

View this email in your browser



---

## SG Weekly (10 June 2021 - 16 June 2021)

---

### Market Moves

Minister for Finance Lawrence Wong's downbeat note on a review of next week's relaxation measures have cast a pall over the market. Restaurants and food court operators face the brunt if dine-in is pushed back. Since the onset of the pandemic, besides a pivot towards e-commerce, there is also an increased trend of cooking at home. To capitalize on this, business models of internet companies are diversifying from mobility to food delivery, and now to grocery shopping. Some apps source products directly from suppliers, posing a threat to traditional supermarkets.

SIA reported 16.2% and 4.2% mom increase in passenger and cargo load in May respectively. Passenger load factor gained 0.6 ppt mom to 14.3%. Cargo load factor remained elevated, though -4.4 ppt at 87.7%, due to 9.5% capacity added. Strong cargo load demand came from East Asia, and West Asia and Africa. SIA's S\$6.2bn Mandatory Convertible Bonds are expected to be issued on 24 June.

Population Census 2020 shown that Singapore's population grew by 1.1% per year over the last 10 years. Total population fell 0.3% in year 2020 (the last yoy decline was in 1986). But this could be a blip. COVID-fuelled job losses and return to hometowns saw the departures of permanent residents (-0.8%) and expatriates (-2.1%). This was also experienced in other North Asian countries. Hong Kong and Taiwan also reported

### Analysts' Notes

**Private home sales dropped 29.7% MoM in May, to 891 units excluding executive condominiums.** This was still 83% higher than May last year. The fall in sales comes amid the P2HA measures which started on May 16 that restricted show flat viewings. However, this year, with more preparedness for property agents to move showings online, level of sales was not as bad as last year during Circuit Breaker. The decrease in sales though, shows that buyers still prefer physical viewings. We believe June sales may again be flat from May, as the MTF announced on Wednesday the review of the second step of P3HA after the rise in number of community cases. If restrictions get further eased after June, it is likely to see a growth in sales, driven by more launches and also pent-up demand. *(Lim Li Jun Tracy)*

An ageing population implies a higher dependency ratio and increased healthcare costs. The older generation also tends to save more, putting pressure on the economy. Countries in SE Asia such as Indonesia and Vietnam, with a relatively large and young population, have the competitive edge. A telling move is McDonald's and S Korea boy band BTS chose Malaysia and Indonesia as the first 2 countries to launch the McDonald's BTS meal. As COVID retreats, we expect strong rebound in GDP for Indonesia, Philippines and Thailand.

Post COVID re-opening, healthcare and food security would be prominent investment themes, in our view.

### Macro Views

**Singapore's population growth slowed to 1.1% per year in the last decade, from 2.5% the decade before.** In 2020, Singapore's total population was 5.69 million, of which, 62% are citizens. This was up from 5.08 million in 2010. Median age of residents rose to 41.5 in 2020 from 37.4 in 2010. In order to support the economy with required skillsets, Minister Indranee Rajah noted the need to supplement population with some immigration.

**US retail sales fell in May (-1.3%),** which suggests shift in demand from goods to services as the economy further reopens. The total value of retail sales was US\$620.2 billion in May, above the US\$526 billion figure in Feb 2020, before the pandemic. Demand for goods in the past year had been lifted by fiscal stimulus. It is expected that the rise in consumer spending will moderate as unemployment benefits expire, and as stimulus checks are being spent.

**SG supply of private housing will rise under H2 2021 Government Land Sales programme.**

### Company News

**OTS Holdings debut on SGX Catalist on 17 Jun at 30.4% above IPO price.** Food manufacturing group OTS Holdings, known for its brands Golden Bridge and Kelly's, commenced trading on SGX Catalist, and opened at S\$0.30, 30.4% premium to IPO price of S\$0.23 per share. The 1m public offer tranche was 233.6x subscribed, and the 40m placement shares were 2.8x subscribed. Overall subscription rate was 2.8x. Based on IPO price of S\$0.23 and post-invitation share capital of 214m, OTS' market cap will be S\$49.2m. OTS Holdings is the second listing on the Catalist board this year.

**Ecovise Holdings Limited (BBG: ECW) reported 4x rise in net profit from S\$0.4m to S\$1.6m in 1HFY21 ended 30 April.** This was on the back of a 2.6% yoy increase in revenue to S\$23.7m, higher other income (S\$1.5m from disposal of subsidiary), and lower administrative expenses (-S\$0.3m to S\$3.0m due to lower manpower cost). Revenue inched higher with 12.1% increase in resource recovery segment to S\$19.9m, and the Group expects stable

a 25% jump on the 1,605 units in the H1 2021. The reserve list includes 6 residential sites, which could yield another 4,860 units. This could ease some supply crunch in the market, after the drop in number of unsold private homes.

**Singapore's push for electric vehicles is attracting companies to tap into the ecosystem.** Fitch Solutions forecasts EV sales in Singapore to grow at an average of 40% yoy over 2022-2030 to reach a penetration rate of about 10% of total vehicle sales. BT reported that local manufacturing firms are looking to tap into the industry, and sectors such as semiconductor, ICT, renewable energy, EV charging can benefit from the shift to electric vehicles.

**SG used car marketplace Carro is setting eyes on Nasdaq IPO in the next 18 to 24 months.** Carro has raised US\$360 million in Series C funding led by SoftBank Vision Fund 2, giving it a valuation of more than US\$1 billion. Revenue was S\$117.8m and S\$300m in FY20 and FY21 respectively. Operating loss for FY20 was flat at S\$4.9m, but net loss deepened to S\$5.2m from S\$3.1m. Founder Mr Aaron Tan indicated listing might take place when it achieve positive EBITDA and high growth rate.

continue. Revenue was dragged down by both renewable energy (-S\$1.4m) and integrated environmental management solutions (-S\$0.2m) segments. Overall gross margin was slightly down, from 18.8% to 18.3%.

**Ntegrator International Ltd (BBG: NTEG) secured two contracts totaling approximately S\$2.43 million from a leading telecommunications network service provider.** Both contracts have commenced in June 2021 and will span 18 months. They involve the supply, installation and maintenance services for cables and pipes. These contract wins follow the previous contract awarded in February 2021 worth approximately S\$6.1 million from a repeat customer. The Group commented that as Vietnam seeks to expedite its 5G adoption and Myanmar pushes towards a digital economy, Ntegrator aims to build their orderbook.

**Don Agro International Limited (BBG: DAG) announced the adoption of AI-powered autonomous driving technology to enhance crop harvesting capabilities.** With the adoption of Cognitive Agro Pilot, DAG expects total daily output will increase, as focus for workers now shifts towards more productive and higher value-added tasks. The AI-powered system will also give a better estimation of the geometry of crop edges to precisely control movement of harvester, which can improve harvesting efficiency. Other benefits include better fuel efficiency and collision avoidance.



[Subscribe](#)

[Past Issues](#)

[Translate](#) ▼

Want to change how you receive these emails?

You can [update your preferences](#) or [unsubscribe from this list](#).