

Weekly Wrap of STI

The STI ended 0.50% or 16.91 points higher on Friday to end at 3,377.96 as dovish comments from the two top Federal Reserve officials sent the market higher.

At the start of the week, the STI opened down slightly owing to gloomy data in the US from last Friday. The lack of fresh catalysts saw little movement in the local market as investors continued to monitor the latest development between US and China and further indications of the global economic slowdown. Dimming economic outlooks, poor earnings from Wall Street and the Bank of Korea's first interest rate cut in three years gave investors little reason for cheer as the STI dipped on Thursday. However, dovish comments by New York Fed president and Federal Open Market Committee vice-chair John Williams, which was later reinforced by Fed vice-chairman Richard Clarida led to hope for a rate cut of as large as 50 basis point later this month. The dovish stance from two top US Federal Reserve officials sent markets soaring on Friday and the Singapore market finished on a high following muted trading sessions earlier in the week.

Year to date, the STI index is up by 10.1%.

Week Ahead: 22 July – 26 July 2019

Economic Calendar: SG CPI (22 Jul), UK New PM announcement (23 Jul), US Existing Home Sales (23 Jul), EU PMI Composite Flash (24 Jul), US New Home Sales (24 Jul), US EIA Petroleum Status Report (24 Jul), EU ECB Announcement (25 Jul), US Durable Goods Orders (25 Jul), US International Trade in Goods (25 Jul), US Jobless Claims (25 Jul), US GDP (26 Jul)

Company Results: ESR REIT (22 Jul), Frasers Com Trust (22 Jul), Mapletree Log Trust (22 Jul), CapitaLand Mall Trust (23 Jul), Frasers Centrepoint Trust (23 Jul), Mapletree Ind Trust (23 Jul), Tuan Sing (24 Jul), Ascendas I-Trust (25 Jul), Cache Log Trust (25 Jul), Mapletree Com Trust (25 Jul), Sabana REIT (25 Jul), Frasers L&I Trust (26 Jul), SIA Engineering (26 Jul), Suntec REIT (26 Jul)

Companies News

1. Maxi-Cash to issue new S\$50 million 6.35% three-year notes at par
Catalist-listed pawnbroker Maxi-Cash Financial Services Corporation Ltd. ("**Maxi-Cash**") has proposed to issue new S\$50 million 6.35% three-year notes at par. These Series 002 notes comprise S\$26.5 million in notes to be issued in exchange for the company's existing Series 001 notes and S\$23.5 million in additional notes. Net proceeds from the issue of the additional notes will be used to pay for Maxi-Cash's buyback of the S\$14 million in existing notes which were offered for sale and to repay existing borrowings of the group.

2. Sen Yue planning to set up a new S\$4 million smelting facility in Singapore
Catalist-listed waste management firm Sen Yue Holdings Limited ("**Sen Yue**") announced that it is intending to set up a new S\$4 million smelting facility in Singapore to expand the Group's waste management and enhance its waste management capabilities. The new facility will expand Sen Yue's waste management and processing capabilities to a wider range of metals, such as cobalt and nickel, in addition to lithium. The project will be funded using the group's internal resources and working capital and is expected to be completed by the first quarter of 2020.

3. Koh Brothers Eco unit and JV partner clinched S\$668.2 million PUB contract
Catalist-listed Koh Brothers Eco Engineering Limited ("**Koh Brothers Eco**") announced that its wholly-owned subsidiary had clinched a S\$668.2 million contract from PUB with joint venture partner China Harbour (Singapore) Engineering Company to construct the Influent Pumping Stations at Tuas Water Reclamation Plant. Koh Brothers Eco has an effective stake of 60% in the joint venture company. The contract consists of two parts – construction works which is expected to take 75 months to complete, followed by 53 months of operation and maintenance services.

