perceived by them are dividend, retain earnings, bonus share, and right share issue. The share price has been found more volatile than expected dividends. Nepalese investors are not indifferent toward making or non making of information public. Among them the company information, lack of profitability of company market operation system and government policy regarding investment are appeared to be the major cause of deficiency in the Nepalese stock market. Information of favorable future prospect of the company would increase market price of share and shareholder in high tax brackets do not prefer retained earning instead of demands.

Shrestha (2007) The study on the impact of NRB monetary policy upon the share price and stock market behavior, concluded that monetary policy should be a long term policy and should not interfere in the price sensitive capital market phenomena determined from the free play of market forces. There is an immediate negative reaction after announcing the monetary of fiscal year 2007. Which results NEPSE index dropped by around 30% point but after the announcement of amendment in the monetary policy, the stock gone up and NEPSE index increase by 25% this clearly shows that the NEPSE index revived to the previous level although there is slight difference.

2.8.3 Review of Important Dissertation

Bhattarai (1990) carried out a study on share market in Nepal. The sample for the study comprised of 12 companies. This study was based on secondary data. Different statistical tool and financial tools were applied, and concluded that the investor in capital market through brokers' networks raised the transaction volume market starts to walk randomly reflecting true value of share and investor are facilitated by providing alternatives to make diversified portfolio.

Bhatta (1998) carried out research on Dynamics of stock market in Nepal with main objective of to analysis the trend of the Nepalese stock market as well as to analyze market price prices of the Nepalese stock market, while conducting the research the researcher used both primary & secondary data and used different statistical as well as financial tools. He has concluded in his research, the stock market and economic activities move in the similar direction. They influence each other. Almost all firms in this sector have a sustained loss. The secondary aspect of the stock market is not also functioning well in Nepal. There is almost no liquidity in stock market for shares except that of banking and some finance and insurance sector.

Gurung (1999) conducted a study on the basis of share price behavior of listed company in Nepal. The study was carried out with main objectives to test the monthly movement of share price behavior of listed companies in Nepal. The sample of study was 15 companies representing from commercial bank insurance and finance company. Using different statistical tools like, coefficient correlation and financial parameters. He maintained that the number of listed companies have been increased during the study period. The study was to analyze the stock price behavior of listed companies whose stock are listed in stock exchange center and traded in the stock exchange. The conclusion of the study was the higher fluctuation in prices in decreasing trend and higher variation in price shows the performance of listed companies has been deteriorating. Moreover, this implies the uncertainty and instability in stock market.

Ojha (2000) has conducted a research on financial performances and common stock pricing with main objective of his research were to study and examine the difference of financial performance and stock price. Nepalese stock market is in growing stage. In general it is very new and just started to develop. Dominance of banking sector is prevalent in the market due to other industries including finance company, insurance and manufacturing is not encouraging. He also found there is positive correlation between the net worth per share and stock prices of banking, airline and hotel industries, there is no perfect correlation between the net worth per share and common stock price.

Timilsina (2001) conducted study on capital market development and stock price behavior in Nepal. The main objectives of study was to find out the fair market price of equalities and observe the variation of actual prices from the computed fair prices to test whether the present behavior of price will remain stable the study. He concluded that the market price of share. Depends on earning per share, as well as divided per share, direct and immediate response in the market.

Poudel (2002) has conducted the research "Share price behavior of joint venture Bank in Nepal." The main objective of this study were to analyze the market share price behavior of the Nepalese stock market and examine how safe or risky to invest on joint venture banks share. The study cover seven year (1995-2001) and data for the seven year were presented in form of various charts and figure. He found that Nepal stock exchange operate in weak form of efficient market hypothesis indicating that the market price moves randomly.

Poudel (2005) carried out research on share price behavior of listed company in Nepal with major objective of to analyze the behavior of NEPSE index. He was taken one year data, different form of the time period and concluded that the downfall in the NEPSE index shows the sharp decline in stock market performance. The NEPSE index of commercial bank is far better than other, even though index of manufacturing and processing is better.

Sigdel (2006) conducted research on security Analysis of listed companies in Nepal. The study was conducted with main objective of to

determine in which direction industry index is moving bullish or bearish. This study covered (2002-2005). And he was concluded that general economy of Nepal is seemed to be in recovery. Market index return are improving slowly peace and security are the main reason for moving bullish or bearish.

Shrestha (2006) carried out research on Daily stock price behavior of commercial Bank in Nepal, with objective of to analyze the daily stock price behavior of commercial bank. He covered one year (2005-2006) and found that the daily movement of the series of the indices has exhibited the variation. The function of the commercial bank index series is higher than that of NEPSE index.

Thapa (2006) conducted research on behavior of Nepal stock exchange index. The study was carried out the objective of to analyze the trend of annual turnover of Nepal stock exchange. This study covered period of five year (2000-2005). She was concluded that the growth of Primary and secondary market and increase in listed companies it implies that the capital market in Nepal is in developing process.

From the above the studies, it is clear that a very few studies have been done on the market price behavior, and daily stock price behavior in the stock market. The research which has been done till date are either have been done a few year earlier or have been done with few statistical tools. Most of the above studies are based on technical analysis and statistical analysis like run test correlation coefficient, NEPSE trends eat. A very few studies have been conducted on establishing relationship of EPS, DPS and NWPS with MPS. Moreover the effect of important events of the country on market price of stock has not been examined yet. Thus this research has been conducted to overcome the various gaps and problem not solved by the previous researches.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Design

The research study focuses particularly on the effect of financial information on stock price. So the materials of information relating stock price and its various theoretical aspect empirical result and experiences are taken in the way of this study for its good picture. This study might lighting the issues such as relationship between MPS and selected financial indicator, combine effect of those variables in the stock price, pricing of stock, effect of different event on stock price. To achieve the research objectives by administering the questionnaire and by collecting published quantitative and qualitative data, this study follows the analytical cum descriptive research design, which has been supported by both secondary as well as primary data.

3.2 Population and Sample Size

In order to benefit this research work five financial institutions listed in NEPSE are considered as a sample for the study. And while conducting the opinion survey of investor on effect of financial information on stock price, 150 individual investors are taken as sample out of the total population selection of financial institution.

3.3 Nature and Source of Data

Secondary as well as primary data have been collected in order to achieve the real and fact result. All the possible and useful data and views as for available have been collected. The major sources of data are follows:

3.3.1 Secondary Data

The secondary data has collected from publish annual report of NEPSE, financial statement, prospects of the issuer companies, annual report of SEBON, data from respective company, library of T.U., NRB, central Bureau of statistics Economic surveys, journal Newspaper and book etc. are taken in the consideration beside these significant and necessary information has also been collected from internet and websites.

3.3.2 Primary Data

The major tool used for collecting of primary data is distribution of questionnaire to responsive of a person. A set of questionnaire was developed and distributed to the selected respondents in order to accurate and actual information.

3.4 Data Collection Procedure

As stated above data have been collected from both secondary and primary sources. Primary data have collected through administration of a questionnaire to responsive person. A set of questionnaire was developed and distributed to the selected respondents in order to get accurate and actual information, interview, informal dialogues and discussion with the concerned persons. And secondary data have been collected from different published documents, published annual reports, books, journals previous research article, NEPSE, SEBON report etc.

3.5 Data Processing and Analysis

Processing means a series of operation on data in a research, so as to obtain design outcome. Analysis means the categorizing, ordering, manipulating and summarizing of data, to obtain answer to research questions. The collected information have compiled and tabulated in different headings. These data have to be patronized and graphed into different way so as to make research understandable even at a glance. Different statistical tools technician, model are included to craft the collected data in to published form so as to obtain design objective.

3.6 Tools for Analysis

To make research objective, find to accurate result and practicable, different tools are used. The information received in different aspect of stock from secondary and primary sources was first processed for tabulation and analysis. For the propose of analysis generally following tools and model have been used which are as follow.

1. Multiple Regression Analysis
2. Coefficient of Correlation Analysis
3. Coefficient of Determination (R^2)
4. Paired T-test

3.6.1 Multiple Regression Analysis

Regression is the statistical tool which is used to determine the statistical relationship between two or more variables and make predication of unknown variable on the basis of known variable. In regression analysis there are two types variable. The variable whose value is influenced or is to be predicted is called dependent variable and the variable which influences the value or used for prediction, is called independent variable. The multiple regression analysis equation of MPs on various financial indicator EPS, DPS, NWPS has calculated as follows.

$$\text{MPS} = a + b_1 \text{EPS} + b_2 \text{DPS} + b_3 \text{NWPS}$$

where,

MPS = Dependent variable.

a = Regression constant (intercept)

b_1, b_2, b_3 = coefficient of independent variable

EPS, DPS, NWPS = independent variable

3.6.2 Coefficient of Correlation Analysis

Correlation analysis can be defined as the degree of linear relationship existing between two or more variable. Two variable are said to be correlated when the change in the value of one variable is accompanied by the change of another variable (Staphit, 2003) The study has been conducted to established the relationship of EPS, DPS and NWPS with MPS with the help of Karl Pearson's coefficient correlation and also to test the reliability of the computed value of correlation coefficient 'r' the probable error (P.E) of the correlation coefficient has also been tested.

3.6.3 Coefficient of Determination (R^2)

The coefficient of determination measures the degree of explanatory power of the independent variable in depended variable. Coefficient of

determination measures the combined effect of percentage total variation in dependent variable explained by independent variable. Coefficient of determination is calculated for all empirical analysis in this study to measure the combine effect of EPS, DPS, and NWPS in MPS.

3.6.4 Paired T-Test

Paired t-test has been used as statistical tool to test null hypothesis. For the test of hypothesis different NEPSE index before and after and during the major event has been considered.

3.7 Definition Key Terms

Common or Ordinary or Equity Shares

Common equity shares are common stocks. It is legal representation of an equity position in corporation. It lies under variable income security. Common share issued to those stockholders who receive their share of profit after deducting all expenses. Common equity shares are riskier than other fixed income securities. But it is very popular because the rate of dividend is not fixed, and shareholders can receive higher dividend in case of higher profit ordinary equity shareholders can take part in Annual General Meeting and can be elected as a member of board of director.

Preference Shares

Preference share is a security that combines feature of both fixed income bond and equity security. Therefore, it is also known as hybrid security. Preference share provide a specific dividend and that is paid before any dividend paid to common stock holders and which takes precedence over common stock in the event of liquidation. The main benefit to owning preference share is that, the investor has greater claim on the company's assets than common stock holders. Preference share holders are not entitle to take part in any annual general meeting expect when the meeting is directly related to the interest of such holders.

