

STI In A Snapshot

The STI closed Friday higher at 2539.63, up 0.4% or 11.09 points for the week. Market sentiment for the week was overall positive amidst rising US-China tensions and the Fed's latest policy move to maintain a 2% inflation.

The STI started the week off on the right note, edging up with news of opening up travel to more countries and following the inflation data and low interest rates. The gains continued, riding with the bull momentum in the US following optimism on COVID-19 treatment before retreating as US and China tensions escalated. On Friday, Singapore shares advanced tracking the US inflation policy shift. The long-awaited announcement came in with Fed Chairman Jerome Powell announcing the aim for a 2% inflation on average. Essentially, the Fed is willing to let inflation run higher than it was willing to tolerate previously, to make up for periods when inflation is too low. Fed's latest approach also gives greater weight to maximise employment for the benefit of lower-income families.

Year-to-date, the STI is down 21.2%.

Week Ahead: 31 August – 4 September 2020

Mon (31 Aug)	JP Industrial Production, CN Composite PMI, CN Manufacturing and Non-Manufacturing PMI, SG Bank Loans and Advances
Tue (1 Sep)	CN Caixin Manufacturing PMI, EU CPI, US ISM Manufacturing PMI, AU RBA Interest Rate Decision, UK Manufacturing PMI
Wed (2 Sep)	AUD GDP, US ADP Nonfarm Employment Change, US Factory Orders, US Crude Oil Inventories
Thu (3 Sep)	JP Services PMI, CN Caixin Services PMI, SG Manufacturing PMI, US Market Composite PMI, US Initial Jobless Claims, US ISM Non-Manufacturing PMI, UK BoE Speaks
Fri (4 Sep)	SG Retail Sales, US Nonfarm Payrolls, US Unemployment Rate, UK Construction PMI, AU Retail Sales, CA Employment Change

Company News

1. Net profit turns positive for Teho with revenue increase and government support

Catalist-listed multi-faceted solutions provider Teho International Inc Limited ("Teho") saw an increase in revenue by 9.0% to S\$59.3 million for FY2020 ended 30 June 2020. This came on the back of an increase in Marine & Offshore Segment revenue by 8.8% or S\$4.7 million in FY2020 from an increase in mooring and rigging, and water treatment and engineering businesses. Property consultancy business had also increased, by a 0.2% in FY2020. Net debt for Teho sits at S\$39.4 million as at 30 June 2020. Overall, the net profit for Teho turned positive, to S\$1.2 million in FY2020, partly aided by support from government grants amounting to S\$0.3 million which is recognised in FY2020.

2. Profitable FY2020 for IPS Securex with higher revenue

Catalist-listed security company IPS Securex Holdings Limited ("IPS Securex") saw a 115.1% revenue increase to S\$19.3 million in FY2020 ended 30 June 2020. This is due to a large increase of 409.3% of the security solutions business, attributed to the sale of security products, and offset by a decrease in their maintenance and leasing business. The Group was able to continue its business as usual during circuit breaker as security and facilities management were under the scope of "essential services". The bulk of expenses came from administrative expenses, which stayed relatively constant at S\$5.4 million, taking a lower percentage off gross profit. With a further S\$0.3 million government grants and subsidies, the Group saw a turnaround from previous net loss to a S\$2.3 million NPAT in FY2020.

3. QTV looking to acquire Tengri Coal and Energy in S\$1b reverse takeover

Catalist-listed medtech company QT Vascular Ltd. ("QTV") is disposing off all its assets and liabilities to become a shell company, as part of conditions required to inject in Mongolian mining and energy group. QTV is looking to acquire the entire interest in Tengri Coal and Energy ("TCE"). The acquisition, with a quantum of S\$1 billion in cash and new shares, is expected to result in a reverse takeover of QTV. QTV's board of directors said the RTO will give the company "a new lease of life" and could potentially increase its market capitalisation. Target Group TCE's wholly-owned operating entities are Tengri Petrochemicals, which holds mining licences issued to mine coal deposits in Mongolia, and Tsaidam Energy, which holds licences to construct power plants and energy facilities. The board believes that QTV will be able to venture into a new business area in the coal and energy industry in Mongolia, which has potential for growth and "significant potential upside". QTV saw shares rise 112% post announcement.

