

STI In A Snapshot

The STI closed Friday lower at 2509.64, down 1.2% or 29.99 points for the week. The market was largely volatile amid increasing geopolitical tensions and a US tech sector selloff, which is a correction that many had been waiting for.

The STI started the week positively, with investors seeking comfort in the Fed's policy move. However, mood quickly swung following concerns over the US and China tension and the uncertainty over Japanese Prime Minister Shinzo Abe's shock resignation. Further, concerns over growing protectionist calls in the Republic also weighed on sentiment. Come mid-week, investors sought some solace as STI increased, tracking the high US tech valuations before the market took a fast turn once again when China and India's escalating tensions jeopardised markets even further. The market retreated further following the technology sector selloff which marked a turnaround for the months-long strong tech sector momentum as cautious investors took profit. Looking ahead, investors will be keeping tabs on the agreement on a new stimulus package in the US and also the China-US tensions.

Year-to-date, the STI is down 22.1%.

Week Ahead: 7 September August – 11 September 2020

| Day | Events |
|--------------|--|
| Mon (7 Sep) | GE Industrial Production, SG Foreign Reserves (USD), CN Trade Balance |
| Tue (8 Sep) | UK BRC Retail Sales, JP Household Spending, JP GDP, GE Trade Balance, EU GDP |
| Wed (9 Sep) | CN CPI, CN PPI, US JOLTs Job Openings, CA BoC Interest Rate Decision |
| Thu (10 Sep) | EU Deposit Facility Rate, EU ECB Interest Rate Decision, US PPI, US Initial Jobless Claims, US Crude Oil Inventories |
| Fri (11 Sep) | JP PPI, UK Manufacturing Production, UK GDP, US CPI, EU ECB President Speaks, |

Company News

1. Kitchen Culture reported a 38.9% increase in revenue

Catalist-listed residential projects and household retail company Kitchen Culture Holdings Limited ("Kitchen Culture") saw a 38.9% increase of revenue YoY to S\$15.4 million in FY2020 ending 30 June. The increase in revenue came from Singapore and Hongkong, whereas Malaysia and China markets faced a decline. Residential projects segment jumped 202.0% due to commencement of 5 projects, and accounted for 61.6% of the total revenue. The distribution and retail segment saw a decrease of 25.5% in sales as a result of COVID-19 which affected operations. As a whole, net loss for owners of the company lies at S\$5.0 million in FY2020. The management expect revenue growth to be modest for the next twelve months with the economic uncertainty.

2. Aspen Glove to complete manufacturing facility in March 2021

Catalist-listed property developer Aspen Group Holdings Limited ("Aspen") announced that its wholly-owned subsidiary had entered into a joint venture with CMY Capital Sdn. Bhd. To manufacture and distribute rubber gloves. Named Aspen Glove Sdn. Bhd. ("Aspen Glove"), the new venture will focus on the manufacturing of latex and nitrile gloves for the medical industry and industrial use. The proposed new business is part of the Group's corporate strategy to diversify for long-term growth, by adding to the Group's new revenue and earning streams which the Group believes will enhance shareholders' value. With the increasing demand of gloves exceeding the global supply currently, the Group, having its main operations in Malaysia, has the opportunity to tap into the readily available infrastructure and resources required for the new business to capitalise on the demand.

3. Trendlines invested in four more portfolio companies

Catalist-listed medical technology incubator The Trendlines Group Ltd. ("Trendlines") announced that four more portfolio companies were added to their list of investments. Namely, 1. Arcuro Medical, which has developed SuperBall, the first knotless meniscus repair system. Arcuro's novel technique enables the entire procedure to be performed inside the joint space to preserve functionality and repairs hard to reach areas; 2. FruitSpec, which brings accuracy to fruit yield estimation through the use of hyperspectral machine vision technology; 3. ProArc Medical, which has developed the ClearRing™, a prostatic reshaping device designed to treat lower urinary tract symptoms due to enlarged prostate; and 4. Phytolon, which seeks to bring industrially produced natural, high-quality food-colorants to the market in a cost-effective manner benefitting human health and environmental sustainability.

