

Tuesday's Daily Newsletter

MARKET SHAPING NEWS

RESULTS. **SPH REIT's** 3Q21's DPU of SGD1.38cts was in line, and brings 9M21 to 74% of our full-year estimates. Revenue grew 82.8% YoY on lower rent relief provided to tenants, and higher Australia contribution. Portfolio occupancy improved QoQ from 98.0% to 98.4% due to its suburban malls (Clementi Mall and Rail Mall are fully occupied). Balance sheet remains strong with gearing at c.30% and SGD400-800m debt headroom (to 40-50% limit). We continue to prefer FCT as a play into the retail sector recovery, given its pure suburban mall exposure.

POSITIVE. **iX Biopharma** is exploring the possibility of a spin-off of its pharmaceutical business (including medicinal cannabis) by way of a listing on the Main Board of the HKEX. As a pharmaceutical drug developer/manufacturer, it is subject to lengthy process and complex regulatory requirements. A separate listing will enable the spin-off company to gain independent access to capital markets and raise new funds for product development without dilution to its shareholders. Post-transaction, the Group will focus on sales, marketing and distribution of innovative nutraceutical products under its brand entity.

NEUTRAL. **SGX's** securities market turnover value slid 11% MoM in Jun '21 to SGD26.8b, while SDAV stood at SGD1.22b. The market turnover value of structured warrants and DLC almost doubled MoM to SGD613m. Equity derivatives volume climbed 4% MoM in June to 13.5m contracts, mainly boosted by a 14% MoM increase in SGX FTSE China A50 Index Futures to 7.9m contracts and a 7% MoM gain in SGX Nikkei 225 Index Futures to 1.2m contracts.

NEGATIVE. **UG Healthcare** disclosed that its manufacturing operations will be temporarily halted in compliance with the Malaysian Enhanced Movement Control Order. The temporary closure will result in a further reduction in productivity by about 80m pieces of gloves or 2.35% of the Group's annual production capacity. This is on top of the estimated productivity loss as revealed earlier, bringing the total reduction in productivity to 165m pieces of gloves or 4.85% of the Group's annual production capacity of 3.4b pieces of gloves.

NEGATIVE. **Sembcorp Marine** updated that it will be making full provision for increased costs due to labour shortages and supply chain constraints amid COVID-19, which had resulted in further delays to complete its existing projects. These provisions will have a material adverse impact on its financial results and the Group expects that losses for 1H21 are likely to be in the region of the full year losses incurred for FY20.

UPCOMING EVENTS

Date	Company/Des	Type
16/7/2021	NODX (June)	Economic Data
19/7/2021	Mapletree Logistics Trust	Earnings Release
21/7/2021	COE Cat E,B,A Open Bid Price (July)	Economic Data
22/7/2021	SATS	Earnings Release
22/7/2021	Suntec REIT	Earnings Release
23/7/2021	CPI (June)	Economic Data
23/7/2021	ESR REIT	Earnings Release

Source: Bloomberg

Equity Indices	Last Close	Δ (abs)	Δ (%)
Dow Jones	34,996	126	0.4%
S&P500	4,385	15	0.3%
Nasdaq	14,733	31	0.2%
Nikkei 225	28,569	629	2.2%
HSI	27,515	171	0.6%
SH Comp	3,548	24	0.7%
Kospi	3,246	28	0.9%
TWSE	17,814	153	0.9%
STI	3,147	16	0.5%
KLCI	1,513	-8	-0.5%
JKSE	6,079	39	0.6%
SET	1,550	-2	-0.1%

FX Movers	Last Close	Δ (abs)	Δ (%)
USDSGD	1.3520	0.0009	0.1%
GBPSGD	1.8767	-0.0014	-0.1%
EURSGD	1.6038	-0.0013	-0.1%
CHFSGD	1.4774	-0.0010	-0.1%
AUDSGD	1.0109	-0.0009	-0.1%
NZDSGD	0.9441	-0.0013	-0.1%
JPYSGD	1.2250	-0.0019	-0.2%
SGDMYR	3.1022	0.0085	0.3%

Yields	Last Close	Δ (pts)	Δ (%)
US10Y	1.36	0.01	0.4%
SG10Y	1.45	0.00	0.3%
SIBOR3M	0.43	0.00	0.0%

Commodities	Last Close	Δ (pts)	Δ (%)
Brent Crude	75.2	-0.4	-0.5%
WTI	74.1	-0.5	-0.6%
Gold	1,806	-2	-0.1%

Crypto	Last Close	Δ (pts)	Δ (%)
Bitcoin/USD	32,850	-1,005	-3.0%
ETH/USD	2,027	-103	-4.8%

Source: Bloomberg

TOP EQUITY IDEAS



ASEAN TECHNOLOGY - [Potential beneficiaries of Lam's Malaysia push](#)

We attended Lam Research's suppliers briefing and believe that Lam's Asia expansion and push for localisation could create interesting growth opportunities for some SG/MY-listed suppliers. In our universe, we believe UMS/Frencken/Venture may be a good fit for Lam (i.e. either currently already a supplier/ may have the potential to do so in the future). Among non-rated names, we do not rule out that JEP, Grand Venture Technology and UWC may have opportunities to supply Lam in some way.



Singapore REITS - [Good Yield Hunting](#)

S-REITs have gained 2.4% MoM, helped by a 20-30bps pull-back in the UST 10-year yield since end-Apr. Capital flows into yield names remain strong, underpinned by recovering cashflows and DPUs. S-REITs trade at 2.7% above the 10-year gov't bond yield, undemanding versus peers, and should remain in favour against rising inflation pressures and expectations of stronger DPUs into 2H21. AREIT, CICT, FCT and MCT are our top BUYs while SASSR, MUST and PRIME are set to deliver above sector yield + growth.

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