Singapore Market Focus

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DBS Group Research . Equity

28 Feb 2022

Will the conflict in Ukraine worsen inflation woes?

- **Ukraine war – Brief shock reaction, longer inflation shadow**
- **STI - March tactical low ahead of 'XD' April**
- **Reopening theme - Borders could reopen by mid-April**

Brief shock reaction, longer inflation shadow. US equities were quick to brush aside the initial shock of the Ukraine war. Unless the crisis spreads beyond Ukraine, the economic impact is unlikely to be significant as Russia accounts for only 1.8% of global GDP and trade flows. But if the fighting drags on, the impact for global economies and financial markets would be through supply disruptions, prolonging inflationary pressure or even altering the pace of FED rate hikes. Market rate hike expectations remains off February high with banks UOB and OCBC most affected by fluctuations. Transport related companies such as SIA, SBS Transit, ComfortDelgro and HPHT faces cost pressure if Brent crude stays elevated around USD100pbl over the next few months, but Keppel Corp can benefit if sustained high oil price stimulates capex that leads to higher orders for rigs.

Rate hikes imminent The FED is poised to start a major rate hike cycle come mid-March. Rates should rise at least 25bps while market expectations have moderated from a 100% chance of a 50bps hike to just a 27% chance due to the Ukraine war. Our interest rates strategist keeps his 5 rate hikes by year-end forecast. We note that local bank stocks have a 0.90 (90%) correlation with the US Dec 2022 rate hike expectations since June 2021. It has retreated from a February peak of 6.9 hikes to 6.2 hikes.

March tactical low ahead of 'XD' April STI trades at 13.2X (AVE) 12-mth fwd PE with near-term support at 3245 and resistance 3370. We see odds of a near-term low in March as investors capitalize on the Ukraine sell-off to position ahead of the FY21 XD period from April to May. But if the unfolding Ukraine situation leads to more market volatility, we see any further short-term decline to 3150-3200 level (12.7X, -0.5SD 12-mth fwd PE) as a good tactical buy opportunity.

Borders could reopen by end-March to mid-April The Ukraine sell-off is an opportunity to relook at the reopening theme. With the Singapore government seeking to further reopen borders once the Omicron wave passes, logic tells us that stock prices are likely to hold at or above their respective Omicron low back in early December 2021. Looking at the timeline of the global Omicron wave, we think COVID measures here could ease by end-March to mid-April. Our picks are hospitality/tourism (ART, CDL HT, Genting), retail (FCT, CICT) and transport (ComfortDelGro) and aviation (SATS).

STI : 3,294.47

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Key Indices

	Current	% Chng
FS STI Index	3,294.47	0.6%
FS Small Cap Index	316.38	1.2%
SGD Curncy	1.35	-0.2%
Daily Volume (m)	1,504.10	
Daily Turnover (S$m)	2,239.54	
Daily Turnover (US$m)	1654.87	

Source: Bloomberg Finance L.P.

Market Key Data

(%)	EPS Gth	Div Yield
2021E	59.1	3.7
2022F	12.8	3.8
2023F	10.5	4.1

(x)	PER	EV/EBITDA
2021E	16.2	17.0
2022F	14.3	16.0
2023F	13.0	14.2

STOCKS

	Price S$	Mkt Cap US$m	12-mth Target S$	Performance (%) 3 mth	12 mth	Rating
Keppel Corporation	5.96	7,959	6.90	12.9	18.5	BUY
UOB	30.57	37,769	37.00	12.8	28.0	BUY
Ascott Residence Trust	1.04	2,523	1.30	2.0	6.1	BUY
Genting Singapore	0.77	6,869	1.00	(3.1)	(8.9)	BUY
Frasers Centrepoint Trust	2.26	2,841	2.90	(3.4)	(7.0)	BUY
CapitaLand Integrated Commercial Trust	2.12	10,353	2.45	(3.2)	2.9	BUY
CDL Hospitality Trusts	1.15	1,046	1.40	(1.7)	(2.5)	BUY
SATS Ltd	4.05	3,358	4.90	1.8	(6.9)	BUY
ComfortDelGro	1.42	2,274	2.06	(3.4)	(10.7	BUY

Source: DBS Bank, Bloomberg Finance L.P.
Closing price as of 25 Feb 2022

ed: PY / sa: SS, PY, CS

Will Ukraine worsen inflation woes?