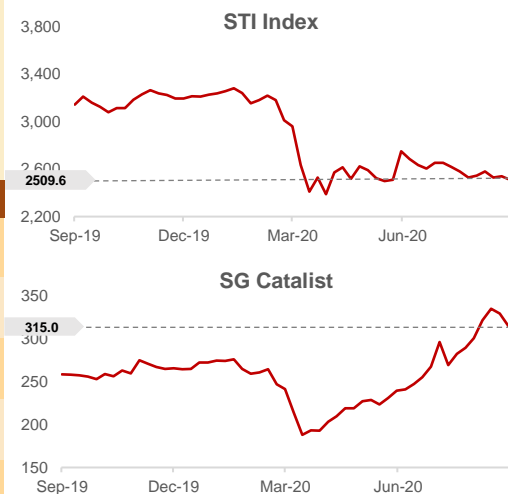
4. Centurion secured tender for four new foreign worker dormitories

Property developer and manager Centurion Corporation Limited ("Centurion") secured a tender by Jurong Town Corporation to lease and manage up to 6,400 beds in four new foreign workers dormitories in Singapore. The dormitories are among the new Quick Build Dormitories ("QBDs") whose development was announced by the Singapore Government in June 2020, which are expected to have a total capacity of 25,000 beds. The QBDs will be introduced alongside other short- to medium-term arrangements to develop about 60,000 beds for migrant workers in Singapore. The award for the four dormitories is for a lease term of three years, with an option to extend for an additional year.

Market Snapshot

| Symbol | Price | Change | 1D % Change | 5D % Change | YTD % Change |
|--------------|--------|--------|-------------|-------------|--------------|
| STI | 2509.6 | ▼ 22.2 | ▼ 0.9% | ▼ 1.2% | ▼ 22.1% |
| SG Mid Cap | 651.1 | ▼ 2.6 | ▼ 0.4% | ▲ 0.2% | ▼ 14.1% |
| SG Catalist | 315.0 | ▲ 5.7 | ▲ 1.8% | ▼ 4.4% | ▲ 15.6% |
| SG Small Cap | 293.1 | ▼ 1.5 | ▼ 0.5% | ▲ 0.4% | ▼ 17.6% |

Price Chart



Capital Market News

MOU signed to promote connectivity between Singapore and China's capital markets

The Singapore Exchange ("SGX") had signed a memorandum of understanding ("MOU") with Chinese securities brokerage house GF Securities Corporation to promote greater connectivity between Singapore and China's capital markets. The two parties will expand GF Securities' reach and services in Singapore and the region including building on its existing distribution of SGX's derivatives products, such as yuan futures, and facilitating access to the Singapore securities market. GF Securities will raise awareness of multi-asset investment opportunities in both markets, in particular SGX-listed REITs and fixed income products. He added that the collaboration paves the way for GF Securities' clients to access SGX's range of investment products and opportunities, enhancing capital flows between China and Singapore and that stronger financial connectivity between China and Singapore enables Chinese enterprises and investors branching out overseas and also introduces yuan assets to global investors.

MAS to introduce new SGD funding facility for banks, boosting liquidity

The Monetary Authority of Singapore ("MAS") announced that it will be taking steps to boost Singapore dollar (SGD) and US dollar (USD) funding for banks, in efforts to promote more stable funding conditions and to strengthen the sector's resilience. One of the measures is a new MAS SGD Term Facility which will be introduced to provide banks and finance companies an additional channel to borrow SGD funds at longer tenors and with more forms of collateral. In addition, domestic systemically important banks (D-SIBs) incorporated in Singapore will be able to pledge eligible residential property loans as collateral at the MAS SGD Term Facility. Lastly, MAS will also raise the asset encumbrance limit imposed on locally-incorporated banks under the Banking Act to 10% of a bank's total assets, up from the current limit of 4%.