

Weekly Wrap of STI

The STI closed lower on Thursday at 2652.65, down 16.84 points or 0.63% on a quiet trading day ahead of Friday's Generation Election and the release of key US jobless data.

The STI index started the week strongly, tracking the rally in other regional indices. Global equity markets were buoyed by upbeat data signaling a global economic turnaround even though the overall economic picture remained cloudy as Covid-19 infections continued to hit record highs across the world. However, the risk mood started to sour mid-week and the rally took a breather following news of a re-imposed lockdown in Melbourne; attributed to a sustained increase in daily virus cases. Market participants started to exercise caution amid a steady drip of worrying virus news, which threw cold water on hopes of a gradual global recovery. Trading was light on Wednesday, as traders chose to stay on the sidelines ahead of key data releases from Japan, China and the US. This decreased volume persisted into the close on Thursday, as local investors began to shift their focus to the Singapore General Elections. The Singapore bourse were closed on Friday in lieu of Polling Day.

Year-to-date, the STI index is down 17.7%.

Week Ahead: 13 – 17 July 2020

Economic Calendar: CN Trade Balance (14 Jul), UK GDP (14 Jul), US Core CPI (14 Jul), CA BoC Interest Rate Decision (15 Jul), JP BoJ Interest Rate Decision (15 Jul), UK CPI (15 Jul), US Crude Oil Inventories (15 Jul), AU Unemployment Rate (16 Jul), CN GDP (16 Jul), CN Industrial Production (16 Jul), UK ILO Unemployment Rate (16 Jul), ECB Interest Rate Decision (16 Jul), US Retail Sales (16 Jul), US Initial Jobless Claims (16 Jul), EU Leaders Special Summit (17 Jul), EU CPI (17 Jul),

Company Results: Miyoshi (14 Jul), Sembcorp Marine (15 Jul), ESR REIT (16 Jul), Sabana REIT (16 Jul), Soilbuild Business REIT (16 Jul), Sembcorp Ind (17 Jul)

Companies News

1. Starburst bagged S\$13.1 million contract to upgrade tactical training facility

Catalist-listed firearms-training facilities firm, Starburst Holdings Limited ("**Starburst**") announced that its wholly-owned unit has been awarded a S\$13.1 million contract to upgrade a tactical-training mock-up facility in South-east Asia. Under the contract, its subsidiary Starburst Engineering will design, supply and install ballistic protection works for the facility. Work is to start this month and be completed by July 2021. This contract, to span two financial years, is expected to have a positive impact on the net tangible assets and earnings per share of the group for the financial year ending Dec 31, 2020. In March, Starburst Engineering clinched a S\$40.9 million contract to build a firearms-training facility in South-east Asia, which is scheduled to be completed by February 2022.

2. Fortress Minerals Q1 profit nearly doubles amid strong domestic demand

Catalist-listed Fortress Minerals Limited ("**Fortress Minerals**") posted a 97.9% surge in net profit to US\$2.2 million for its first quarter ended May 31 2020, boosted by an increase in sales. Revenue for Q1 rose 21.4% to US\$7.1 million, driven by a 34.4% increase in sales volume of high-grade iron ore concentrate due to strong demand from Malaysian steel mill customers. The Group also achieved an overall lower average unit cost contributed by improved economies of scale brought about through higher production volume. The overall strong demand and lower production costs resulted in improved gross profit margin of 71.1%, up by 2.5% from 1QFY2020. Following disruptions to operations due to Malaysia's Covid-19 movement control order, the group's mining, processing and business activities had returned to normal since April 29.

3. Biolidics tied up with China's LC-Bio to develop cancer-diagnostic solutions

Catalist-listed cancer-diagnostics company Biolidics Limited ("**Biolidics**") had entered into a collaboration agreement with Hangzhou-based LC-Bio Technologies (Hangzhou) Co., Ltd. ("**LC-Bio**") to develop cancer-diagnostic solutions. Under the five-year agreement, Biolidics will be LC-Bio's exclusive partner in China for the development of cancer-diagnostics solutions at LC-Bio's medical laboratory in Hangzhou. Biolidic's proprietary circulating-tumour-cell technology, which separates cancer cells from blood samples, will be used in this collaboration. In February, Biolidics announced that it was aiming to obtain clinical validation of its cancer diagnostic solution in the second half of 2020. This project is viewed as being complementary to the group's core business in the development of cell enrichment systems.

