

Weekly Wrap of STI

The STI ended 0.49% or 15.75 points lower on Thursday to end at 3,168.94 amid ongoing concerns over trade tensions between US and China. The market was closed on Friday for the National Day holiday.

The STI opened lower at the beginning of the week as traders anticipated more flare-ups from Washington after China's yuan slumped to a decade low and stoked fears of an escalation of trade war and even a possible currency war. The Singapore bourse further extended its loss as the US moved to declare China a currency manipulator. The STI rebounded slightly in mid week as China took steps to stabilise the yuan and White House expressed assurances that it wanted to press ahead with trade talks. However, the Singapore shares closed lower ahead of the long National Day weekend, bucking the recovery in most Asian markets, following weaker earnings results and cautious sentiment amid uncertainties over trades.

Year to date, the STI index is up by 3.3%.

Week Ahead: 12 August – 16 August 2019

Economic Calendar: UK Labour Market Report (13 Aug), US CPI (13 Aug), CN Industrial Production (14 Aug), UK CPI (14 Aug), US EIA Petroleum Status Report (14 Aug), UK Retail Sales (15 Aug), US Retail Sales (15 Aug), US Philadelphia Fed Manufacturing Index (15 Aug), US Industrial Production (15 Aug), US Jobless Claims (15 Aug), SG Merchandise Trade (16 Aug), US Housing Starts (16 Aug), SG Non-Oil Domestic Exports (16 Aug)

Company Results: ComfortDelGro (13 Aug), HRnetGroup (13 Aug), IFS Capital (13 Aug), Manulife US REIT (13 Aug), Straco (13 Aug), Wilmar International (13 Aug), Accordia Golf Trust (14 Aug), CNMC Goldmine (14 Aug), CSE Global (14 Aug), Eagle Hospitality Trust (14 Aug), Global Palm Resources (14 Aug), Golden Agri-Resources (14 Aug), Healthway Medical (14 Aug), KrisEnergy (14 Aug), KSH (14 Aug), No Signboard (14 Aug), Olam International (14 Aug), Sembcorp Industries (14 Aug), Sinarmas Land (14 Aug), ST Engineering (14 Aug), United Engineers (14 Aug), Valuetronics (14 Aug)

Companies News

1. United Global announced earnings jump on higher manufacturing margin

Catalist-listed lubricant manufacturer and trader United Global Limited (“United Global”) reported a 2.7 times jump in net profit attributable to shareholders to US\$2.4 million for 2Q2019. This was driven primarily by the Group revenue rising 60.8% year on year to US\$39.4 million, up from US\$24.5 million. The bulk of the revenue increase was from the trading segment which recorded an increase in revenue of US\$17.4 million, which was partially offset by a decrease in revenue from the manufacturing business segment of US\$2.5 million due to lower business volume. Yet, due to lower raw materials cost, the Manufacturing segment achieved a 7.1 percentage points increase in gross profit margin.

2. ISOTeam entered into ATA to buy Mobike’s assets

Catalist-listed ISOTeam Ltd. (“ISOTeam”) announced that its 51%-owned subsidiary, SG Bike Pte. Ltd. (“SG Bike”) had entered into an asset transfer agreement (“ATA”) with Singapore Mobike Pte. Ltd. (“Mobike”) for the proposed acquisition of Mobike’s bike-sharing licence and 25,000 bicycles in Singapore for S\$2.54 million. SG Bike will also assume Mobike’s liabilities to repay user deposits and prepayments to the tune of S\$2.02 million. SG Bike will pay Mobike the purchase consideration in cash and as for the assumed liabilities, SG Bike will pay “at its discretion”. ISOTeam said the proposed acquisition will enable SG Bike to expand its business and promote an active and environmental-friendly lifestyle by increasing its fleet of bikes and also enable the company to enhance a strong foothold as the market leader in the bike sharing industry in Singapore.

