SG Market Weekly Update
22 February – 26 February 2021

STI In A Snapshot

The STI closed Friday higher at 2949.04, up 2.4% or 68.40 points for the week. Markets rose as the Federal Reserve announced it would not hike interest rates yet, but gains were limited as investors globally continued to take profit as inflation fears deepen.

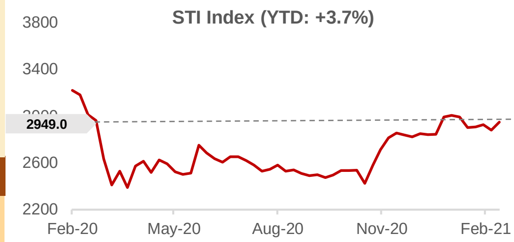
The Singapore markets opened slightly positive on Monday after a volatile week in Wall Street. The STI quickly retreated on Tuesday as higher yields on 10-year Treasury notes caused fears of higher inflation and interest rates in the US. Some losses were reversed as the Federal Reserve pledged to keep interest rates low for now. Singapore markets continued to rise, tracking Wall Street with the progress on Covid-19 vaccines. However, Singapore and the regional markets ended Friday in the red, tracking the Wall Street technology shares sell-off as rising US Treasury bond yield deepened inflation fears. Overall, investors continue to weigh optimism over coronavirus vaccines and economic stimulus with inflation worries.

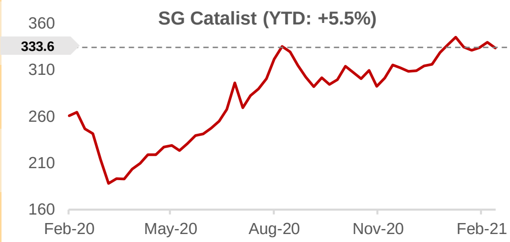
Year-to-date, the STI is up 3.7%.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	2949.0	▼ 24.5	▼ 0.8%	▲ 2.4%	▲ 3.7%
SG Mid Cap	716.9	▼ 2.2	▼ 0.3%	▲ 0.7%	▲ 2.9%
SG Catalist	333.6	▼ 3.3	▼ 1.0%	▼ 1.8%	▲ 5.5%
SG Small Cap	302.1	▼ 2.8	▼ 0.9%	▼ 2.4%	▲ 0.1%

Singapore Indices





Week Ahead: 1 March – 5 March 2021

Mon (1 Mar)	CN Caixin Manufacturing PMI, GB Manufacturing PMI, US ISM Manufacturing PMI Asian Pay TV Tr (FY), Hotel Royal (FY), Lippo Malls Tr (FY), Uni-Asia Group (FY)
Tue (2 Mar)	JP Unemployment Rate, EUR CPI, SG Manufacturing PMI, US ISM NY Business Conditions
Wed (3 Mar)	CN Caixin Services PMI, US Markit Composite PMI, US Services PMI, US ISM Non-Mfg PMI
Thu (4 Mar)	GB Construction PMI, US Nonfarm Productivity, US Unit Labor Costs, US Factory Orders
Fri (5 Mar)	SG Retail Sales, US Nonfarm Payrolls, US Trade Balance, US Unemployment Rate

Company News

1. Maxi-Cash posted 97.3% yoy increase in net profit in FY2020

Catalist-listed pawnbroker Maxi-Cash Financial Services Corporation Ltd. ("**Maxi-Cash**") recorded a 97.3% increase in net profit attributable to owners of the company, from S$14.8 million to S$29.3 million in FY2020. This came on the back of the increase in revenue by 20.3% to S$262.8 million, mainly due to higher revenue from the retail and trading of jewellery and branded merchandise, partially offset by their pawnbroking business and secured lending business. Maxi-Cash also enjoyed higher rental income from their newly acquired properties. Higher other income in FY2020 was mainly related to the rental rebates from landlords government grants. Management indicated that Covid-19 may still continue to impact supply chains and cause volatile prices of gold. The Group commented they would continue to leverage on its branding, store network, innovation and staff training to further improve the efficiency of delivery of its products and services.

