

STI In A Snapshot

The STI closed Friday lower at 2490.09, down 0.8% or 19.55 points for the week. Market sentiment for the week was mostly negative with many investors adopting the wait-and-see approach as Wall Street saw further losses as technology sector sell-off continued.

The STI started the week down spooked by the continued sell-off in US tech stocks. Decline was exacerbated by decrease of oil prices to June levels. The prolonged US tech sell-off further extended losses while major drug-maker AstraZeneca's pause in COVID-19 vaccine trials also dashed hopes. The STI rebounded briefly as some large US technology companies came back on the upswing in the midweek. However, it was short-lived as STI continued to dip following a renewed rout in US mega-cap tech shares. Globally, investors remained cautious for fear of equities market correcting further and the escalating risks of a US-China tech war. Looking ahead, the market is expected to experience more volatility as quadruple witching day for the US markets is set to take place at the end of the week.

Year-to-date, the STI is down 22.7%.

Week Ahead: 14 September – 18 September 2020

Day	Key Events
Mon (14 Sep)	JP Industrial Production, JP Tertiary Industry Activity Index, CN FDI, EU Industrial Production, US OPEC Monthly Report
Tue (15 Sep)	US Treasury Department Report, CN Industrial Production, CN Unemployment Rate, SG Unemployment Rate, IEA Monthly Report, AU RBA Meeting Minutes, US Industrial Production
Wed (16 Sep)	US Crude Oil Inventories, JP Trade Balance, GB CPI, EU Trade Balance, US Retail Sales, CA CPI
Thu (17 Sep)	US FOMC Statement, JP BoJ Interest Rate Decision, EU CPI, GB BoE Interest Rate Decision Top Glove (FY)
Fri (18 Sep)	JP National CPI, GB Retail Sales, EU Current Account, CA Core Retail Sales, US Michigan Consumer Sentiment, US Leading Index

Company News

1. UG Healthcare started work to set up third manufacturing facility in Malaysia

Catalist-listed glove manufacturer UG Healthcare Corporation Limited ("UG Healthcare") acquired UG Engineering, which owns a property in Seremban, Negeri Sembilan, Malaysia that is strategically located within close vicinity of the Group's two existing manufacturing plants. UG Engineering purchased the property for S\$1.65 million, which represents 3.8% of the Group's latest audited net tangible assets. UG Healthcare has started work on the new manufacturing facility and is expected to be completed by June 2021. It is expected to boost UG Healthcare's production capacity by 1.2 billion pieces of gloves per annum, a 59% increase from the current capacity of 2.9 billion pieces of gloves per annum.

2. Reclaims Global reported 1HFY21 earnings

Catalist-listed construction service provider Reclaims Global Limited ("Reclaims Global") reported a positive profit of S\$59,000, down 86.9% YoY. This is in line with the lower revenue of S\$8.24 million, which was down 45.7% YoY. The decrease was mainly as a result of suspension of most of the construction activities during the Circuit Breaker period in Singapore, as well as other COVID-19 safety measures for the construction sector. Other gains increased by S\$0.2 million or 48.1% to S\$0.7 million mainly due to the grants received from the Singapore Government's Jobs Support Scheme and foreign worker levy rebate which provided wage support. With gradual easing in second half of 2020, the Group is cautiously optimistic that operations would continue to resume progressively.

3. Alliance Healthcare and DBS signed collaboration agreement

Catalist-listed healthcare company Alliance Healthcare Group ("Alliance Healthcare") signed an agreement with DBS Bank to collaborate on joint marketing activities. Under the collaboration agreement, Alliance Healthcare will initially provide a health and wellness programme known as the "Allycare Programme" to customers of DBS who purchase an insurance policy. The AllyCare Programme is delivered through HeyAlly, Alliance's proprietary digital health app. The app provides users access to services such as on-demand tele-medical advisory, second opinion and a comprehensive panel of medical services. It also comes with an online store which provides access to a range of healthcare and wellness solutions. Alliance Healthcare believes that both parties will be able to leverage each other's expertise to deliver cost-effective outpatient healthcare management solutions to customers.