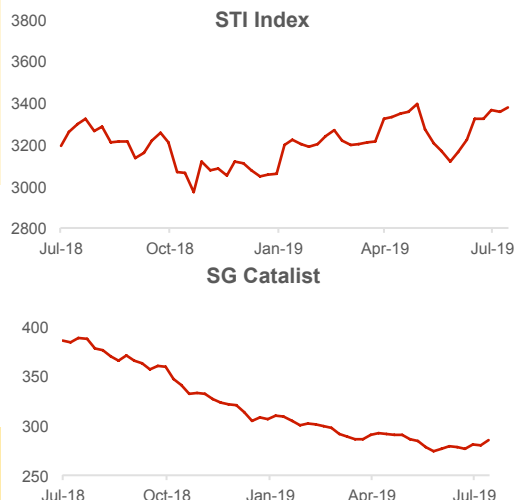
4. CapitaLand Commercials Trust's private placement 5 times subscribed
CapitaLand Commercial Trust announced the close of private placement of 105,012,000 new units at S\$2.095 per new unit to raise gross proceeds of S\$220.0 million. The private placement was 5.0 times covered and drew strong demand from new and existing institutional, accredited and other investors. The issue price of S\$2.095 per new unit represents a discount of approximately 3.7% to the volume weighted average price of S\$2.1762 per unit for trades in the units done on 17 July 2019.

5. Prime US REIT made SGX debut to close flat at US\$0.880
Prime US REIT successfully listed on the Singapore Exchange ("**SGX**") at US\$0.865 per unit. Earlier, the REIT's manager, KBS US Prime Property Management, reported that it received 1.2 times the original offer of 335.2 million units. Given the strong demand, the Manager has fixed the number of units under the Singapore Public Offer at 40.9 million units, which is above the minimum Singapore Public Offer size of 16.8 million units. Prime US REIT is the third US office REIT to list here after Manulife US REIT and Keppel-KBS US REIT. The listing brought the total number of SGX-listed REITs and property trusts to 45, with a combined market capitalisation of about S\$110 billion.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3378.0	▲16.9	▲0.5%	▲0.6%	▲10.1%
SG Mid Cap	775.5	▼0.8	▼0.1%	▼0.1%	▲13.3%
SG Catalist	285.3	▲0.8	▲0.3%	▲1.9%	▼7.8%
SG Small Cap	353.2	▲0.5	▲0.1%	▼0.2%	▲7.7%

Price Chart



IPO News

Oriental Energy considering IPO for trading unit
China's biggest importer of liquefied petroleum gas ("**LPG**"), Oriental Energy Co, is considering an IPO of its trading and logistics unit on the Singapore stock exchange. The company is currently in discussions with the exchange and the Singapore government about the share sale for its subsidiary Oriental Energy (Singapore) International Trading Pte, according to an official at Nanjing-based Oriental Energy. As an emerging LPG trading hub, Singapore could be a good IPO given its growth potential and business integration with other countries in the region. According to the official, the trading unit trades more than 20 cargoes a month.

Capital Market News

SGX seeking feedback on volatility controls and on scrapping the minimum trading price rule
The Singapore Exchange ("**SGX**") is seeking feedback on whether it should introduce volatility controls for pre-open and pre-close trading to protect investors from extreme price swings. One option that SGX is proposing is a price collar that prevents orders from being matched beyond a certain price range. SGX is suggesting that a 30% price collar be applied for the pre-opening auction, with a 10% price collar for the mid-day and closing auction routines. The second option is to extend the auction routine by 4 to 5 minutes if the indicative opening price during the auction moves beyond a certain threshold to give the market more time to react. The third option being considered by SGX is a hybrid model, where time extensions will be applied for opening and mid-day auction routines, and a 10 per cent price collar introduced for the closing routine. Separately, the SGX is also seeking public feedback on a proposal to scrap the minimum trading price requirement for Mainboard-listed companies. Based on the existing rule, SGX could face a wave of delistings in 2020 as the first batch of non-compliant issuers come up against their deadline.