Right Shares

When companies decide to issue new common share on face value of its exiting shareholders, such share are called 'Right Share'. Each shareholder is issued an option to buy certain number of new share. The law has not banned issuing preference Right share, but it is not practice in Nepal so for.

Bonus Shares

When company decides to increase its capital by increasing the number of share from the retain profit, it issues new share to present ordinary shareholders instead of cash dividends. These types of shares are called bonus share. Both Bonus and Right shares are ordinary shares and there is no difference in dealing in such shares and ordinary shares. Issuing Bonus shares is the symptom, of the company's strength whereas we can not say so in ease of right shares.

Dividend

It is amount distributed to shareholders from the net profit after allocation to various reserves and retaining some portion as 'retain profit'. Generally this is main concern of ordinary shareholders. The amount exported to be received as dividend should be compared to prevailing interest rate offered by the bank on deposits and should always be calculated on market value.

Book Value of Shares

It is the total of the paid up capital and reserves divided by the total number of shares. Higher the book value is preferable. It is generally more than face value and should be considered while evaluating shares. Though it has no direct relation to market value it can be important information in deciding acceptable market value.

Face Value of Shares

It is the value which is written in the share certificate. This value does not change while the market value change day to day and also several times either in the same day. This is usually the price that was paid by the buyer when they were first sold through the initial public offering.

Market value of Shares

It is current prevailing price of the shares. Investor can buy or sell this share at this price. This price is frequently changeable with change in demand and supply of shares. Higher the market value of share is good indication, but buyer should always be careful to accept the price. The dividend paid in past and the probable dividend for the future should be compared on this value and the buyer accepts to buy the shares through the secondary market.

CHAPTER-IV

PRESENTATION AND ANALYSIS OF DATA

This chapter involves the presentation, analysis and interpretation of data. In course of analysis, collected data from various sources have been tabulated and presented in form of table and chart. By using various statistical tools gathered data have been analyzed. Basically correlation, coefficient, multiple regression analysis, paired T-test analysis has been used in course of analysis. The result of calculation has also been summarized.

4.1 Structured of MPS, EPS, DPS and NWPS of sample companies:

Before measuring and analysis the relationship and effect between EPS, DPS and NWPS with MPS, ten fiscal year's 1997/98 to 2006/07, data of MPS, EPS, DPS, and NWPS of sample companies have been presented in table.

Table 4.1

MPS, EPS, DPS and NWPS of NABIL for 1997/98 to 2006/07

Year	MPS (Rs)	Change %		EPS (Rs)	Change %		DPS (Rs)	Change %		NWPS (Rs)	Change %	
		Ann.	Ave.		Ann.	Ave.		Ann.	Ave.		Ann.	Ave.
1997/98	430	-		44	-		30	-		221		
98/99	700	63		68	55		50	67		238	8	
99/00	1400	100		89	30		55	10		239	0	
00/01	1500	7		59	-34		40	-27		232	-3	
01/02	735	(51)		55	-7		20	-50		233	0	
02/03	735	0	38	85	55	12.5	50	150	12	267	15	7
03/04	1000	36		93	9		65	30		301	13	
04/05	1505	50		103	10		70	8		337	12	
05/06	2240	49		129	1		85	21		381	13	
06/07	5050	125		137	6		13	-85		418	9	

Source: Annual Report (NEPSE)

The Table 4.1 shows that MPS, EPS and NWPS of NABIL increase by 11.75, 3.11 and 1.98 times respectively and DPS is decrease by 2.3 times in the FY 2006/07 in comparison to FY 1997/98. Similarly, there is average increase in MPS, EPS, DPS and NWPS by 38%, 12.5%, 12% and 7% respectively during the study period of ten fiscal years.

Table 4.2

MPS, EPS, DPS and NWPS of Standard Chartered Bank for 1997/98 to 2006/07

Year	MPS (Rs)	Change %		EPS (Rs)	Change %		DPS (Rs)	Change %		NWPS (Rs)	Change %	
		Ann.	Ave.		Ann.	Ave.		Ann.	Ave.		Ann.	Ave.
1997/98	840	-		130	-		70	-		390		
98/99	1162	38		105	19		80	14		282	-28	
99/00	1985	70		115	10		100	25		299	6	
00/01	2144	8		127	10		100	0		327	9	
01/02	1550	-28		140	10		100	0		364	11	
02/03	1640	6	25	150	7	3	110	10	3	403	11	3.5
03/04	1745	6		143	-5		110	0		400	0	
04/05	2345	34		143	0		120	9		422	6	
05/06	3775	60		143	0		130	8		468	11	
06/07	5900	56		167	17		80	-38		512	9	

Source: Annual Report (NEPSE)

The table 4.2 exhibits the position of MPS, EPS, DPS and NWPS of Standard Chartered Bank during the study period of ten fiscal year 1997/98 to 2006/07. In this period MPS, EPS, DPS and NWPS are increase by 7.02, 1.28, 1.14 and 1.31 times respectively in FY 2006/07 comparison to FY 1997/98. Also there is average increase in MPS, EPS, DPS and NWPS by 25%, 3%, 3% and 3.5% respectively.

Table 4.3**MPS, EPS, DPS and NWPS of EBL for FY 1997/98 to 2006/07**

Year	MPS (Rs)	Change %		EPS (Rs)	Change %		DPS (Rs)	Change %		NWPS (Rs)	Change %	
		Ann	Ave		Ann	Ave		Ann	Ave		Ann	Ave
1997/98	184	-		21	-		0	-		106	-	
98/99	407	121		21	0		15	-		121	14	
99/00	980	140		34	62		0	0		170	40	
00/01	750	-23		32	-6		0	0		144	-15	
01/02	430	-43		33	3		0	0		150	4	
02/03	445	3	42	30	-9	13	20	-	-6	150	0	10
03/04	660	48		45	50		20	0		172	15	
04/05	870	32		38	-16		0	0		190	10	
05/06	1179	35		45	18		25	-		185	3	
06/07	2430	106		57	27		10	-60		232	25	

Source: Annual Report (NEPSE)

The table 4.3 shows that MPS, EPS, DPS and NWPS of EBL are increase by 13.2, 2.71, 10 and 2.18 times in FY 2006/07 comparison to FY 1997/98. Similarly average increase in MPS, EPS and NWPS by 42%, 13% and 10% respectively. But DPS is decrease by 6% during the study period of ten fiscal years.

Table 4.4**MPS, EPS, DPS and NWPS of HBL for FY 1997/98 to 2006/07**

Year	MPS (Rs)	Change %		EPS (Rs)	Change %		DPS (Rs)	Change %		NWPS (Rs)	Change %	
		Ann	Ave		Ann	Ave		Ann	Ave		Ann	Ave
1997/98	755	-		113	-		50	-		260	-	
98/99	1000	32		86	-24		50	0		210	-19	
99/00	1700	70		83	-3		50	0		195	-7	
00/01	1500	-12		95	14		25	-50		210	8	
01/02	1000	-33		60	-37		25	0		220	5	
02/03	835	-16	13	49	-18	-3	2	-92	82	247	12	1
03/04	840	0		49	0		20	900		247	0	
04/05	920	10		48	0		12	-40		240	-3	
05/06	1100	20		59	23		30	150		229	-5	
06/07	1740	58		67	14		15	-50		265	16	

Source: Annual Report (NEPSE)

The table 4.4 shows that MPS and NWPS of HBL are increase by 2.3 and 1.01 times but EPS and DPS are decreasing by 1.68 and 3.33 times respectively in FY 2006/07 comparison to FY 1997/98. Average percentage increase in MPS, DPS and

NWPS are 13%, 82% and 1% respectively but DPS is decrease by average 3% during the study period of ten fiscal years.

Table 4.5

MPS, EPS, DPS and NWPS of BOK for FY 1997/98 to 2006/07

Year	MPS (Rs)	Change %		EPS (Rs)	Change %		DPS (Rs)	Change %		NWPS (Rs)	Change %	
		Ann	Ave		Ann	Ave		Ann	Ave		Ann	Ave
1997/98	124			-	-		0	-		40	-	
98/99	285	130		24	-		15	-		57	42	
99/00	980	244		40	67		0	-		112	96	
00/01	850	-13		28	30		0	-		118	5	
01/02	254	-70		2	-43		10	-		112	-5	
02/03	198	-22	52	18	800	91.2	5	-50	13	125	12	18
03/04	296	49		27	50		10	100		140	12	
04/05	430	45		30	11		15	50		155	10	
05/06	850	98		44	47		18	20		181	17	
06/07	1375	62		404	0		20	11		163	10	

Source: Annual Report NEPSE

The table 4.5 shows that MPS, EPS, DPS and NWPS of BOK are increase by 11, 44, 20 and 4.07 respectively in FY 2006/07 to comparison 1997/98. Similarly average income in MPS, EPS, DPS and NWPS are 52%, 91.2%, 13% and 18% respectively during the study period of ten fiscal years.

4.2 Relationship of EPS, DPS and NWPS with MPS:

There is various way of measuring in relationship between variable of an economic and social phenomenon. The simple way of measuring variable is correlation and regression analysis.

4.2.1 Correlation Coefficient Analysis:

The following table summarized the correlation coefficient between MPS and EPS, DPS, NWPS of sample companies. The correlation coefficient has been computed by using SPSS software.

Table 4.6
Summarized Result from Correlation Coefficient Analysis

S.N.	Description	(r) between MPS and EPS	(r) between MPS and DPS	(r) between MPS and NWPS
1.	NABIL	0.782	0.249	0.823
	P. value (Two tail)	0.008	0.487	0.003
	Remark	Significant	Insignificant	Significant
2.	Standard Chartered	0.664	0.748	0.109
	P. value (Two tail)	0.036	0.013	0.764
	Remark	Significant	Significant	Insignificant
3.	EBL	0.859	0.119	0.892
	P. value (Two tail)	0.001	0.743	0.001
	Remark	Significant	Insignificant	Significant
4.	HBL	0.204	0.107	-0.331
	P. value (Two tail)	0.573	0.769	0.350
	Remark	Insignificant	Insignificant	Insignificant
5.	BOK	0.820	0.259	0.548
	P. value (Two tail)	0.004	0.470	0.101
	Remark	Significant	Insignificant	Insignificant

Source: Appendix II

Table 4.6 shows that correlation coefficient of MPS with EPS, DPS and NWPS of NABIL Bank Limited are 0.782, 0.249 and 0.823 respectively. It shows the positive correlation between MPS with EPS, DPS and NWPS. The table shows that P. value of MPS with EPS, DPS and NWPS are 0.008, 0.487 and 0.003 respectively. It shows that there is significant relationship between EPS and NWPS with MPS and there is no significant relationship between MPS with DPS at 5% risk tolerance level. A high degree of correlation between MPS with EPS and NWPS shows the strong relationship between them.