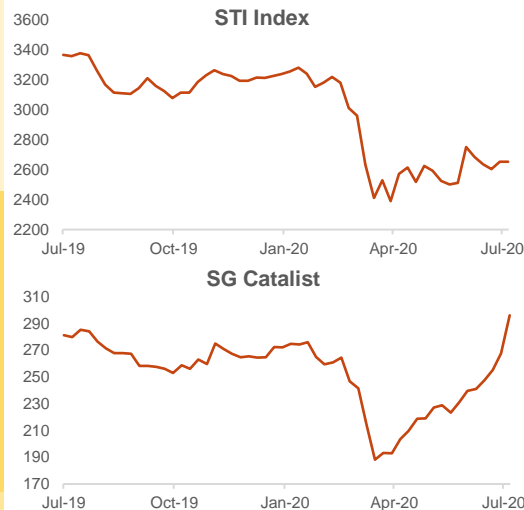
4. Ley Choon secured repair and maintenance contracts worth S\$36.9 million

Catalist-listed Ley Choon Group Holdings Limited ("**Ley Choon**"), which builds underground-utilities infrastructure and road works, announced that its subsidiaries, Pan Alliance Technology International Pte Ltd, Teacly (S) Pte Ltd and Chin Kuan Engineering and Contractors Pte Ltd, had secured four contracts worth approximately S\$36.9 million in aggregate. Under the contracts, the subsidiaries have been engaged to provide repair and maintenance works of underground services and underground infrastructure construction works. The contracts are not expected to have material impact on the company's earnings or the net tangible assets for the current financial year ending March 31, 2021.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	2652.7	▼16.8	▼0.6%	▼0.0%	▼17.7%
SG Mid Cap	647.2	▼4.2	▼0.6%	▲0.3%	▼14.7%
SG Catalist	296.1	▲7.9	▲2.7%	▲10.6%	▲8.7%
SG Small Cap	294.8	▼1.9	▼0.7%	▲0.6%	▼17.1%

Price Chart



Capital Market News

Market turnover value of securities jumped 74% to S\$38b in June: SGX

The total market turnover value of securities rose 74% on the year last month to S\$38 billion, while the securities daily average value (SDAV) climbed 50 per cent to S\$1.73 billion, as markets reflected optimism from the reopening of major economies. The benchmark Straits Times Index (STI) gained 3.2% in June to 2,589.91. In June, the exchange announced its acquisition of the remaining 80 per cent stake in cloud-based FX trading platform BidFX. The exchange also aims to bring together FX futures with OTC markets. During the month, it also welcomed Southern Alliance Mining, an established producer of high-grade iron-ore products in Malaysia, to Catalist. SGX said it had in June launched 10 Singapore Single Stock Futures (SSFs) to meet growing demand for a broader suite of Singapore-linked equity products and announced plans to introduce SGX FTSE Taiwan Index futures in July.

Funds raised from Singapore IPOs halve in H1 2020: Deloitte

Funds raised from initial public offerings (IPOs) in Singapore fell 53.2% to S\$725 million in the first half of 2020, from S\$1.55 billion a year ago, according to data from Deloitte. The Republic saw six IPOs in the first half of 2020 recording an IPO market capitalisation of S\$1.19 billion, down from nine IPOs one year ago with an IPO market capitalisation of S\$2.24 billion. The funds raised in H1 2020 were mainly from two real estate investment trusts (Reits) listed on the Singapore Exchange's mainboard. The remaining four were listed on the Catalist board, with the gross amount raised ranging from S\$3 million to S\$19 million. With no end in sight, the long-haul reality of the Covid-19 pandemic could be a game changer for the IPO market. That said, there is still an appetite for fundraising in the market, as the market continues to receive enquiries for potential Reit and Catalist listing based in the Asia-Pacific region.