

Weekly Wrap of STI

The STI ended 0.38% or 11.98 points lower on Friday to end at 3114.16 after initial optimism on a new Brexit deal was quickly overcome by the Democratic Unionist Party's refusal to support it, followed by disappointing Q3 GDP results in China.

With positive developments coming out of US-China trade talks the previous Friday, the STI opened the week higher, but gains were limited by low quarterly GDP growth in Singapore and a report that China factory prices saw its steepest drop in 3 years. Midweek, moderate gains came after strong Q3 results of American banks, but markets soon grew cautious amid mixed developments on the Brexit front, and the STI closed the week flat.

Year to date, the STI is up by 1.48%.

Week Ahead: 21 October – 25 October 2019

Economic Calendar: CN House Price Index (21 Oct), CN PBoC Interest Rate (21 Oct), UK CBI Industrial Trends Survey (22 Oct), UK Public Sector Finances (22 Oct), US Existing Home Sales (22 Oct), EU EC Consumer Confidence Flash (23 Oct), SG CPI (23 Oct), EU ECB Interest Rate Decision (24 Oct), HK Merchandise Trade (24 Oct), JP PMI Composite Flash (24 Oct), JP PMI Manufacturing Index Flash (24 Oct), US Durable Goods Orders (24 Oct), US Jobless Claims (24 Oct), US New Home Sales (24 Oct), SG Industrial Production (25 Oct), US Consumer Sentiment (25 Oct)

Company Results: CapitaLand Mall Trust (21 Oct), Mapletree Logistics Trust (21 Oct), Frasers Commercial Trust (22 Oct), Mapletree Industrial Trust (22 Oct), CapitaLand Commercial Trust (23 Oct), Frasers Centrepoint Trust (23 Oct), Suntec REIT (23 Oct), Second Chance Properties Ltd (24 Oct), Singapore Exchange Limited (24 Oct), United Overseas Insurance Ltd. (24 Oct), Cache Logistics Trust (25 Oct), CapitaLand Retail China Trust (25 Oct), Great Eastern Holdings Limited (25 Oct), Mapletree North Asia Commercial Trust (25 Oct)

Companies News

1. SLB announced 1Q2020 results and first investment of new fund management business

SLB Development Ltd. ("SLB"), a Catalyst-listed diversified property developer, reported revenue of S\$7.7 million for the first quarter ended 31 August 2019 ("1Q2020"), a decrease of 68.1% from S\$24.1 million in the same period last year. This was mainly attributed to the absence of revenue contribution from T-Space @ Tampines which was completed in June 2018. In contrast, net profit was S\$1.9 million in 1Q2020, up from a net loss of S\$4.1 million in 1Q2019, largely due to lower losses from SLB's joint ventures and associates. Simultaneously, SLB also announced that its new fund management business had made its maiden £2.0 million investment into Pinnacle Residential Fund ("Pinnacle"). Pinnacle is a UK residential fund focused on the private rented sector, managed by Pinnacle Investment Management Limited ("PIML"), a subsidiary of UK-based Pinnacle Group Limited. In addition, SLB has an option expiring on 31 December 2019 to subscribe for a 20% stake in PIML.

2. Rex International announced offshore oil and gas discovery in Norwegian Sea

Catalist-listed oil exploration and production company Rex International Holdings Limited ("Rex International") announced the successful discovery of oil and gas, following the drilling of exploration and appraisal wells in the Norwegian Sea licence PL838. PGNiG Upstream Norway, the operator of the licence, gave preliminary estimates of 3 to 6 million cubic metres or 19 to 38 million barrels of recoverable oil equivalents. Rex International's 90% subsidiary Lime Petroleum AS had recently signed an agreement with DEA Norge to acquire 30% interests, and subsequently received regulatory approval for the transfer of interests, in the two licences for the oil drilling project.