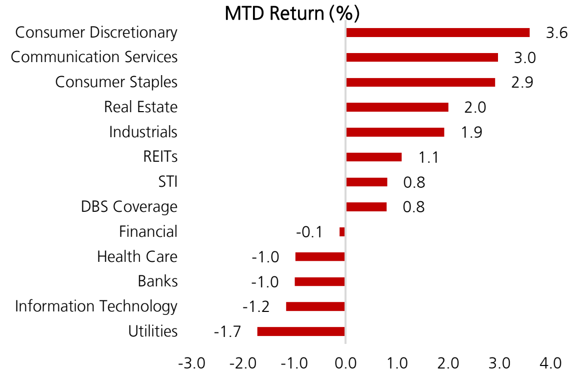
DBS
Live more, Bank less

March Market Outlook

Ukrainian war stalls bank run

- STI rose 0.8% MTD, off highs for the month as the outlook continued to improve for reopening names while news of war in Ukraine ended bank stocks' YTD rally
- OCBC led decline for banks as it missed earnings
- Genting Singapore drove Consumer Discretionary outperformance on strong domestic gaming demand and reopening positivity
- Communication Services also outperformed, led by SingTel which was rumoured to be selling its fibre assets in Australia
- Information Technology (AEM, UMS, Venture) underperformed as rising rates buffeted high growth stocks

FTSE ST Indices' relative performance for February



Source: DBS Bank

Will it be 25bps or 50bps?

- Singapore Vaccinated Travel Lane (VTL) with Israel and the Philippines scheduled for launch
  - Travellers from both countries made up 4.5% of all travellers to Singapore in 2019
- US Federal Reserve Meeting
  - FED expected to raise rates at least 25bps
  - Market expectations have moderated from a 100% chance of a 50bps hike to just a 27% chance due to Ukraine crisis
  - FED could offer hints on pace of future rate hikes

March event calendar

Date	Event	Comments
4 Mar	Singapore VTL with Israel and the Philippines launched	c.850,000 travellers visited Singapore from these two countries in 2019
10 – 11 Mar	EU convenes special summit on "new European growth model"	Summit could pave the way for looser rules around fiscal spending
15 Mar	US Federal Reserve Meeting	US Fed widely expected to raise rates

Source: Various news, DBS Bank

The inflation and interest rates conundrum

- DBS interest rate strategist believes that the base case for the March rate hike cycle is 25bps but would not be surprised by a 50bps increase although odds are lower now with the current Ukraine uncertainty
- He sees total of five rate hikes amounting to 125bps (prev. 75bps) in 2022 with another 2 hikes (total of 50bps) in 1H23

Three scenarios expected for the US economy

	One	Two	Three
Probability	40%	40%	20%
Unemployment, end-22	3.5% or lower	3.5% or lower	>4%
Labour force participation rate, end-22	63	61.5	62
Core PCE inflation, end-22	<3%	3-4%	4-5%
Fed rate hikes in 2022, bps	125	150	200
2022 GDP Growth	3.5	<3%	1.5%
Asset prices	Well supported	Some downside	Major downside

Source: DBS Bank

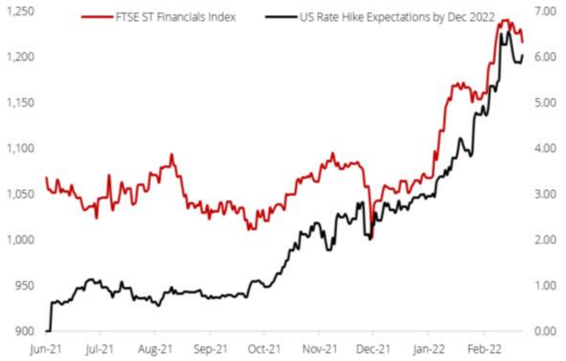
Will Ukraine worsen inflation woes?

