SG Market Weekly Update
11 May – 15 May 2020

Weekly Wrap of STI

The STI closed flat on Friday or 1.24 points higher and 2.6% lower for the week to end at 2,523.55 as the market continued to weigh on the dim economic outlook brought about by the Covid-19 outbreak.

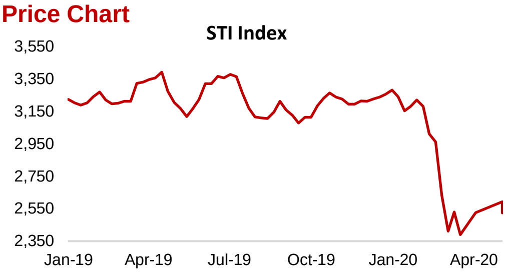
Markets showed signs of indecision across the week. The STI started the week modestly higher on Monday after last Friday’s US jobs report came out grim but not as bad as analysts had feared. By Tuesday however, the decline resumed as hopes about reopening the economy were weighed against worries over damage already inflicted by the shutdown. This decline accelerated following an address by US Federal Reserve Chairman Jerome Powell who warned that the economic outlook was uncertain and downside risks remained significant. The STI later staged a recovery on Friday after positive data from China showing that the country’s industrial output rose 3.9% in April from the year before, expanding for the first time this year as it gradually emerges from its coronavirus lockdown.

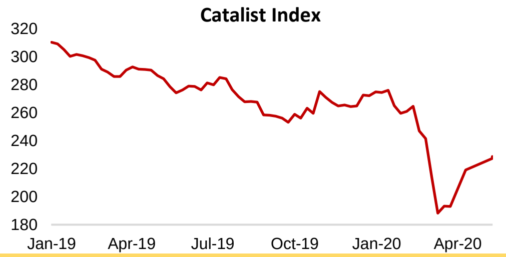
Year-to-date, the STI index is down 21.7%.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	2523.6	▲ 1.2	▲ 0.0%	▼ 2.6%	▼ 21.7%
SG Mid Cap	598.3	▼ 0.7	▼ 0.1%	▼ 2.8%	▼ 21.1%
SG Catalist	228.8	▲ 0.9	▲ 0.4%	▲ 0.6%	▼ 16.0%
SG Small Cap	273.6	▲ 1.0	▲ 0.4%	▲ 0.2%	▼ 23.0%

Price Chart





Week Ahead: 18 May – 22 May 2020

Economic Calendar: Japan GDP (18 May), Australia RBA Meeting Minutes (19 May), UK ILO Unemployment Rate (19 May), German ZEW Economic Sentiment Survey (19 May), Fed’s Chair Powell testifies (19 May), China PBOC Interest Rate Decision (20 May), UK CPI (20 May), Canada BoC CPI Core (20 May), US FOMC Minutes (21 May), Australia RBA’s Governor Lowe speech (21 May), UK Markit Services PMI (21 May), US Initial Jobless Claims (21 May), German Markit PMI Composite (21 May), Eurozone Markit PMI Composite (21 May), New Zealand Retail Sales (22 May), Japan National CPI (22 May), ECB Monetary Policy Meeting Accounts (22 May), Canada Retail Sales (22 May)

Company Results: -

Companies News

1. Hyphens Pharma to pay out FY2019 dividend on June 8; Q1 net profit up by 48.6%

Catalist-listed healthcare-products group Hyphens Pharma International will reclassify its proposed final dividend for FY2019 as an interim dividend, as its annual general meeting, where shareholders would have voted on the payout, was delayed by the coronavirus pandemic. Meanwhile, first-quarter net profit surged by 48.6% year on year to S$2.12 million for the three months to March 31, on the back of a broad-based increase in sales. Revenue grew by 16.4% to S$31.4 million. Earnings per share rose to 0.71 Singapore cent, from 0.48 Singapore cent before. Net asset value was 15.36 Singapore cents a share, against 14.67 Singapore cents as at Dec 31, 2019. Hyphens Pharma is seeing good growth in their proprietary brands segment and their virtual medical hypermart. Despite the ongoing coronavirus pandemic, they are not facing difficulties with material contractual obligations. The company plans to pick up the pace on its e-commerce investment for consumer healthcare brands, and enhance its digital engagement with medical professionals, to tap tele-medicine and other digital trends as the world moves away from face-to-face contact.