3. Koufu announced net profit growth for 2Q2019

F&B operator Koufu Group Limited (“Koufu”) reported a revenue increase of 7.3% from S\$54.1 million in 2Q2018 to S\$58.1 million in 2Q2019. This was mainly due to contributions from the Marina Bay Sands food court, which resumed operations in August 2018 after renovations, as well as a maiden contribution from a new food court at the University of Macau, which commenced operations during the quarter. Overall, net profit grew 16.2% to S\$7.2 million for 2Q2019, up from S\$6.2 million in 2Q2018. Moving forward, Koufu will continue its overseas expansion plans, including a third food court in Macau and its first tea beverage kiosk in Malacca, Malaysia. In Singapore, Koufu is expecting to open a total of at least 25 R&B Tea and Supertea stalls by the end of FY 2019, higher than the 20 outlets initially estimated in the company’s 1Q2019 results briefing.

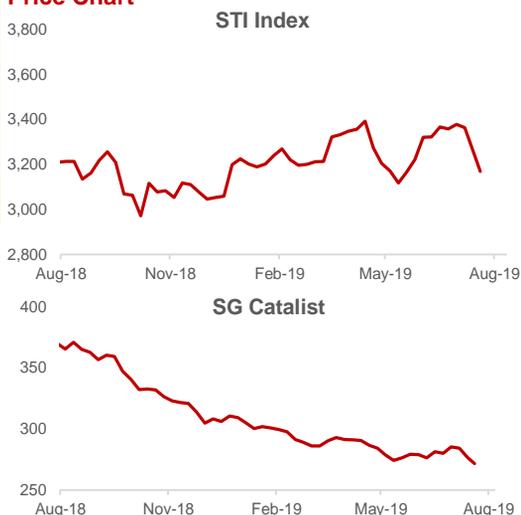
4. International Cement Group reported revenue growth for 2Q2019

Cement producer and distributor International Cement Group reported 2Q2019 revenue of S\$32.0 million, an 8.5% increase from S\$29.5 million reported in 2Q2018. The increase was mainly due to higher demand and higher prices for cement in Tajikistan, which was partially offset by a decrease in revenue from its aluminium segment due to a decline in sales from projects and the sale of aluminium related products. Overall, the Group reported a profit after tax of S\$5.1 million for 2Q2019.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3168.9	▼15.8	▼0.5%	▼3.7%	▲3.3%
SG Mid Cap	731.6	▼2.7	▼0.4%	▼3.1%	▲6.9%
SG Catalist	271.6	▼0.7	▼0.3%	▼3.4%	▼12.3%
SG Small Cap	344.0	▲1.5	▲0.4%	▼1.7%	▲4.9%

Price Chart



Capital Market News

SGX Regco to increase its regulatory presence

Singapore Exchange Regulation (“SGX Regco”) is planning to increase its regulatory presence to strengthen investor confidence and deter wrongdoings. As at August, the regulator has commenced hearing against three listed companies before an independent listing disciplinary committee, which hears charges brought by the regulator against persons who have breached its listing, trading or clearing rules. SGX Regco is planning to set up a dedicated whistle-blowing office, where breaches related to regulations will be handled directly by relevant persons in the regulation department. The Regco also wants sponsors of firms listed on Catalist to be held to greater accountability, regulation of issue managers to be enhanced and the accountability of auditors to be increased. SGX RegCo is also planning to undertake a public consultation aimed at a more robust regulatory regime for property valuations. Other initiatives include the reviewing the minimum trading price (MTP) policy, quarterly reporting and retail bonds framework. Also in the works is the formation of a working group comprising industry professionals, investors and regulators to review the retail bonds framework.

Carro raised US\$30M in latest funding round

Singapore-based online automotive marketplace Carro announced that it raised US\$30 million in its latest funding round, bringing its total funds raised to over US\$100 million since launching three years ago. New investors include Softbank Ventures Asia and EDBI. The funds raised will be used to boost the company’s expansion in Southeast Asia, starting with the acquisition of Jualo, an Indonesian online marketplace platform that lists automotive vehicles as well as electronics and other consumer products. Carro subsequently aims to acquire companies based in Malaysia and possibly Vietnam and Myanmar. Carro hosts a buying and selling platform for cars and offers a car leasing service.