2. Starburst turned profitable with 135.5% increase in revenue

Catalist-listed firearms company Starburst Holdings Limited ("**Starburst**") reported a 135.5% increase in revenue to S$21.8 million in FY2020 with their contracts on hand. This led to a turnaround from a net loss of S$2.4 million in FY2019 to net profit of S$9.1 million in FY2020. The increase in revenue was mainly derived from two tactical training mock-up projects and a firearm shooting range project in Southeast Asia, and a firearm shooting range project in the Middle East. Separately, Starburst also announced that Starburst Engineering Pte Ltd, its wholly-owned subsidiary had been awarded two contracts of approximately S$9.7 million in aggregate value for maintenance services in Southeast Asia. Both Contracts have a base contract period of 3 years and an option to renew by mutual agreement for an additional 3 years ending December 2026 and February 2027 respectively.

3. MegaChem reported a 33.4% yoy increase in net profit in FY2020

Catalist-listed chemical solutions provider, MegaChem Ltd ("**MegaChem**") reported a 33.4% increase in net profit attributed to equity holders of the company yoy, to S$5.1 million in FY2020. This was despite a 7.5% yoy decline in revenue to S$105.2 million. Sales from distribution segment decreased by S$8.3 million or 7.5% while sales from manufacturing segment declined by S$0.3 million or 7.4%. Profit was supported by other income which increased by S$1.4 million mainly due to higher government grants of S$1.1 million. Management commented that their strategy for 2021 would be to build an Asia-centric market by deepening their presence in high-growth industries and continuing to maintain a diversified business model.

4. KTMG improved margins to post net profit in FY2020

Catalist-listed textile manufacturer KTMG Limited ("**KTMG**") turned profitable in FY2020, posting a S$3.1 million in net profit. This was a reversal from a S$1.9 million net loss in FY2019. FY2020 saw a 18.9% revenue decline to S$71.0 million due to the pandemic which led to lower sales and heightened government measures. Despite that, the higher margins resulted in reversal of net loss from a year ago due to effective cost control measures from their textile manufacturing facility. Year on year, KTMG's gross profit margin increased by 3.2 percentage points from 15.4% in FY2019 to 18.6% in FY2020.

Capital Market News

MC Payment makes debut on SGX Catalist

Digital payments services firm MC Payment made its Catalist debut on 22 February 2021 through the completion of the reverse takeover of Artivision Technologies. MC Payment's shares opened 2.7% or 1.5 Singapore cents higher at 57 cents on Monday. Being the first digital payments services firm on SGX, MC Payment provides merchant payment services and digital commerce-enabling services, with a focus on servicing customers who are merchants in the retail, transportation and food and beverage industries. The company operates in Singapore, Malaysia, Indonesia and Thailand, with plans to expand to other countries in the region. MC Payment chief executive Anthony Koh said that the firm sees bright prospects with the rise of e-commerce, digitalisation, access to 5G technology and growth in blockchain and artificial intelligence. The growth trajectory of Southeast Asia's digital consumer population growth serve as future opportunities for the company.

Singapore H1 2021 factory output expected to be supported by global chip shortage

According to the Economic Development Board ("**EDB**"), industrial production rose by 8.6% year on year in January, higher than the median forecast of 3.6% in a Bloomberg poll. The electronics cluster soared by 19.8% from semiconductor segment. The growth in chip output was attributed by the EDB to demand from cloud services, automotive and 5G markets. Similarly, precision engineering, which produces semiconductor-related equipment and other machinery, raised its output by 15.3%. An OCBC economist cited that "the global chip shortage is the biggest reason why Singapore's industrial production could continue to outperform in the near term." The tech sector made up for an output drop in the volatile biomedical cluster, which shrank by 8.6%, as a different mix of active pharmaceutical ingredients weighed on pharmaceuticals production. Excluding biomedical output, overall manufacturing would have grown 12.1% year on year in January.