Market expectation of US rate hikes is a STI driver

- FTSE ST Financials Index has increased in tandem with US rate hike expectations with the index exhibiting a 0.90 (90%) correlation with US Dec 2022 rate hike expectations since June 2021
- We think this corelation should continue to hold strong as investors remain focus on FED rate hikes this year
- US Dec 2022 rate hike expectations reached a peak of 6.9 hikes on 11 February but has since pulled back closer towards 6.0 amid the Ukraine war uncertainty

This has led to a similar drop in the FTSE ST Financials Index and the benchmark STI as well as banks are STI component heavyweights

FTSE ST Financials index has shown a strong correlation with rate hike expectations

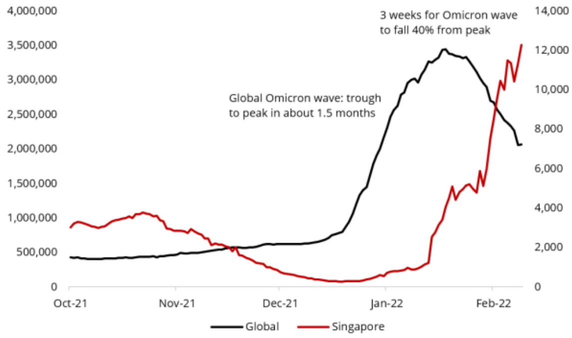


Source: Bloomberg Finance L.P., DBS Bank

Wider international reopening in end-March or April a possibility

- Based on the estimated timeline for the Omicron wave to pass, we think Singapore is almost ready for a larger scale reopening with cases potentially topping out in early March
- Global Omicron wave took 1.5 months to rise from trough to peak and a further 3 weeks for cases to dip 40% from the peak
- Recent comments made by senior government figures have also hinted at further relaxation of restrictions such as social gathering size and an expansion of VTLs

Singapore ICU bed capacity appears sufficient



Source: Bloomberg Finance L.P., DBS Bank

Green initiative, GST delay and digitization transformation biggest beneficiaries from 2022 Budget

- Budget 2022 focused on fiscal sustainability and advancing Singapore's Green transition
- Start of 2-step GST hike delayed till 1 Jan 2023
  - Retail sales unlikely affected by hike due to the front loading of purchases this year and rise in tourism receipts from 2H22 → We remain positive on REITs with retail exposure such as FCT, CICT and Suntec REIT
  - Sheng Siong and Kimly stays resilient, benefiting from the enhanced Assurance Package and GST schemes
- ST Eng and ComfortDelgro benefits from Green bond issuance of up to S$35bn by 2030 to finance green infrastructure spending such as EV charging initiatives
- SingTel and Starhub could see marginally higher demand for their services with the S$200mil set aside to build businesses and workers digital capabilities

Increase in minimum qualifying salaries for S-Pass and Employment Pass holders slightly raises the wage cost for shipyards (SMM, KepCorp), healthcare (Raffles Med, IHH, Econ Healthcrare) and travel/tourism (e.g. SATS, SIA)

Summary of key budget measures 2022

Green Infrastructure	Green bond issuance of up to S$35bn by 2030 to finance green infrastructure spending such as EV charging initiatives	ComfortDelGro Hong Leong Asia ST Engineering
GST	To be increased from 7% to 8% from 1 Jan 2023 and 8% to 9% from 1 Jan 2024	Retail REITs Sheng Siong Dairy Farm Kimly
Digitalization	S$200m set aside to enhance digital capability building schemes such as: Advanced Digital Solutions: expanded to include solutions that leverage Artificial Intelligence and Cloud technologies	SingTel Starhub Keppel Corporation
Carbon Tax	Carbon tax increase to: 2024 – 2025: S$25/tonne 2026 – 2027: S$45/tonne By 2030: S$50 – S$80/tonne	SCI, KIT, SIA
Wealth Taxes	Non-owner-occupied homes: Property tax increased to 12% - 36% from 10% - 20% Owner-occupied homes: Property tax increaed to 0% - 32% from 0% to 16%	Property developers City Dev, Bukit Sembawang, UOL, Ho Bee
Work Pass Changes	Increases in the minimum qualifying salary of between S$500 – S$1000 for Employment Passes and S-Passes from 1 September 2022 S-Pass Tier 1 Levy increased to S$650 from S$330 by 2025 Cut in Dependency Ratio Ceiling for Work Permits in Construction and Process sectos to 1:5 from 1:7 Foreign worker levy rates reduced up to S$330 depending on skill level and source	Keppel Corp SMM Econ Healthcare Nanofilm AEM UMS Frencken Fu Yu Valuetronics Centurion

Source: DBS Bank

Will Ukraine worsen inflation woes?