Table 4.6 shows that correlation coefficient of MPS with EPS, DPS and NWPS of Standard Chartered Bank Limited are 0.664, 0.748 and 0.109 respectively. The

probability value (two tail) of correlation coefficient between MPS with EPS, DPS and NWPS are 0.036, 0.013 and 0.764 respectively. It shows there is positive correlation between MPS with EPS, DPS and NWPS. However probability value of correlation between MPS with EPS, DPS and NWPS shows that there is significant relationship between MPS with EPS and DPS but there is no significant relationship between MPS with NWPS at 5% level of risk tolerance or significance level.

Table 4.6 shows that correlation coefficient between MPS with EPS, DPS and NWPS of EBL are 0.859, 0.119 and 0.892 respectively. It shows that there is positive relationship between them. On the other hand probability value of correlation coefficient between MPS with EPS and NWPS indicate that there is significant relationship between them. But P. value of MPS with DPS indicates that there is no significant relationship between them at 5% level of significance.

Correlation coefficient between MPS with EPS, DPS and NWPS of HBL are 0.204, 0.107 and -0.331 respectively. It indicates that there is positive correlation between MPS with EPS and DPS but there is negative correlation between MPS with NWPS. On the other hand P. value of correlation coefficient between MPS with EPS, DPS and NWPS are 0.5573, 0.769 and 0.350 respectively. It shows that there is no significant relationship between them at 5% level of significance.

Correlation coefficient between MPS with EPS, DPS and NWPS of BOK are 0.820, 0.259 and 0.548 and P. value of correlation coefficient between MPS with EPS, DPS and NWPS are 0.04, 0.470 and 0.101 respectively. It shows that there is positive relationship between MPS with EPS, DPS and NWPS. And there is significant relationship relationship between MPS with but there is no significant relationship between MPS with DPS and NWPS at 5% level of significance.

4.2.2 Effect of EPS, DPS and NWPS on MPS:

This part analyzes the combine effect of EPS, DPS and NWPS on MPS of the selected sample. It shows the extent to which variation in MPS is explained by EPS, DPS and NWPS. In order to evaluate the degree of explanatory power between the variables EPS, DPS and NWPS influencing the market price of the share, regression equation of MPS on EPS, DPS and NWPS are estimated. The multiple regression equation of MPS on EPS, DPS and NWPS has been estimated as follows:

$$\text{MPS} = a_1 + b_1\text{EPS} + b_2\text{DPS} + b_3\text{NWPS}$$

Where,

MPS = Depended Variable

EPS, DPS and NWPS = independent variable

a_1 = regression constant (intercept)

b_1, b_2, b_3 = regression coefficient

The multiple regression equation of sampled companies determining the combined effect of EPS, DPS an NWPS on MPS for ten year study period have been analyzed with help of SPSS software and presented below.

The regression equation for NABIL Bank limited has been shown in table:

Table 4.7

Regression of EPS, DPS, NWPS on MPS of NABIL

Description	a	b1	b2	b3	r ²
Coefficient value	-910.828	34.543	-33.126	3.648	0.913
Standard error	1001.972	17.907	8.229	7.591	
Significant	0.398	0.102	0.007	0.648	

Source: Annex III

The Regression constant or intercept of NABIL is -910.828 which implies that MPS does not go below that level even if the values of EPS, DPS and NWPS are zero. However negative MPS is ridiculous in practice. The regression coefficient b_1 represents that one rupee increase in EPS leads to an average increase in MPS by 34.543 if the other variable DPS and NWPS are kept constant. However b_1 may vary 17.902 as due to standard error of b_1 . Similarly regression coefficient b_2 measures the

average effect of DPS on MPS. The value of b_2 being -33.126 indicates that one rupee increase in DPS leads to an decrease in MPS by 33.126, if the other variable are kept constant. However b_2 may vary 8.229 as due to standard error and b_1 is significant at 5% level of risk. Likewise, regression coefficient b_3 represents that one rupee increase in NWPS lead to an average in MPS by 3.648. However b_3 may vary 7.591 due to standard error and b_3 is in significant at 5% level of risk if other variable are kept constant. Here EPS and NWS are positively related whereas DPS is negatively related. The coefficient of determination (r^2) explain 91.39 variation in MPS is explained by EPS, DPS and NWPS. Whereas remaining 8.7% due to the extraneous factors.

The multiple regression equation for standard Chartered Bank Limited has been shown in table. The multiple regression is $MPS = a+b_1EPS+b_2DPS+b_3NWPS$

Table 4.8
Regression equation of EPS, DPS and NWPS on MPS of
Standard Chartered Bank

Description	a	b_1	b_2	b_3	r^2
Coefficient value	-2785.967	-9.314	-5.637	17.915	0.566
Standard error	3805.948	55.989	21.942	13.775	
Significant	0.492	0.873	0.806	0.241	

Source: Appendix III

The table 4.8 shows that the regression constant of Standard Chartered Bank is -2785.967 which implies that MPS does not go below that level even if the value of EPS, DPS and NWPS are zero. However negative MPS is ridiculous in practice. The regression coefficient b_1 , b_2 and b_3 are -9.314, -5.637 and 17.915 respectively which indicates one rupee increase in EPS lead to an average decrease in MPS by 9.314, if other two variables are kept constant. Similarly one rupee increase in DPS leads to an average decrease in MPS by 5.637 if other two variables are kept constant. Likewise one rupee increase in NWPS leads to an average increase in MPS by 17.915 if other two variables are kept constant. However b_1 , b_2 , b_3 are may vary by 55.989, 21.942 and 13.775 respectively. All coefficients are insignificant at 5% level of risk. The coefficient of determination r^2 explain that 56.6%. Variation in MPS is caused by EPS, DPS and NWPS respectively. Whereas remaining 43.49 is due to the extraneous factor.

The multiple regression equation for EBL has been shown in table 4.9. The multiple regression equation is $MPS = a + b_1EPS + b_2DPS + b_3NWPS$.

Table 4.9

Regression equation of EPS, DPS, NWPS on MPS of EBL

Description	a	b ₁	b ₂	b ₃	r ²
Coefficient value	-1550.515	13.112	-4.842	12.104	0.802
Standard error	666.218	34.716	12.460	10.390	
Significant	0.059	0.719	0.711	0.288	

Source: Appendix III

The Table 4.9 shows that regression constant a of EBL is -1550.515 which implies that MPS does not go below that level even if the value of EPS, DPS and NWPS are zero. However negative MPS is ridiculous in practice. The regression constant a may vary by 666.218 and insignificant at 5% level of risk. The regression coefficient b₁, b₂ and b₃ are 13.112, -4.842 and 12.104 respectively which indicates that one rupee increase in EPS leads to an average increase in MPS by 13.112 if other two variables are kept constant. Similarly b₂ indicates one rupee increase in DPS leads to an average decrease in MPS by 4.842 and b₃ indicates one rupee increase in NWPS leads to an average increase in MPS by 12.104 if other two variables are kept constant. However b₁, b₂ and b₃ are may vary by 34.716, 12.46 and 10.390 respectively due to standard error. All coefficient b₁, b₂ and b₃ are insignificant at 5% level o risk. The coefficient of determination (r²) explains that 80.2% variation in MPS is caused by EPS, DPS and NWPS respectively. Whereas remaining 19.8% variation is due to the extraneous factor.

The multiple regression equation for HBL has been shown in table 4.10. The multiple regression equation is $MPS = a+b_1EPS+ b_2DPS+ b_3NWPS$.

Table 4.10

Regression equation of EPS, DPS and NWPS on MPS of HBL

Description	a	b ₁	b ₂	b ₃	r ²
Coefficient value	2511.94	7.464	-9.526	-7.044	0.192
Standard error	1656.46	9.707	13.975	6.791	
Significant	0.180	0.471	0.54	0.340	

Source: Appendix III

The table 4.10 shows that the regression constant of HBL is 2511.95 which implies that MPS does not go below that even if values of EPS, DPS and NWPS are zero. The regression coefficient b_1 , b_2 and b_3 are 7.464, -9.526 and -7.044 respectively which indicates that one rupee increase in EPS leads to an average increase in MPS by 7.464 if other two variables are kept constant. Similarly, one rupee increase in DPS leads to an average decrease in MPS by 9.526 and one rupee increase in NWPS leads to an average decrease in MPS by 7.044, if other two variables are kept constant. However b_1 , b_2 and b_3 are may vary by 9.707, 13.975 and 6.791 respectively. All coefficient b_1 , b_2 and b_3 are insignificant at 5% level of risk. The coefficient of determination (r^2) explains that 19.2% variation in MPS is caused by EPS, DPS and NWPS respectively whereas remaining 80.2% variation is due to the extraneous factors.

The multiple regression equations for BOK have been shown in table 4.11. The multiple equation is $MPS = a + b_1EPS + b_2DPS + b_3NWPS$.

Table 4.11

Regression equation of EPS, DPS, NWPS on MPS of BOK

Description	a	b_1	b_2	b_3	r^2
Coefficient value	-145.207	23.755	-6.131	1.099	0.683
Standard error	280.165	8.838	14.908	3.042	
Significant	0.623	0.036	0.695	0.730	

Source: Appendix III

The table 4.11 shows that regression constant of BOK is -145.207 which implies that MPS does not go below that level event if the values of EPS, DPS and NWPS are zero. However negative MPS is ridiculous in practice. The regression constant may vary by 280.165 due to standard error and insignificant at 5% level of risk. The regression coefficient b_1 , b_2 and b_3 are 23.755, -6.131 and 1.099 respectively which reflects that one rupee increase in EPS leads to an average increase in MPS by 23.755. Similarly one rupee increase in DPS leads to an average decrease in MPS by 6.131 and one rupee increase in NWPS leads to increase in MPS by 1.099 if two variables are kept constant. However b_1 , b_2 and b_3 are vary by 8.838, 14.908 and 3.042 respectively due to standard error. Regression coefficient b_1 is significant and b_2 , b_3 are insignificant at 5% level of risk. The coefficient of determination (r^2) explains that 68.39% variation in MPS is caused by EPS, DPS and NWPS respectively whereas remaining 31.7% is due to extraneous factors.

4.3 Event Analysis: Impact of Financial Information on the Stock Price

Market price of stock is determined by demand and supply, which is affected by various internal and external factors. So to explore the impact of financial information (external factor) on MPS, four even occurred in country7 has been taken in consideration and analyze the effect of external factor of company on stock price in market during the study period four major event, NEPSE index before and after 30 days transaction of the event wise data has been analyzed with the help of paired T-test. The detail calculation of paired T-test have been shown in the summarized table 4.12.