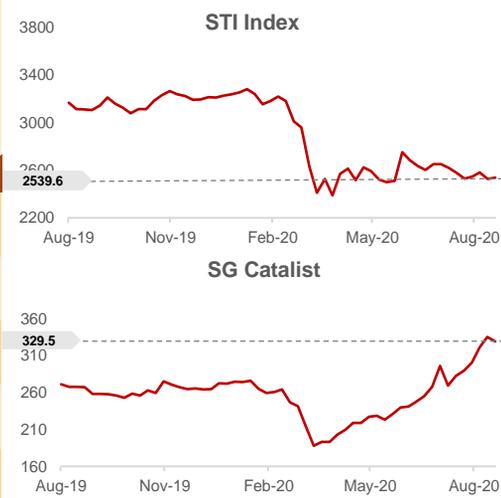
4. Boldtek Holdings entered into Joint Venture with Neo Group

Catalist-listed companies Boldtek Holdings Limited ("Boldtek") and Neo Group Limited ("Neo Group") announced a joint venture agreement ("JVA") on 28 August 2020. Under the JVA, the parties intend to establish a joint venture company to carry out the business of property development, property investment and property management. Upon satisfaction of precedent conditions of the agreement, both parties will subscribe to equal number of new shares in the joint venture company (or 50%-50% each), amounting to a capital of S\$1,000,000 divided into 1,000,000 shares. The joint venture seeks to increase revenue streams and leverage of business networks and resources of each other.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	2539.6	▲ 19.8	▲ 0.8%	▲ 0.4%	▼ 21.2%
SG Mid Cap	649.5	▲ 2.1	▲ 0.3%	▲ 0.8%	▼ 14.4%
SG Catalist	329.5	▼ 0.4	▼ 0.1%	▼ 1.7%	▲ 21.0%
SG Small Cap	292.0	▲ 0.1	▲ 0.0%	▲ 0.2%	▼ 17.9%

Price Chart



Capital Market News

MAS expected to keep currency policy settings as status quo despite inflation slide

Monetary Authority of Singapore ("MAS") is expected to leave its currency policy settings untouched at the next review in October despite core inflation touching a decade low. This means that MAS will likely maintain the slope, width and centre of the policy band for the Singapore dollar nominal effective exchange rate (S\$NEER). All-items and core inflation came in at -0.4% in July. If external demand and the domestic labour market continue to languish, there will be rising risks to the base-case scenario of a zero-slope currency policy, even as deflation is expected to bottom out this quarter. Even though the domestic economy is expected to be subdued for the rest of 2020, it is expected that fiscal policy will still be the heavy-lifter if further economic stimulus is required, an OCBC currency strategist commented. However, two Citi analysts opposed that fiscal support is also likely to trail off as a new term of government seeks to balance its budget. MAS and MTI kept their full-year inflation forecasts at between -1% and 0%, for both headline and core inflation.

SGX RegCo open to virtual general meeting

Singapore Exchange Regulation ("SGX RegCo") is open to allowing virtual platforms that support live voting and live questions, replacing physical general meetings. But such platforms must be able to stand up against legal challenges on identities of attendees and voters, and the accuracy of votes cast. According to CEO Tan Boon Gin, shareholders were not keen on virtual meetings in the past. However amid the COVID-19 health and safety concerns and the challenges faced in holding physical meetings, shareholders are more open to it. Amidst the pandemic, the regulator has to balance between the company's interest in getting on with its business as well as shareholders' rights to participate in these meetings. The framework in place needs to ensure shareholders are protected in the form of access, questions and voting.