

STI In A Snapshot

The STI closed Friday lower at 2581.32, down 0.9% or 14.65 points for the week. Market sentiment for the week was largely mixed as investors remained cautious amid the virus-stricken economy.

Following Monday's Singapore National Day, the STI opened on Tuesday on a pleasant note despite second quarter GDP plunging 13.2%, making that its worst quarter on record. However, the mood soon changed as Ministry of Trade and Industry tightened their projection for the Singapore economy, which is now expected to shrink 5% to 7% this year. The STI experienced a rebound fuelled by strong gains in the US markets amidst optimism over the US economic recovery following a better-than-forecasted jump in inflation data. Yet, momentum was once again halted as investors globally faced disappointment as the US stimulus impasse dragged on. For the week ahead, investor will continue to keep a close watch on the progress of the US stimulus package and also the outcome of the talk between US and China over the review of the trade pact signed in January.

Year-to-date, the STI is down 19.9%.

Week Ahead: 17 August – 21 August 2020

Mon (17 Aug)	JP GDP, SG Non-Oil Exports, JP Industrial Production
Tue (18 Aug)	AU RBA Meeting Minutes, US Building Permits, US Housing Starts
Wed (19 Aug)	JP Trade Balance, UK CPI, UK PPI, EU CPI, US Crude Oil Inventories
Thu (20 Aug)	US FOMC Meeting Minutes, CN PBoC Loan Prime Rate, US Initial Jobless Claims
Fri (21 Aug)	UK Retail Sales, UK Composite PMI, US Existing Home Sales, GE Manufacturing PMI

Company News

1. A burst in profit to S\$2.1 million for Starburst from previous net loss

Catalist-listed firearms company Starburst Holdings Limited ("Starburst") saw their revenue increase by 176.3%, from S\$3.5 million to S\$9.7 million in 1HFY20. The increase in revenue was mainly derived from a tactical training mock-up project and a firearm shooting range project in Southeast Asia, and a firearm shooting range project in the Middle East. The increase in project and production costs was in line with the increase in revenue. The gross profit margin increased from 40.3% in 1HFY19 to 45.9% in 1HFY20. Overall, Starburst recorded a net profit of S\$2.1 million in 1HFY20, a turnaround from a net loss of S\$2.1 million one year ago.

2. UGHC achieved record revenue and net profit for FY20

Catalist-listed disposable gloves manufacturer and distributor UG Healthcare Corporation Limited ("UGHC") announced a record revenue and net profit of S\$144.2 million and S\$13.4 million respectively for FY20. The significant increase in both revenue and net profit were due to the increase in the volume of gloves products produced and sold with contribution from new production lines, as well as the increase in the selling prices of gloves amidst the outbreak of the global COVID-19 pandemic. UGHC also announced plans to expedite production capacity expansion to 4.6 million pieces of gloves per annum by FY21, representing a 59% increase from its current production capacity. The Group is confident that its integrated supply chain cum own-brand business model will be able to absorb the additional capacity and generate sustainable growth beyond the pandemic crisis.

3. KTMG Limited turned profitable in 1HFY20

Catalist-listed textile and apparel company KTMG Limited ("KTMG") saw an increase in net profit to S\$221,000 despite a 30.4% decrease in revenue. The decrease in revenue from S\$36.0 million in 1HFY19 to S\$25.0 million in 1HFY20 was mainly due to the Movement Control Order imposed by the Malaysian Government from 18 March 2020. The Group had resumed full operations on 29 April 2020 following conditional approval. The decrease in revenue was offset by other income, which increased by approximately S\$62,000 to S\$155,000 in 1HFY20 mainly due to subsidies received from Malaysia Government. Overall, KTMG recorded a net profit of S\$221,000, a reversal from a net loss of S\$2.2 million a year ago.