Table 4.12
Event Analysis: Result from t-Test

S.N.	Events	Sample Size	Sample Correlation	Significant	D.F	T-Tabulated value	T-calculated value	Significant	Remark Null Hypothesis
1.	Government increase price of petroleum 27 th Jestha, 2065	30	0.471	0.009	29	2.045	17.789	0.000	Reject
2.	Majority of seats victory by Maoist in CA Poll election held 28 th Chaitra 2064	30	-0.728	0.000	29	2.045	3.931	0.000	Reject
3.	Re-Establishment of democracy on 11 th Baisakh, 2063	30	0.310	0.696	29	2.045	31.941	000	Reject
4.	Nepal's Entry on WTO 25 th Bhadra, 2060	30	-0.292	0.117	29	2.045	3.721	0.001	Reject

Source : Appendix IV

Table 4.12 shows that sample correlation are -0.728, 0.4710 and -0.292 of event 1, 2, 3 and 4 respectively. Similarly significant of sample correlation of events 1, 2, 3 and 4 are 0.000, 0.009, 0.696 and 0.117 respectively. Calculated T-values of event 1,2,3 and 4 are 3.931, 17.789, 31.941 and 3.721 respectively and significance of calculated t-value are 0.000, 0.000, 0.000 and 0.001. The all null hypothesis of all events are rejected. The detail analysis of event and testing of hypothesis are shown following

Event: Effect of government increase the price of petroleum on 27th Jetha 2065 on NEPSE indeed

Table 4.13

Market index before 30 transaction day of government increase of petroleum price

Before 30 days transaction of increasing petroleum price										
Days	1	2	3	4	5	6	7	8	9	10
Market index	744	739.4	734.6	734.9	729	730.3	728.7	736.5	740.2	748.9
Days	11	12	13	14	15	16	17	18	19	20
Market index	767.9	776.9	771.3	773.5	785.3	806.3	825.6	812.6	798.8	801.5
Days	21	22	23	24	25	26	27	28	29	30
Market Index	817.6	832.1	823.7	833.1	860.6	873.7	858.6	867.9	885.2	901.8

Source: NEPSE Index

Table 4.14

Market index after 30 transaction day of government increase of petroleum price

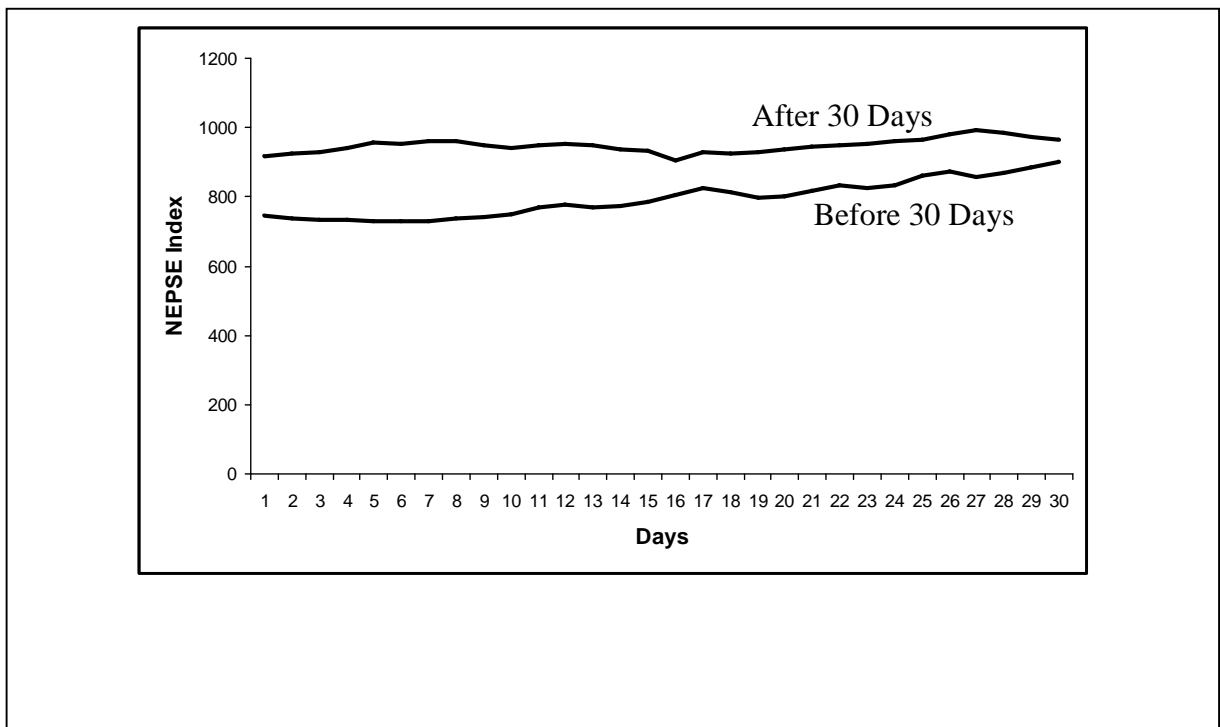
After 30 days transaction of increasing petroleum price										
Days	1	2	3	4	5	6	7	8	9	10
Market index	915	923.1	930.6	941.0	957.8	953.8	959.8	960.3	947.12	940.9
Days	11	12	13	14	15	16	17	18	19	20
Market index	948.6	951.6	948.8	937.5	931.3	906.2	928.4	926.9	929.7	936.4
Days	21	22	23	24	25	26	27	28	29	30
Market Index	944.8	949.5	953.5	959.2	963.3	982.1	991.9	985.2	973.3	962.8

Source: NEPSE Index

Looking at the NEPSE index before and after government increase the price of petroleum, the NEPSE index slowly increase after increase the price of petroleum. Table 4.12 shows the sample correlation is 0.471 and significance of sample correlation is 0.009. It indicates that there is positive correlation between sample and significant correlation between two samples at 5% level of risk. Similarly calculated T-value is 17.189 and significance is 0.000. It indicated that the null hypothesis is rejected and t-calculate value is significant at 5% level of risk. Alternative hypothesis is accepted. It shows that the event has affects the stock price positively. It indicates that financial information effect of this event as affected the stock price in NEPSE. The comparison of NEPSE index before and after 30 days transaction has been presented in following figure also.

Figure 4.1

Trends of NEPSE index before and after 30 days of government increase the price of Petroleum



Event: Effect of majority of seats victory by Maoist in CA Poll election held on 28th
Chaitra, 2064.

Table 4.15

Market index: Before 30 transaction days of CA Poll election

Before 30 days of CA Poll election										
Days	1	2	3	4	5	6	7	8	9	10
Market Index	755.9	761.1	759.5	751.8	756.7	772.8	771.2	866.9	758.7	756.7
Days	11	12	13	14	15	16	17	18	19	q
Market Index	749.0	741.1	723.3	714.7	712.9	720.9	718.9	715.9	716.9	710.8
Days	21	22	23	24	25	26	27	28	29	30
Market Index	704.5	721.2	720.7	716.4	702.9	709.4	712.5	716.5	730.1	746.7

Source: NEPSE index

Table 4.16

Market index: After 30 transaction days of CA Poll election

After 30 days of CA Poll election										
Days	1	2	3	4	5	6	7	8	9	10
Market index	720.2	708.8	734.8	744	739.4	734.6	734.9	729	730.2	728.7
Days	11	12	13	14	15	16	17	18	19	20
Market index	736.5	740.1	748.9	767.9	776.9	771.3	785.3	806.3	825.6	812.7
Days	21	22	23	24	25	26	27	28	29	30
Market Index	748.8	801.6	817.6	832.1	823.7	833.1	860.6	873.7	858.6	867.9

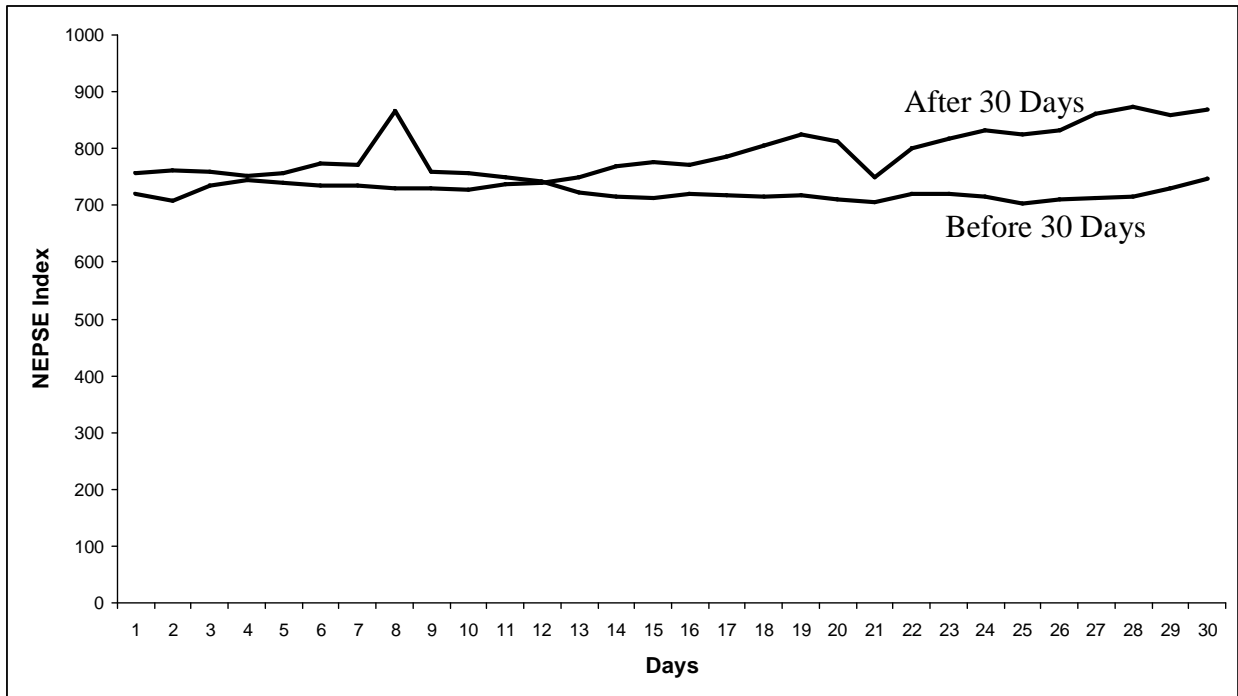
Source: NEPSE index

Table 4.15 and 4.16 shows that before and after 30 days transaction of CA Poll election. It indicates that NEPSE index slowly increases after majority of seats victory by

Maoist. Table 4.12 shows that the sample correlation is -0.728 and significance of sample correlation is 0.000. It indicates that the sample correlation is negative and negative correlation is significant at 5% level of risk. Similarly calculated T-value 3.931 and significant is 0.000. In above calculation, null hypothesis is rejected and alternative hypothesis is accepted. The rejection of null hypothesis is significant at 5% level of risk. So event is affects the stock price of listed company in NEPSE. The comparison of NEPSE index before and after 30 days transaction has been presented in following figure also.