2. Clearbridge Health to distribute Biolidics spin-off's coronavirus test kits regionally

Catalist-listed Clearbridge Health will be a non-exclusive distributor of its spin-off Biolidics' coronavirus antibody test kits. Under a deal, subsidiary Clearbridge Medical Group will distribute the tests in the Philippines, Indonesia, Myanmar and Vietnam for a year. Clearbridge, a controlling shareholder of Biolidics with a roughly 33% stake, expects the arrangement to have a positive impact on its revenue for the year to Dec 31, 2020. But its board said it cannot quantify the financial impact of the agreement for the year, as it cannot predict market demand for the kits.

3. Genting Singapore posted 55% fall in Q1 earnings; outlook remains gloomy for the year

Genting Singapore said its earnings more than halved for the first quarter, as the global novel coronavirus pandemic took its toll on tourism. It is pessimistic for the rest of the year, foreseeing that any recovery may be long-drawn. The integrated resort operator posted adjusted earnings before interest, tax, depreciation and amortisation (adjusted Ebitda) of S$146.9 million for the three months ended March 31, a 55% decrease year on year. This came as revenue fell in both its gaming and non-gaming segments. Gaming revenue declined 38% to S$267.9 million, while non-gaming revenue went down 34% to S$138.4 million. The negative impact was partially mitigated by a series of measures Genting took to control costs, including instituting pay cuts for all managerial team members and encouraging all employees to take their annual leave.

4. Propnex’s Q1 net profit more than tripled on higher property transactions

PropNex's Q1 net profit more than tripled on higher property transactions, they posted S$8.2 million in net profit for the first quarter, up from the S$2.3 million in the preceding year, boosted by property transactions carried forward and a recovery in the private home market. Revenue gained 82.7% to S$135.6 million for the quarter ended March 31. The group said it finished 2019 with more than S$500 million in gross commission from its total property transactions. Transactions yielding about S$420 million in commission were completed and invoiced that year, and the remaining transactions were carried forward. The growth in revenue is attributed to a recovery of the private residential market from the government-imposed cooling measures. For instance, the private new-home sales segment saw 2,149 units moved in Q1, a 16.9% increase from the same period a year ago. However, PropNex warned that the private residential segment could undergo an overall contraction in 2020. It expects most of the impact to be reflected in its financial performance for the second half of the year as property viewings and marketing roadshows have been suspended during Singapore's circuit-breaker period.

Capital Market News

1. SGX to drop minimum trading price rule from June 1, but tightens financial watch-list criteria

The Singapore Exchange will soon do away with its minimum trading price rule for mainboard-listed companies, after finding “broad support from market participants” in last year’s public consultation.

Since 2016, companies on the mainboard must have a six-month volume-weighted average share price of at least S$0.20 and average daily market value of at least S$40 million. But, citing a slew of more recent measures to tackle the risk of market manipulation, the bourse operator will now scrap the minimum trading price requirement on June 1.

From the same day, though, it is also tightening the exit criteria for its financial watch-list - which puts on notice companies that have not maintained the six-month average daily market value and have also posted pre-tax losses for their last three financial years. Non-recurrent income or income from activities outside the ordinary course of business will no longer count towards the profitability requirement to get off the financial watch-list. Companies that have a modified audit opinion looming over the latest financial statements, or whose auditors flagged going concern-related material uncertainties, also cannot leave the list.

SGX RegCo will ignore artificial distortions to share prices that are not representative of true market demand in assessing share price or market capitalisation thresholds in the Mainboard and Catalist listing rules, including the market capitalisation test for exiting the financial watch-list. It is looking into improved tools to prevent and detect market manipulation, such as using artificial intelligence in its real-time monitoring system.