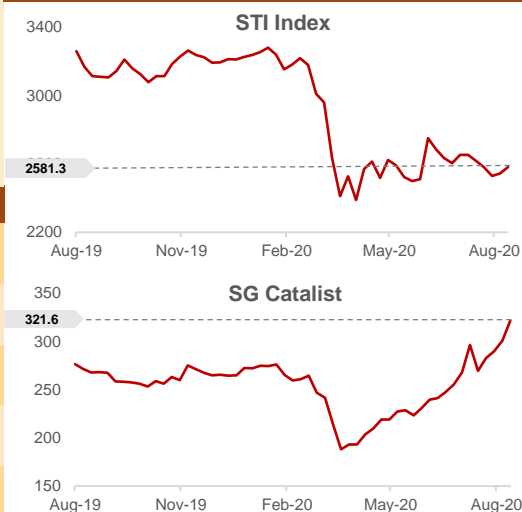
4. AGL reported net profit of S\$2.2 million for 1HFY20

Catalist-listed workforce solutions provider Advancer Global Limited ("AGL") saw an increase in net profit to S\$2.2 million despite a decrease in revenue. Revenue decreased 19.7% to S\$27.6 million in 1HFY20. Their employment services segment decreased with a decrease in the number of foreign domestic workers being placed out to households due to worldwide travel. There was also a decrease in service income received from stewarding and cleaning and a decrease in service income from security projects due to COVID-19. However, this decrease was offset by government grants and credit scheme, which amounted to S\$4 million and a decrease in cost of sales by S\$4.9 million. Cash and bank balances increased by 11.8% to \$28.7 million in 30 June 2020. Overall, net profit increased by S\$1.7 million or 335.5% from S\$0.5 million in 1HFY19 to S\$2.2 million in 1HFY20.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	2581.3	▼14.65	▼0.6%	▲0.9%	▼19.9%
SG Mid Cap	648.6	▼4.97	▼0.8%	▼0.1%	▼14.4%
SG Catalist	321.6	▼1.92	▼0.6%	▲6.7%	▲18.1%
SG Small Cap	294.0	▼1.16	▼0.4%	▼1.4%	▼17.3%

Price Chart



Capital Market News

MAS to commit S\$250m to drive innovation and develop fintech talent

The Monetary Authority of Singapore ("MAS") will be committing S\$250 million over the next three years to enhance an existing scheme as part of efforts to accelerate technology and innovation-driven growth in the financial sector. The enhanced Financial Sector Technology and Innovation Scheme, or FSTI 2.0, aims to encourage the expansion of the existing innovation labs and further develop Singaporean talent in fintech. Over 200 financial institutions and fintechs have tapped the FSTI scheme since 2015, which has contributed to the emergence of more than 40 innovation labs by financial institutions in Singapore. Out of the innovation labs funded, about 180 "high-value" jobs were created. There are now more than 1,000 fintech firms in Singapore compared with about 50 five years ago. MAS estimated that there are nearly 10,000 people employed by fintechs in the Republic.

SGX to expand Asian equity derivatives and launch 13 futures in August, September

To be launched on Aug 24, the SGX FTSE Equity NTR Index Futures comprise the SGX FTSE Asia ex-Japan NTR (USD) Index Futures, the SGX FTSE Emerging Market Asia NTR (USD) Index Futures, among others. Meanwhile, the SGX FTSE Equity Price Return Index Futures, which are denominated in US dollars, are subject to final regulatory process and slated for launch in mid-September. These include the SGX FTSE Asia ex-Japan Index Futures, the SGX FTSE Emerging Market Asia Index Futures, the SGX FTSE Indonesia Index Futures, the SGX FTSE Malaysia Index Futures, the SGX FTSE Philippines Index Futures, the SGX FTSE Thailand Index Futures, as well as the SGX FTSE Vietnam 30 Index Futures. Some of these latest contracts are expected to be certified by the Commodity Futures Trading Commission, enabling US investors to trade them directly from within the US, the Singapore bourse added.