Figure 4.2

NEPSE index before and after 30 days transaction of CA Poll election



Event 3: Effect of re-establishment of democracy on 11th Baishakh, 2063 on NEPSE index

Table 4.17

Market index before transaction days of re-establishment of democracy

Before 30 days of re-establishment of democracy										
Days	1	2	3	4	5	6	7	8	9	10
Market Index	333	337.6	341.1	343.3	339.6	339.6	334.4	332.2	335.4	337.9
Days	11	12	13	14	15	16	17	18	19	20
Market Index	337.3	339.8	339.7	339.3	339.6	340	339	338.9	338.7	338
Days	21	22	23	24	25	26	27	28	29	30
Market Index	337.5	336.7	337.5	334.7	334.9	334.2	334.8	334.3	331.9	338.5

Source: NEPSE Index

Table 4.18

Market index after 30 transaction days of re-establishment of democracy

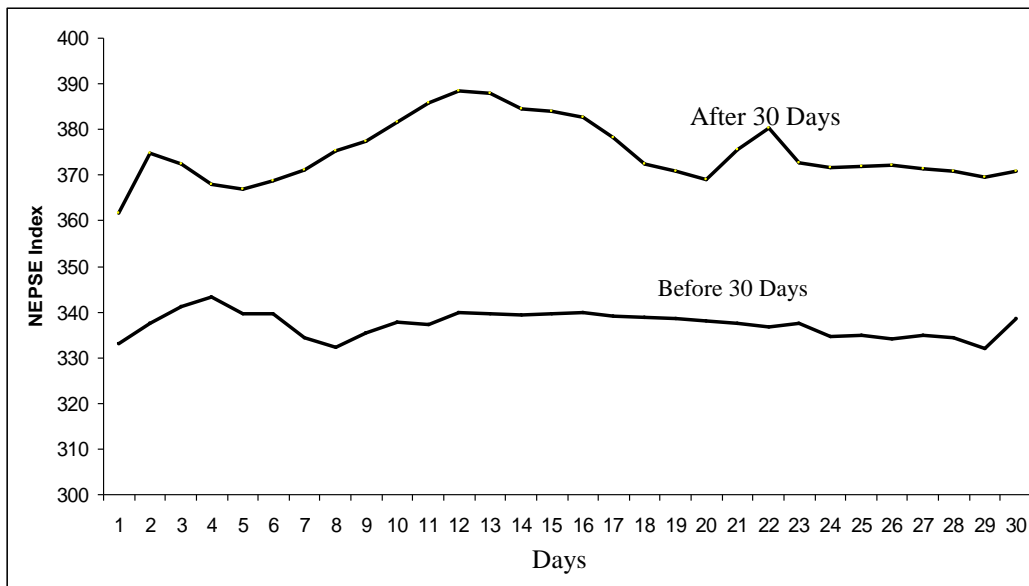
After 30 days of re-establishment of democracy										
Days	1	2	3	4	5	6	7	8	9	10
Market Index	361.6	374.9	372.5	368	366.9	368.7	371	375.2	377.5	381.7
Days	11	12	13	14	15	16	17	18	19	20
Market Index	385.9	388.5	387.9	384.6	384.1	382.7	378.2	372.5	370.9	368.9
Days	21	22	23	24	25	26	27	28	29	30
Market Index	375.6	380.2	372.6	371.7	372	372.1	371.5	370.8	369.6	370.8

Source: NEPSE Index.

Table 4.17 and 4.18 shows that 30 days transaction before and after reestablishment of democracy. The NEPSE index was highly differentiated due to positive expectation of investor. The NEPSE index was increase after re-establishment of democracy. Table 4.12 shows that the sample correlation is 0.310 and significant of sample correlation are 0.696. It indicates that statistically there is positive correlation between them but significant of correlation is insignificance at 5% level of risk. However, NEPSE index was increases. Similarly t value of sample is 31.941 and significant is 0.000. It indicates that null hypothesis is rejected and calculated t value is significant at 5% level of risk. It shows that financial information of this event has affected the stock price of NEPSE. The comparison of NEPSE index before and after 30 days transaction has been presented in figure 4.3

Figure 4.3

NEPSE Index Before and After 30 Days Transactions of Re-establishment of



Event effect of Nepal's. Entry in WTO on 25th Bhadra, 2060 on NEPSE.

To analyze the effect of Nepal's entry in WTO, before and after 30 transaction day's data have been considered which are presented in table. 4

Table 4.19

Market index before transaction days of Nepal's entry in WTO.

Before 30 days of Nepal's enter in WTO										
Days	1	2	3	4	5	6	7	8	9	10
Market Index	203.3	203.2	203.4	203	202.8	203	202.7	202.7	202.8	202.8
Days	11	12	13	14	15	16	17	18	19	20
Market Index	203.6	204.4	205.6	206.2	206.6	207.9	208.5	209.3	210.1	211.5
Days	21	22	23	24	25	26	27	28	29	30
Market Index	211.2	209.8	206.5	205.3	203.2	202.4	201.7	202.5	204.4	204.4

Source: NEPSE Index

Table 4.20

Market index after transaction days of Nepal's entry in WTO.

After 30 days of Nepal's entry in WTO										
Days	1	2	3	4	5	6	7	8	9	10
Market Index	205	207.5	208	208.3	208.5	208.1	207.6	207.4	206.6	207.4
Days	11	12	13	14	15	16	17	18	19	20
Market Index	206.6	207.1	206.8	206.8	207	206.6	207	206.9	206.9	207
Days	21	22	23	24	25	26	27	28	29	30
Market Index	207.1	207.6	207.5	208	207.8	207.6	207.7	207.9	207.9	207.5

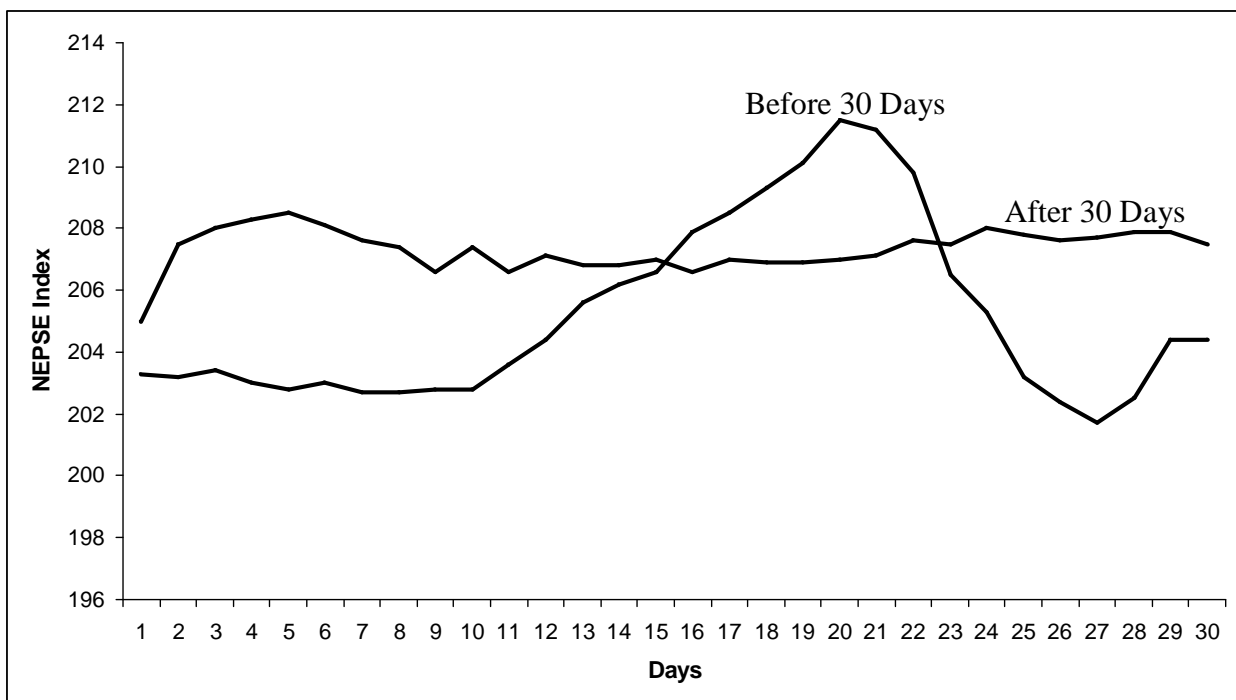
Source: NEPSE index

Table 4.19 & 4.20 shows that 30 days transaction before and after Nepal's entry in WTO. The NEPSE index during the before and after 30 days transaction of event was remain 203.3 to 207.9. It was changed around 4 points. The calculated value of sample

correlation is negative i.e. (-0.292) and insignificant of sample correlation i.e. (0.117) at 5% level of risk similarly calculated t value is 3.721 and significant is 0.001 which was shown in table 4.12. It shows that, null hypothesis was rejected and rejection of null hypothesis was significant at 5% level of risk. So, it indicates that financial information of this event has affected the stock price. The comparison of NEPSE index before and after 30 days transaction of event has been presented in figure 4.4

Figure 4.4

NEPSE Index Before and After 30 Day Transaction of Nepal's Entry in WTO



4.4 Opinion survey of investor on effect of financial information on market price of stock in Nepal.

To examine the investor views and to understand their attitude in regard to the stock market and price of stock as well as investment return, a set of questionnaires were distributed to the 150 respondents and analyzed below.

- (i) Investor knowledge about secondary market and stock.

Table 4.21

Investor knowledge about secondary market & stock

S.N.	Response	No of Respondents	Percentage
1	Yes	130	87
2	No	20	13
	Total	150	100

The table 4.21 shows the investor knowledge about secondary market and stock. The responses shows that 87% of respondents have knowledge about secondary market & stock while 13% do not have knowledge about it.

- (ii) Investment in stock of listed companies

Table 4.22

Investing in Listed Company's stock.

S.N.	Response	No of Respondents	Percentage
1	Yes	120	80
2	No	30	20
	Total	150	100

The table 4.22 indicates that 80% of investor have purchase the stock of listed company while 20% have not purchase the listed stock. It shows that majority of respondents are investing in stock of listed company.