3. Kori's subsidiary awarded 4 contracts worth S\$68.3 million

Catalist-listed multi-discipline engineering and construction services provider Kori Holdings Limited's ("Kori") wholly-owned subsidiary Kori Construction (S) Pte. Ltd. secured 4 contracts worth a total of S\$68.3 million. The contracts, which are for construction services at various strutting and tunneling projects, were each awarded by Lum Chang Building Contractors Pte Ltd, Okumura Corporation Singapore Branch, Gammon Pte. Limited, and Nishimatsu Construction Co., Ltd. The Group expects a positive impact on earnings per share and net tangible assets per share for the financial year ending 31 December 2019.

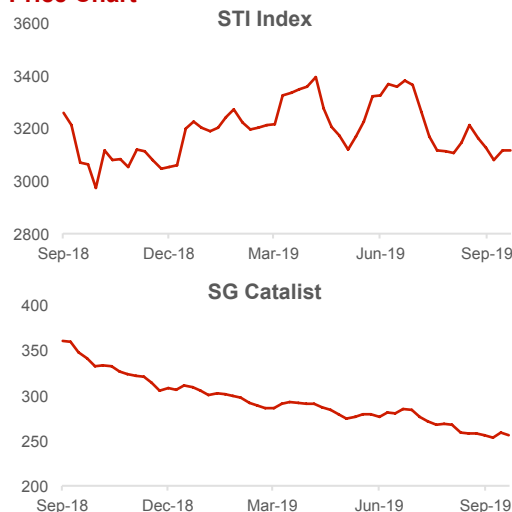
4. SK Jewellery launched new line of lab-grown diamonds

SK Jewellery Group Limited ("SK Jewellery"), a Catalyst-listed jeweller, announced the launch of its "Star Carat" line, featuring lab-grown diamonds. Potentially priced 50% lower than naturally mined diamonds, lab-grown diamonds are produced in a high-tech lab to be identical to their natural counterparts, are becoming increasingly receptive among consumers. In particular, 70% of millennials surveyed by SK Jewellery were open to buying lab-grown diamonds for their engagement ring. "Star Carat" will debut on a new start-up called the "Star Carat Shop", before being introduced to the Group's "Love & Co." and "SK Jewellery" brands in the future.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3114.2	▼ 12.0	▼ 0.4%	▲ 0.0%	▲ 1.5%
SG Mid Cap	740.5	▼ 4.8	▼ 0.6%	▼ 0.1%	▲ 8.2%
SG Catalist	256.2	▼ 0.2	▼ 0.1%	▼ 1.0%	▼ 17.2%
SG Small Cap	340.1	▼ 0.5	▼ 0.1%	▼ 0.4%	▲ 3.7%

Price Chart



Capital Market News

Rising interest in venture investments in Singapore

According to a media release from Enterprise Singapore, there were 437 local start-up investment deals from January to September 2019; the total amount of S\$13.4 billion was a 36% increase over the same period last year, in spite of the slowing economy. Notably, 93.2% of the funds went to digital tech start-ups, which include the fields of information and communication technology, fintech, media and telecommunications. Enterprise Singapore also highlighted growing traction for investments in deep-tech start-ups in advanced manufacturing, urban solutions and sustainability, and healthcare and biomedical sciences. While the S\$416.4 million in funding received by these sectors is still less than 4% of the total capital invested, this amount is an increase of about 25% from S\$333.8 million in the same period last year, an encouraging sign given an expectation for more deep-tech start-ups being formed.

3D printing start-up Structo secured funding

Structo, a Singapore-based dental 3D printing solutions start-up, has secured an undisclosed amount of venture funding from Singapore Economic Development Board's investment arm EDBI, GGV Capital, Wavemaker Partners and Pavilion Capital. Structo was founded in 2014 by a team from the National University of Singapore, and develops 3D printers specialised for the dental industry. The technology is based on Structo's proprietary mask stereolithography ("MLSA") process, which enables high-speed production of customised products such as patient-specific orthodontic clear aligners. Structo currently has a global presence, producing hundreds of thousands of dental appliances per month with its 3D printers installed across 5 continents. The start-up plans to use the fresh funds to further develop its existing technology, as well as launch new products that leverage automation to mass produce patient-specific custom products.