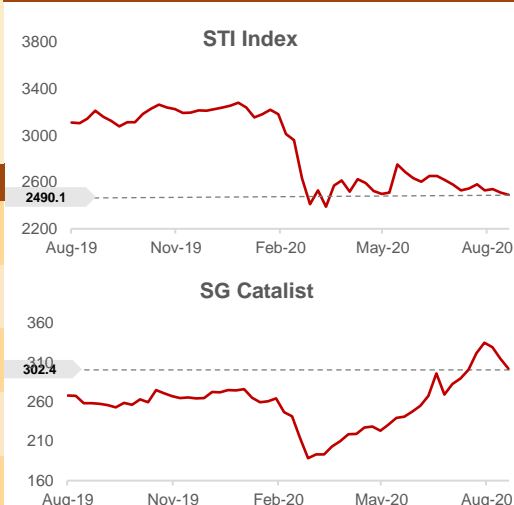
4. Lifebrandz incorporated two wholly-owned subsidiaries

Catalist-listed brand development and management company Lifebrandz Limited ("Lifebrandz") announced the incorporation of two wholly-owned subsidiaries, namely SYNC Co. Ltd and LB KOH Co. Ltd with a paid-up share capital of JPY 10,000 (approx. S\$ 120) comprising 100 ordinary shares respectively in Tokyo, Japan under LB F&B Pte. Ltd. The principal activities of the new subsidiaries are in restaurant operations, restaurant management and consultancy services, the import, export, trading and online sales of seasoning and food and other businesses related to the foregoing business activities. The new subsidiaries have been incorporated to facilitate the Group's entrance into affordable and family friendly Japanese-style barbecue restaurant operations. The incorporation of subsidiaries is funded by the Group's internal resources.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	2490.1	▼ 2.00	▼ 0.1%	▼ 0.8%	▼ 22.7%
SG Mid Cap	650.9	▼ 0.91	▼ 0.1%	▼ 0.0%	▼ 14.2%
SG Catalist	302.4	▲ 5.25	▲ 1.8%	▼ 4.0%	▲ 11.0%
SG Small Cap	290.3	▲ 1.02	▲ 0.4%	▼ -0.9%	▼ 18.3%

Price Chart



Capital Market News

MAS to step up on supervisory engagement to ensure smooth transition to Sora by end-2021

The Monetary Authority of Singapore ("MAS") will be stepping up supervisory engagement to ensure that banks are well prepared to transition from Swap Offer Rate (SOR) to the Singapore Overnight Rate Average (Sora) by the end of 2021. This is on the back of the discontinuation of the London Interbank Offered Rate (Libor) at end-2021. Sora was selected as the new interest rate benchmark as it was found to be the "most robust and suitable alternative", underpinned by a deep and liquid overnight funding market. To encourage market participants to shift to Sora-based market, MAS will expand its inaugural S\$500 million SORA floating-rate notes through increasing the issuance sizes and lengthening the range of tenors. Banks which do not keep pace with industry transition timelines potentially expose themselves to additional market, liquidity, operational, technology and legal risk, and can expect to have more "intensive supervisory engagement" at the senior management level.

Succession plans at financial institutions part of new accountability guidelines

The Monetary Authority of Singapore ("MAS") state that financial institutions should have a succession plan that is "regularly reviewed and updated". MAS set out guidelines on individual accountability and conduct ("IAC"), which states that such a plan must identify potential candidates in the pipeline, and set out appropriate handover policies and procedures to smoothen transitions to the senior management team. These IAC guidelines will apply in full to all financial institutions unless exempted, or if there is a headcount of fewer than 50. This set of guidelines is aimed to ensure sound corporate culture and conduct, as well as prudent risk-taking behaviour. Such plans foster "well-planned and executed" leadership transitions, minimising potential disruptions to operations while keeping internal controls effective. MAS further states that the time horizon for succession planning will depend on each financial institution's business.