(iii) Source of investment idea in stock of listed company

Table 4.23
Source of idea

S.N.	Source	No of Respondents	Percentage
1	From friend	20	13
2	Stock Broker	35	23
3	Journal	41	27
4	Relatives	10	7
5	Own self	44	30
	Total	150	100

The table 4.23 shows that responses regarding the source of investment idea in stock. According to responses 30% idea comes from own self and 27% from journal. Similarly 23%, 13% and 7% idea comes from stock broker, friends and relatives respectively.

(iv) Reason for buying stock

Table 4.24
Reason for buying stock

S.N.	Research Variables	No of Respondents	Percentage
1	Dividend	40	27
2	Use of excess fond	10	7
3	Capital appreciation	95	63
4	Participation in AGM	5	3
	Total	150	100

The table 4.24 indicates that purpose for buying stock of company. As per responses majority of respondents i.e. 63% have buy stock for capital appreciation similarly 27%, 7% and 3% respondents have purchased stock for dividend, for use of funds, and for participation in AGM respectively.

- (v) Basis of buying the stock.

Table 4.25
Basis of buying the stock

S.N.	Research Variables	No of Respondents	Percentage
1	Strength of company	30	20
2	Invest of excess fund	10	7
3	Expectation of higher dividend	20	13
4	Expectation of further price appreciation	90	60
	Total	150	100

Table 4.25 exhibits that basis for buying stock. As per responses 60% respondents have buying stock on the basis of expectation of further price appreciation. Similarly 20%, 13% and 7% respondents have buying stock on the basis of strength of company, expectation of higher dividend and use of excess money respectively.

- (vi) Investor knowledge about financial information and signaling.

Table 4.26
Knowledge about financial information and signaling.

S.N.	Response	No of Respondents	Percentage
1	Yes	100	67
2	No	50	33
	Total	150	100

The table 4.26 exhibit that 67% respondents have knowledge about financial information and signaling. Which have comes to market, while 33% respondents do not have knowledge about it.

- (vii) Nepalese investor has getting sufficient and timely information regarding stock price.

Table 4.27

Response regarding sufficient and timely information

S.N.	Response	No of Respondents	Percentage
1	Yes	90	60
2	No	60	40
	Total	150	100

The table 4.27 exhibits that 60% respondents have get sufficient and timely information regarding stock price while 40% have not get it.

- (viii) Satisfaction from present investment regarding return.

Table 2.28

Satisfaction from investment return.

S.N.	Response	No of Respondents	Percentage
1	Yes	65	43
2	No	85	57
	Total	150	100

The table 4.28 exhibit that 43% respondents were satisfied from the present investment regarding return. Similarly 57% respondents were not satisfied, while asking the satisfaction of present investment regarding return.

- (ix) Level of awareness of the investor regarding the stock price.

Table 4.29

Level of awareness of investor regarding the stock price.

S.N.	Research Variables	No of Respondents	Percentage
1	Very low	5	3
2	Low	10	6
3	Moderate	110	75
4	High	15	10
5	very high	10	6
	Total	150	100

The table 4.29 exhibits the awareness of investor regarding the stock price. As per responses majority of respondents have moderate awareness i.e. 75%. Similarly 3%, 6% 10% and 6% awareness regards the stock price have very low, low, high and very high respectively.

(x) Calculation of real stock price.

Table 4.30
Calculation of Stock Price

S.N.	Response	No of Respondents	Percentage
1	Yes	45	30
2	No	105	70
	Total	150	100

While asking for calculation for real stock price 70%, of investor were not calculate the real value of stock while 30% were calculate the real value of stock.

4.5 Major Findings of the Study

As per table 4.1, 4.2, 4.3, 4.4 and 4.5, most of selected companies are proportionately change with respect to change in EPS, DPS and NWPS during the study period of 10 years.

- J MPS of NABIL Bank is positively correlated with EPS ($r = 0.782$), DPS ($r=0.249$) and NEPS ($r=0.823$) positive correlation with EPS and NWPS are significant, but with DPS is insignificant at 5% level of risk. There is high degree of correlation with EPS and NWPS.
- J MPS of standard chartered bank is positively correlated with EPS, DPS, and NWPS, Positive correlation with EPS and DPS are significant, but with NWPS in insignificant at 5% level of risk.

- J MPS of EBL is positively correlated with EPS, DPS and NWPS. There is high degree of correlation with EPS and NWPS, and positive correlation is significant. But correlation with DPS is insignificant at 5% level of risk.
- J MPS of HBL is positively correlated with EPS and DPS, but negatively correlated with NWPS. There is low degree of correlation between them and positive and negative correlation is insignificant at 5% level of risk.
- J MPS of BOK is positively correlated with EPS ($r = 0.820$), DPS ($r = 0.259$) and NWPS ($r = 0.548$). There is high degree of correlation with EPS correlation with DPS and NWPS are insignificant and with EPS is significant at 5% level of risk.
- J On the basis of correlation coefficient most of the sampled companies MPS is positively correlated with EPS. DPS and NWPS positive relationship to MPS with EPS, DPS and NWPS reveals that higher EPS, DPS and NWPS leads to higher MPS showing the existence of some view of financial information and signaling effect.
- J The combine effect of EPS, DPS and NWPS in MPS of NABIL Bank is 0.913. Which reflects that 91.39%. Variation in MPS is explained by EPS, DPS and NWPS. Where as 8.7%. Variation in MPS due to other unspecified factors.
- J Combine effect of EPS, DPS and NWPS, in MPS of Standard Chartered Bank is 0.566. Which indicate that 56.6% variation in MPS is explained by EPS, DPS and NWPS. Whereas rest 43.4% is due to other unspecified factors.
- J The combine effect of EPS, DPS and NWPS in MPS of EBL is 0.802. Which indicates that 80.2% variation in MPS is explain by EPS, DPS and NWPS. Whereas rest 19.8% variation in MPS is due to other unspecified factor.
- J The combine effect of EPS, DPS and NWPS in MPS of HBL is 0.192. Which indicates that 19.2% variation in MPS is explain by EPS, DPS and NWPS. Whereas rest 80.2% variation in MPS is due to other unspecified factor.

- J The combine effect of EPS, DPS, and NWPS in MPS of BOK is 0.683. Which indicates that 68.3% variation in MPS of BOK is explain by EPS, DPS and NWPS. Whereas rest 31.7% variation in MPS is due to other unspecified factors.
- J Base on multiple regression analysis, major portion of variation in MPS of NABIL, EBL, and BOK, are explain by EPS, DPS and NWPS. Similarly, around 50% variation in MPS due to EPS, DPS and NWPS of standard chartered bank. Variation in MPS of HBL is due to unspecified factor. However the study reveals combine effect of EPS, DPS and NWPS in MPS is relatively more than the other unspecified factor.
- J The event of major seats victory by Maoist in CA poll election affected the stock price due to effect of financial in formation. NEPSE index has been increased after that event Null hypothesis has been rejected at 5% level of significance at 29 degree of freedom.
- J The event of government in crease price of petroleum affected the stock price. Null hypothesis has been rejected at 5% level of significance at 29 degree of freedom.
- J The event of re-establishment of democracy affected the stock price. NEPSE index has been increased due to positive expectation of investor. Null hypothesis has been rejected.
- J The event of Nepal's entry in WTO. There is significant change in NEPSE index. Null hypothesis has been rejected at 5% level of significance at 29 degree of freedom.
- J Base on event analysis of four different event occurred in the country, the study reveals that there is significantly change in stock price before and after the event. This means informational and signaling factor on different event affected the price of stock.
- J With respect to investor's knowledge about secondary market and stock, majority of respondent have knowledge about it.

-) With regards on investment on stock in listed companies, majority of respondents have invested on listed companies' stock.
-) With regards on getting idea of investment majority of respondents have getting idea from ownself, journal and stock broker.
-) With respect to reason for buying stock, majority of respondents have buy stock for capital appreciation.
-) Majority of respondents have bought the stock on the basis of expectation of further price appreciation.
-) Most of investor have had knowledge about financial information and signaling.
-) With respect to the information disclosing practice of listed companies in NEPSE, majority of investor have satisfied. But 40% respondents feel that information have not been disclosed properly.
-) With respect to satisfaction from present investment regarding return, majority of respondents are not satisfied with their investment.
-) With regards on level of awareness, majority of investor have moderate level of awareness.
-) Majority of respondents have not calculated the real value of stock. They invest their funds with out monitoring real value.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

Financial development is important for economic growth of developing country. Security market is one of the most important sources of financial market. Investing in financial assets is more attractive than other non financial assets. The activities of buying and selling securities in the secondary market are extremely important for the efficient allocation of capital with in economics. The securities market is a requisite for the sound development of an economy because it not only provide stable long term fund for the enterprises and an effective saving means for the public, but also function as an efficient tool for resource allocation mass participation in country's industrialization is only possible through the efficient mechanism of securities markets as it promotes collection of scattered funds from investor's and provides return to them in form of dividend. The general and having small income people are invest their saving funds in the common stock of public enterprises through initial public offering and secondary market with the expectation of good return in the future. Investing in initial public offering is easy for investor but in secondary market is quite difficult to invest because of market price of stock in secondary market determine by demand and supply, which is influence by various financial in formational factor. So it is difficult to predict demand and supply of stock in market. There fore knowledge of financial performance and its key determinants as well as other external factor is the almost importance. The quality of information available to investor, the rationality of information in Nepal is to be at quite low. They have low knowledge of trending procedure and price formation mechanism in NEPSE. Most of previous studies are base on technical analysis and statistical analysis like run test correlation coefficient, stock price behavior and NEPSE trends. A very few studies

have been conducted on establishing relationship of EPS, DPS and NWPS with MPS. The study was focused on the analysis of relationship of MPS on various financial indicator of the company.

During the study period various books, journals, artists, websites have been reviewed in national as well as international context related with pricing of the stock. Further various unpublished masters degree dissertations related with the pricing of stocks have been reviewed. To get study more informative various statistical tools like correlation coefficient, multiple regression, paired t-test have been used. From the analysis of data it was found that most of financial indicator (EPS, DPS and NWPS) was positively correlated with MPS. Similarly above 55% variation in MPS of NABIL, standard chartered. EBL and Book was explained by EPS, DPS and NWPS. Whereas variation in MPS of HBL highly affected by unspecified factor. Likewise testing of hypothesis, all null hypothesis were rejected at 5% level of significance at 29 degree of freedom.

