

Market Moves

The market was buoyed by a slew of upbeat economic releases. Besides strong SG 1Q GDP and trade data, record-beating showings from China and the US also boosted confidence. US 10Y yield fell to 1.58% from 1.67% in the previous week also raised the appeal of equities.

The US banks kicked off 1Q earnings reporting season with net profit lifted by write back of provisions for credit loss. DBS will lead the local banks' 1Q results reporting on 30 April. The market is hopeful that credit provisions might be reduced or even reversed.

GRAB's impending NASDAQ listing via a SPAC merger was the talk of the town. Priced at pro-forma equity value of US\$39.6bn and enterprise value (EV) of US\$31.3bn, it is valued at EV/net revenue of 10x for FY22 and 7x for FY23, comparable with listed peers' 10x and 8x respectively. EBITDA is projected to turn around in FY23 at US\$0.5bn. It is reported that GRAB will seek a secondary listing on SGX. Singtel, GRAB's partner for SG digital-banking, gained 4.9%.

Coinbase Global's direct listing on NASDAQ encapsulates the frenzy over crypto-currency. Its market cap of US\$86bn tops HKEX's US\$76bn and ICE's US\$68bn.

Analysts' Notes

Choo Chiang Holdings Ltd (BBG: CCHL)

Rising copper price (+22.1% YTD) could lift FY21 sales and margin to above FY19's. CCHL is a major distributor and stockist of electrical equipment and hardware of more than 40,000 items. Copper electrical cables account for ~20% of sales. Demand has picked up with more home improvement and renovation works. ~50% of its sales are cash sales. CCHL is less reliant on project sales, where selling prices are typically locked-in and credit are extended. Project sales account for only ~12% of sales. At S\$0.23, it is priced at 1x P/B. Net cash and investment property make up 56% of book value. (Peggy Mak)

International Cement Group Ltd (BBG: ICG) Target price: S\$0.089 | Latest report

ICG entered into a sale and purchase agreement to acquire a 60% stake of a cement plant and its related assets in Eastern Kazakhstan for ~S\$22.1 million. The plant will lift total cement capacity by 1m tonnes to 4m. We expect some refurbishment works to be done after the expected completion in May. Given that 4Q is a typical lull quarter due to the cold temperature, we do not expect the plant to contribute significantly to FY2021 profit. ICG is trading at 35.6x FY20 PE and 1.7 P/B. (Lam Wang Kwan)

March's new private home sales reached 1,296 units, doubling that in Feb (645 units) and Mar 20 (660 units). The strong demand is underpinned by: 1) long waiting period for new HDB BTO flat (about 5 years); 2) low mortgage rates of about 1.5%; 3) high household savings rate; 4) larger number of HDB flats that reached the 5-year minimum occupancy period and are no longer under sale moratorium; and 5) concerns over possible cooling measures that might reduce affordability. The strong transaction volumes would translate into higher earnings for the property agencies, such as PropNex and APAC Realty, in the following 3 to 6 months when the sale transactions are completed. We are, however, cautious on the developers. In addition to higher costs for building material and manpower, delay in construction work would weigh on cash flow. They would also need to replenish depleting landbank. (Peggy Mak)

Company News

Livingstone Health Holdings Limited (BBG: LHH) signed MoU to provide consultancy services for potential healthcare EPC projects. It entered into MOU with HK-listed China Machinery Engineering Corporation and Singapore-based CPG Consultants to evaluate project collaboration opportunities in integrated healthcare infrastructure projects in Southeast Asia and South Asia. Livingstone Health had completed a similar consultancy project in Cambodia in Nov 2019. The group also announced the appointment of its first in-market representative in Vietnam, who will serve as a conduit for patients seeking specialised treatment in Singapore. LHH plans to add such representatives in Indonesia and Cambodia in the next 12 months.