5.2 Conclusion

The major conclusion of this study is that the market price of stock has positive relationship with earning per share, dividend per share and net Worth per share. Higher EPs, DPS and NWPS leads to higher MPS showing the existence of some view of informational and signaling effect. Market Price of stock is highly affected by selected financial indicator (EPS, DPS and NWPS). The market price of stock has significantly changes while event occurred in the country. Finally it is concluded that financial information affect the market Price of stock significantly.

5.3 Recommendations

From the study performed and the brief analysis of the data the following recommendations have been made.

1. Since MPS is positively correlated with EPS, DPS and NWPS, the companies should increase EPS, DPS and NWPS in order to increase MPS.

2. NWPS of HBL is negatively correlated with MPS, the company should increase EPS, and DPS rather than NWPS in order to increase MPS.
3. EBL should increase EPS and NWPS in order to increase MPS because of EPS and NWPS are highly correlated with MPS.
4. MPS of NABIL, EBL and Book has been highly explain by combine effect of EPS, DPS and NWPS, the companies should increase EPS, DPS and NWPS
5. As the MPS of HBL has been highly and about 45% of variation in MPS of standard chartered bank has been explain by unspecified factor. Similarly MPS of NABIL, EBL and Book has been explained by some significant portion of unspecified factor the companies should focus these factors so that it will work favorable to increase MPS.
6. As the Price of stock is affected by event occurred in the country. Informational and signaling effect on these events should be analyzed on regular basis so that future movement of price can be predicted from side of investor.
7. Majority of investor seems to invest their funds for capital appreciation. They do not seems so professionalism in respect to trading stock and are holding stock for dividend, so the companies should increase dividend to increase market price of stock as well as investment.
8. Since 60% of investor has been satisfied with respect to the information disclosing practice, however companies should provide the information regarding companies, and its activities etc.
9. Majority of investor are not satisfied with their investment, the companies should increase EPS and should increase in divided pay out ratio.
10. The regulatory authority should disclose timely and accurate information regarding financial indicator of the company, economic activities of country and should also monitor them.
11. Stock exchange of Nepal should provide the consultancy service to the general public to increase investment as well as awareness about stock price.
12. There is only on stock exchange in Nepal. It would better to establish more than one stock exchange and as NEPSE is located and centralized in Kathmandu Valley only, it should be extended outside the valley also.

BIBLIOGRAPHY

- Abraham, A. Seyyed F.J. and Alsakarn S.A. (2002). *Testing the Random Behavior and Efficiency of Gulf Stock Market*. The Financial Review 37:468-48.
- Balampaki, S.B. (2004). *Fundamentals of Stock Return in Nepal*. Journal of SEBO Vol.1 No.1
- Balke and Woha (2002). *What Drives Stock Price? Identifying the Determinants of Stock Price Movements*. Department of Economic, Southern Methodist University, Dallas, U.S.A.
- Berry, T.D. and Howe, K.M. (1994). *Public Information Arrival*. Journal of finance. Vol. XI, No.4
- Bhatta, B.P. (1998). *Dynamics of Stock Market in Nepal*. An Unpublished Master's Thesis, Central Department of Economic, Tribhuwan University.
- Bhattarai, A.R. (1990). *Share Market in Nepal*. An Unpublished Masters Thesis, Central Department of Management, Tribhuvan University.
- Billmeyer & Massa. (2007). *What Drives Stock Market Development in Middle East and Central Asia institutions, Remittances, or Natural Resources*. IMF working paper, Middle East and Central Asia Department, International Monetary Fund, U.S.A.
- Cheney, M.J. & Edward A. Mosses (1994). *Fundamentals of Investment (2nd ed.)*. New Delhi: MCGraw Hill International.
- Cootner, P.H. (1962). *Stock Prices Random Vs Systematic changes*. Industrial Management Review 3:25-45
- Fama, E.F. (1965). *The Behavior of Stock Market Prices*. Journal of Business 37:34-105.
- (1977). *Foundation of Finance*. (Oxford: Basic Blackwell)
- Francis, J.C. (1998). *Management of Investment (2nd ed.)*. New Delhi: MCGraw Hill Publication.
- Gitman, J.L. (1985). *Principle of Managerial Finance (4th ed.)*. New York: Harper & Row Publishers.

- Gupta, O. P. (1989). *Stock Market Efficiency & Price Behaviour*. The Indian Experience. New Delhi: National Publication House.
- (1985). *Behavior of share price in India: A Test of Market Efficiency*. New Delhi: National Publication House.
- Gurung, J.B. (1999). *A study on Stock Price Behavior in Nepal*. An Unpublished Masters Thesis, Central Department of Management, Tribhuvan University.
- Islam, A & Khaled M. (2005). *Test of weak form efficiency of the Dhaka stock Exchange*. Journal of Business.
- Mobarek, A. & Khaled, K. (2002). *Weak form Market Efficiency Market Evidence from Dhaka Stock Market of Bangladesh*. Journal of Business.
- Mohapatra, A.K. (1999). *Corporate Finance Market*. New Delhi: Discovery Publishing House.
- Ojha, K. (2000). *Financial Performance and common stock pricing*. An unpublished Master's Thesis, Central Department of Management, Tribhuvan University.
- Panta, R.C. (2004). *Investing in the share*. New Business Age, July 2004.
- Pena, F.J. and Alana (2003), *Serial and Cross-correlation in the Spanish Stock Market Return*. Journal of Business.
- Porter, V. and Sheller, F. (2006). *What moves stock price*. Journal of NBEK Vol.1 No.11.
- Paudel R. (2002). *Arundoya*. Kathmandu: Mohung Printers
- Poudel, R.L. (2005). *Share price of listed companies in Nepal*. An Unpublished Master's Thesis, Central Department of Management, Tribhuvan University.
- Poudyal, P.K. (2002). *Share Price Behavior of Joint Venture Banks in Nepal*. An Unpublished Master's Thesis, Central Department of Management, Tribhuvan University.
- Pradhan, R.S. (2006). *Research in Nepalese Finance (2nded.)*. Kathmandu: Buddha Academic.
- Robert, H.V. (1959). *Stock Market Patterns and Financial Analysis: Methodological Suggestion*. Journal of Finance.
- Sharp, E.F., Alexander, G.j, & Balley, J.V. (2005). *Investments (6thed.)*. New Delhi: Prentic Hall of India Pvt. Ltd.

- Shrestha, M.L. (2007). *NRB Monetary Policy and Stock Market Impacts*. Journal of SEBO, Vol.III.
- Shrestha, S.C. (1999). *A Study on Stock Price Behavior in Nepal*. An Unpublished Master's Thesis, Public Youth Campus, Tribhuvan University.
- Sigdel , B. (2006). *Analysis of listed Companies in Nepal*. An Unpublished master's Thesis, Prithvi Narayan Campus, Tribhuvan University.
- Thapa, Y.M. (2006). *Behavior of Nepal Stock Exchange Index*. An unpublished Master's Thesis, Prithvi Narayan Campus, Tribhuvan University.
- Timilsina, Y. (2001). *Capital Market Development and Stock Price Behavior in Nepal*. Economic Review of Nepal Rastra Bank Kathmandu.
- Van Horne, J.C. (2006). *Financial management & policy (12th ed.)*. New Delhi: Prentic Hall of India.
- Weston, J. Fred and Copeland. (1992). *Managerial Finance (9th ed.)*. New York. The Dryden Press.
- Wicremasinghe, G.B. (2004). *Efficiency of Foreign Exchange Markets: A Developing country prospective*. Department of Econometrics and Business Statistics.
- Winfield, R.G. (1985). *Success in Investment*. England :John murray publication.
- Wolff, Howard K. & Pant, P.R. (2005). *A Handbook for Social Science Research and Thesis writing (4th ed.)*. Kathmandu: Buddha Academic Publishers and Distributors Pvt. Ltd.
- Zeielonka P. (2000). *Biased Judgments on What Moves Stock Price*. Journal of Accounting.

www.imf.org

www.nepalstock.com.np

www.nrb.org.np

www.sebon.com.np

APPENDIX I

QUESTIONNAIRE FOR INVESTOR

Date:

Dear Sir/Madam

Kindly allow me to introduce myself as a student engaged in research work on **"Effect of Financial Information on Market Price of Stock in Nepal"** for the fulfillment of my dissertation paper on management for the Master's Degree in Tribhuvan University.

I humbly request for your valuable comment view, suggestion and information on this issue, which would prove very useful for my study. That's why I request you to fulfill the following questionnaire.

I hope your kind cooperation and assure you that whatever information you provide me will solely be utilized in my research work.

Yours Faithfully
Saroj Kunwar
Management Thesis Year

Kindly Provide Your

Name:

Address:

Profession:

Please mark

1. Do you know about secondary stock market and share?

a. Yes

b. No

2. Are you interested to invest in listed company on Nepal Stock Exchange?
a. Yes b. No
3. Who motivate to you to invest in the share on Listed Company?
a. friends b. broker c. Journals
d. relatives e. own self
4. Why you should buy the stock?
a. for dividend b. for use of excess funds
c. for capital appreciation d. for participation in AGM
5. Which factor does motivate you to buying shares?
a. strength of company
b. to invest excess fund
c. expectation of higher dividend
d. expectation of further price appreciation
6. Do you know about financial information and signaling?
a. Yes b. No
7. Have you satisfied from present investment regarding return?
a. Yes b. No
8. Are you satisfied from present investment regarding return?
a. Yes b. No
9. To what extent are you aware regarding stock price?
a. Yes b. No
10. Have you ever calculated the real stock price?
a. Yes b. No

APPENDIX II

Correlations

		MPSBOK	EPSBOK
MPSBOK	Pearson Correlation	1.000	.820**
	Sig. (2-tailed)	-	.004
	N	10	10
EPSBOK	Pearson Correlation	.820**	1.000
	Sig. (2-tailed)	.004	-
	N	10	10

** Correlation is significant at the 0.01 level (2-tailed).

Correlations

		MPSBOK	EPSBOK
MPSBOK	Pearson Correlation	1.000	.259
	Sig. (2-tailed)	-	.470
	N	10	10
DPSBOK	Pearson Correlation	.259	1.000
	Sig. (2-tailed)	.470	-
	N	10	10

Correlations

		MPSBOK	EPSBOK
MPSBOK	Pearson Correlation	1.000	.548
	Sig. (2-tailed)	.	.101
	N	10	10
NWPSBOK	Pearson Correlation	.548	1.000
	Sig. (2-tailed)	.101	.
	N	10	10