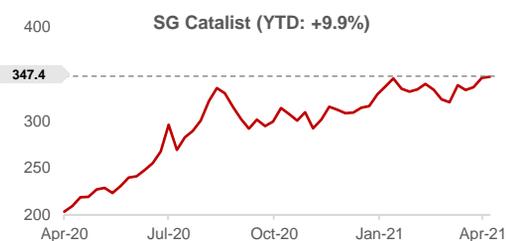
Medi Lifestyle Limited (BBG: IEV) completed placement to raise S\$0.5m. It placed 19.7m new shares at S\$0.0254 each to DFI Holdings (M) Sdn Bhd. DFI will hold a 3.84% stake. Medi Lifestyle currently has 2 postpartum care centres in Malaysia and 1 in Singapore (under development), as well as 1 chiropractic and physiology centre in Malaysia.

Miyoshi Limited (BBG: MIYO) turned profitable in 1HFY21 ended Feb 21. Net profit of S\$0.7m (1HFY20: loss S\$1.0m) was lifted by S\$0.8m from insurance claim for a fire incident at the Philippines plant. Revenue fell 15.3% to S\$23.6m. Higher sales in the automotive segment were more than offset by weaker demand from consumer electronics. Disruption from the fire caused sales of data storage components to slump by 69.3% to S\$1.8m.

Abundance International Limited (BBG: ADI) subscribed for shares in Jiangsu Sopo Chemical. Abundance acquired a 0.31% stake in SSE-listed Jiangsu Sopo Chemical Co., Ltd for RMB30m. This is equivalent to ~18.6% of Abundance's market cap. This acquisition will increase Abundance's net loss by ~0.2%. Jiangsu Sopo is a major supplier of acetic acid to the Group.

Scorecard

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3201.8	▲17.0	▲0.5%	▲0.5%	▲12.6%
SG Mid Cap	770.5	▲1.2	▲0.2%	▲0.6%	▲10.6%
SG Catalist	347.4	▼1.3	▼0.4%	▲0.3%	▲9.9%
SG Small Cap	328.0	▲0.3	▲0.1%	▲0.2%	▲8.7%



Macro Views

SG 1Q GDP estimates (+0.2% yoy, 2.0% qoq) surpassed pre-COVID level in 1Q19, driven by the manufacturing (7.5%) and infocomm and finance sectors (3.7%). This is the third quarterly rise in output, reflecting continued pick-up in construction activities (+8.4% qoq) and wholesale & retail trades and transportation (+0.9% qoq). However, construction output is still down 20.2% yoy, constrained by curbs in place to prevent virus spread. Food services and hospitality sectors fell 1.4% qoq after 2 quarters of gains. These sectors will see meaningful recovery only when border controls are lifted. MTI guided full year GDP might exceed the top end of its 4 – 6% estimate.

MAS expects core inflation for 2021 to rise marginally to 0 – 1%, but stay well below its long-term average. MAS has therefore kept the strength of the S\$ intact. A stronger S\$ helps ease imported inflation but hurts export competitiveness.

SG Non-Oil Domestic Exports (NODX) surged 12.1% yoy in March. This was led by semiconductors (+19.2% yoy), pharmaceuticals (+25.5% yoy) and petrochemicals (+51.4%). Semiconductors made up about half of electronics exports. March imports rose 17.9% yoy (Feb: -4.6%), pointing to continued strong export growth in the next few months. For 1Q2021, NODX rose 9.7%. We believe Enterprise Singapore is likely to raise its FY21 growth projection of 0 – 2%.

US March Retail Sales leaped 27.7% yoy (Feb: +6.7%) and 9.8% mom (Feb: -2.7%). Re-opening of businesses, snow storm in Texas in Feb, and the handouts from the US\$1.9tn stimulus bills to households have contributed to the jump.

China 1Q GDP advanced 18.3% yoy (4Q20: +6.5% yoy). This was compared with an extremely low base in 1Q20, when GDP fell 6.8% in the midst of COVID lockdowns. China has been able to gain market share while other developing countries are still battling the virus outbreak.