Correlations Coefficient of Everest Bank Limited

Correlations

		MPSEBL	DPSEBL
MPSEBL	Pearson Correlation	1.000	.892**
	Sig. (2-tailed)	.	.001
	N	10	10
NWPSEBL	Pearson Correlation	.892**	1.000
	Sig. (2-tailed)	.001	.
	N	10	10

** Correlation is significant at the 0.01 level (2-tailed).

Correlations

		MPSEBL	DPSEBL
MPSEBL	Pearson Correlation	1.000	.119
	Sig. (2-tailed)	.	.743
	N	10	10
DPSEBL	Pearson Correlation	.119	1.000
	Sig. (2-tailed)	.743	.
	N	10	10

Correlations

		MPSEBL	DPSEBL
MPSEBL	Pearson Correlation	1.000	.859
	Sig. (2-tailed)	.	.001
	N	10	10
EPSEBL	Pearson Correlation	.859	1.000
	Sig. (2-tailed)	.001	.
	N	10	10

Correlations Coefficient of Himalayan Bank Limited

Correlations

		MPSHBL	EPSHBL
MPSHBL	Pearson Correlation	1.000	.204
	Sig. (2-tailed)	.	.573
	N	10	10
EPSHBL	Pearson Correlation	.204	1.000
	Sig. (2-tailed)	.573	.
	N	10	10

Correlations

		MPSHBL	DPSHBL
MPSHBL	Pearson Correlation	1.000	.107
	Sig. (2-tailed)	.	.769
	N	10	10
DPSHBL	Pearson Correlation	.107	1.000
	Sig. (2-tailed)	.769	.
	N	10	10

Correlations

		MPSHBL	NWPSHBL
MPSHBL	Pearson Correlation	1.000	-.331
	Sig. (2-tailed)	.	.350
	N	10	10
NWPSHBL	Pearson Correlation	-.331	1.000
	Sig. (2-tailed)	.350	.
	N	10	10

Correlations Coefficient of Standard Chartered Bank Limited

Correlations

		MPSSCB	EPSSCB
MPSSCB	Pearson Correlation	1.000	.664**
	Sig. (2-tailed)	.	.036
	N	10	10
EPSSCB	Pearson Correlation	.664**	1.000
	Sig. (2-tailed)	.036	.
	N	10	10

** Correlation is significant at the 0.01 level (2-tailed).

Correlations

		MPSSCB	DPSSCB
MPSSCB	Pearson Correlation	1.000	.109
	Sig. (2-tailed)	.	.764
	N	10	10
DPSSCB	Pearson Correlation	.109	1.000
	Sig. (2-tailed)	.764	.
	N	10	10

Correlations

		MPSSCB	DPSSCB
MPSSCB	Pearson Correlation	1.000	.109
	Sig. (2-tailed)	.	.764
	N	10	10
DPSSCB	Pearson Correlation	.109	1.000
	Sig. (2-tailed)	.764	.
	N	10	10

Correlations Coefficient of Nabil Bank Limited

Correlations

		MPSNABIL	EPSNABIL
MPSNABIL	Pearson Correlation	1.000	.782**
	Sig. (2-tailed)	.	.008
	N	10	10
EPSNABIL	Pearson Correlation	.782**	1.000
	Sig. (2-tailed)	.008	.
	N	10	10

** Correlation is significant at the 0.01 level (2-tailed).

Correlations

		MPSNABIL	DPANABIL
MPSNABIL	Pearson Correlation	1.000	-.249
	Sig. (2-tailed)	.	.487
	N	10	10
DPANABIL	Pearson Correlation	-.249	1.000
	Sig. (2-tailed)	.487	.
	N	10	10

Correlations

		MPSNABIL	NWPNABIL
MPSNABIL	Pearson Correlation	1.000	.823
	Sig. (2-tailed)	.	.003
	N	10	10
NWPNABIL	Pearson Correlation	.823	1.000
	Sig. (2-tailed)	.003	.
	N	10	10

APPENDIX III

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	NWPNABIL, DPANABIL, EPSNABIL	.	Enter

- a. All requested variables entered.
- b. Dependent Variable: MPSNABIL

Model Summary

	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
Model					R Square Change	F Change	df 1	df2	Sig. F Change
	.956	.913	.869	487.03	.913	20.986	3	6	.001

- a. Predictors: (Constant), NWPNABIL, DPANABIL, EPSNABIL

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14933608.436	3	4977869.479	20.986	.001
	Residual	1423164.064	6	237194.011		
	Total	16356772.500	9			

- a. Predictors: (Constant), NWPNABIL, DPANABIL, EPSNABIL
- b. Dependent Variable: MPSNABIL

Coefficients

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	-910.828	1001.972		-.909	.398
	EPSNABIL	34.543	17.907	.791	1.929	.102
	DPANABIL	-33.126	8.229	-.555	-4.026	.007
	NWPNABIL	3.649	7.591	.189	.481	.648

a. Dependent Variable: MPSNABIL

Regression Equation of EBL

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	NWPSEBL, DPSEBL, EPSEBL	.	Enter

a. All requested variables entered.

b. Dependent Variable: MPSEBL

Model Summary

	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
Model					R Square Change	F Change	df1	df2	Sig. F Change
1	.896	.802	.704	346.49	.802	8.122	3	6	.016

a. Predictors: (Constant), NWPSEBL, DPSEBL, EPSEBL

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2925234.012	3	975078.004	8.122	.016
	Residual	720314.488	6	120052.415		
	Total	3645548.500	9			

a. Predictors: (Constant), NWPSEBL, DPSEBL, EPSEBL

b. Dependent Variable: MPSEBL

Coefficients

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	-1550.515	666.218		-2.327	.059
	EPSEBL	13.112	34.716	.230	.378	.719
	DPSEBL	-4.842	12.460	-.078	-.389	.711
	NWPSEBL	12.104	10.390	.689	1.165	.288

a. Dependent Variable: MPSEBL

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	NWPSSCB, DPSSCB, EPSSCB	.	Enter

a. All requested variables entered.

b. Dependent Variable: MPSSCB

Model Summary

	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
Model					R Square Change	F Change	df1	df2	Sig. F Change
	.752	.566	.349	1202.33	.566	2.610	3	6	.146

a. Predictors: (Constant), NWPSSCB, DPSSCB, EPSSCB

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11319632.982	3	3773210.994	2.610	.146
	Residual	8673607.418	6	1445601.236		
	Total	19993240.400	9			

a. Predictors: (Constant), NWPSSCB, DPSSCB, EPSSCB

b. Dependent Variable: MPSSCB

Coefficients

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	-2785.967	3805.948		-.732	.492
	EPSSCB	-9.314	55.989	-.111	-.166	.873
	DPSSCB	-5.637	21.942	-.071	-.257	.806
	NWPSSCB	17.915	13.775	.866	1.301	.241

a. Dependent Variable: MPSSCB

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	NWPBOK, DPABOK, EPSBOK	.	Enter

- a. All requested variables entered.
 b. Dependent Variable: MPSNABIL

Model Summary

	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
Model					R Square Change	F Change	df1	df2	Sig. F Change
	.956	.913	.869	487.03	0.683	20.986	3	6	.001

- a. Predictors: (Constant), NWPNABIL, DPANABIL, EPSNABIL

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	93308.43	3	4977869.479	20.986	.001
	Residual	23164.06	6	237194.011		
	Total	166772.50	9			

- a. Predictors: (Constant), NWPNABIL, DPANABIL, EPSNABIL
 b. Dependent Variable: MPSNABIL

Coefficients

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	--145.206	280.165		.909	0.623
	EPSBOK	23.755	8.838	.791	2.329	0.036
	DPABOK	-6.136	14.908	-.555	4.056	0.695
	NWPBOK	1.009	3.024	.189	.481	0.730

- a. Dependent Variable: MPSBOK

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	NWPSEBL, DPSEBL, EPSEBL	.	Enter

- a. All requested variables entered.
 b. Dependent Variable: MPSEBL

Model Summary

	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
Model					R Square Change	F Change	df1	df2	Sig. F Change
1	.896	.802	.704	346.49	.802	8.122	3	6	.016

- a. Predictors: (Constant), NWPSEBL, DPSEBL, EPSEBL

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25234.012	3	9778.04	7.122	.016
	Residual	7214.48	6	12052.45		
	Total	36458.50	9			

- a. Predictors: (Constant), NWPSEBL, DPSEBL, EPSEBL
 b. Dependent Variable: MPSEBL

Coefficients

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	2511.94	1655.46		0.180	.398
	EPSHBL	7.464	9.707	.791	0.471	.102
	EPSHBL	-9.256	13.975	-.555	0.54	.007
	EPSHBL	-7.044	6.791	.189	0.340	.648

a. Dependent Variable: MPSBIL

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	NWPSHBL, EPSNAHBL, DPSHBL	.	Enter

a. All requested variables entered.

b. Dependent Variable: MPSEBL

Model Summary

	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
Model					R Square Change	F Change	df1	df2	Sig. F Change
1	.896	.802	.704	346.49	0.192	8.122	3	6	.016

a. Predictors: (Constant), NWPSEBL, DPSEBL, EPSEBL

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	925234.01	3	75078.00	8.122	.016
	Residual	20314.48	6	20052.41		
	Total	645548.50	9			

a. Predictors: (Constant), NWPSHBL, DPSHBL, EPSHBL

b. Dependent Variable: MPSEBL

APPENDIX IV

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	BE4MSV	733.8800	30	22.4403	4.0970
	AFTERMSV	784.2693	30	52.1530	9.5218
Pair 2	BEFORIPP	794.9867	30	53.1161	9.6976
	AFTERIPP	948.0383	30	20.0912	3.6681
Pair 3	AFTERRSD	374.9700	30	6.7407	1.2307
	BE4RSDE	337.4133	30	2.7218	.4969
Pair 4	AFTERNEW	207.3233	30	.6826	.1246
	BE4NEWTO	205.1600	30	2.9172	.5326

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	BE4MSV & AFTERMSV	30	-.728	.000
Pair 2	BEFORIPP & AFTERIPP	30	.471	.009
Pair 3	AFTERRSD & BE4RSDE	30	.310	.096
Pair 4	AFTERNEW & BE4NEWTO	30	-.292	.117

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	BE4MSV - AFTERMSV	-50.3893	70.2019	12.8171	-76.6032	-24.1755	-3.931	29	.000
Pair 2	BEFORIPP - AFTERIPP	-153.0517	47.1250	8.6038	-170.6484	-135.4549	-17.789	29	.000
Pair 3	AFTERRSD - BE4RSDE	37.5567	6.4402	1.1758	35.1519	39.9615	31.941	29	.000
Pair 4	AFTERNEW - BE4NEWTO	2.1633	3.1842	.5813	.9743	3.3523	3.721	29	.001