March tactical low ahead of XD April

- STI trades at 13.2X (ave) 12-mth fwd PE, taking into consideration most of the earnings forecast changes in the latest 4Q21 results season
  - Near-term support at 3245
  - Near-term resistance 3315 and 3370
- History has shown that sharp stock market reactions to war seldom last long and we are cautiously optimistic that the same may be true for the current circumstances
  - We see odds of a near-term low in March as investors capitalize on the Ukraine sell-off to position ahead of the XD period from April to May
- In the event that the unfolding Ukraine situation leads to more market volatility, we see any further short-term decline to 3150-3200 level (12.7X, -0.5SD 12-mth fwd PE) as a good tactical buy opportunity

STI at various forward PE levels

	-1sd: 12.2x PE	-0.5sd: 12.7x PE	Avg: 13.2x PE	+0.5sd: 13.6x PE	+1sd: 14.1x PE
FY22	2,981	3,097	3,213	3,328	3,444
FY23	3,303	3,431	3,559	3,687	3,815
Avg 22&23	3,142	3,264	3,386	3,508	3,630

Source: DBS Bank

Strategy

Ukraine – Brief shock reaction, longer inflation shadow

Russia's military attack on Ukraine triggered a sharp knee-jerk sell-off in Singapore equities last Thursday that stabilized by Friday as market players bet that the impact on stock markets will be brief. Since the turn of the millennium, investors have been conditioned not to overreact to major geopolitical and terrorist shocks as past incidents had not degenerated beyond the initial shock. Equity markets were quick to recover and revert to economic fundamentals. Unless the Ukraine crisis drags on and expands beyond Ukraine, the economic impact is unlikely to be significant as Russia only accounts for 1.8% of global GDP and global trade flows. The impact on SG is even lesser, as Russia and Ukraine are not major trade partners.

Equity markets were quick to recover and revert to economic fundamentals from past geopolitical/terrorist shocks

	Date		S&P500			
	Start	End	Trading days to bottom	% decline	Trading days for recovery to pre-incident level	Comments
9/11	11 Sep 2001	11 Sep 2001	5	-11.6	19	
Iraq War	Oct 16 2002	1 May 2003	98	-9.2%	**	• US congress authorized use of force against Iraq on 16 Oct 2002 • US president declares end of major combat operations on 1 May 2003 ** No immediate stock market shock. Instead, Oct02 to May03 turned out to be a multi-month bottom formation that led to a multi-year bull market

Source: Bloomberg Finance L.P., DBS Bank

The S&P500's rally last Friday that lifted it above the 22 February 2022 level, when Russia recognized the independence of 2 Ukraine separatist regions, showed that investors are betting on a similar optimistic outcome.

But just because US equity markets have snapped back don't mean that the fighting has stopped, and the Ukraine uncertainty is over. While equity investors may be quick to brush aside the initial shock, we think the current developments, if allowed to drag, can impact global economies and financial markets by causing supply disruptions, prolonging inflationary concerns or even altering the FED's pace of rate hikes.

The table below summarizes the most affected sectors/stocks if the Ukraine war prolongs.

Most affected stocks if Ukraine crisis prolongs

Company	Price 24 Feb 2022	12-mth Target Price	12-mth Target Return	Mkt Cap (S$m)	Rcmd	PER 22 (x)	PER 23 (x)	EPS Growth 22 (%)	EPS Growth 23 (%)	Div Yield 22 (%)	Net Debt / Equity 22	P/BV 21 (x)
Banks affected by fluctuations in rate hike expectations												
OCBC	12.000	15.00	25%	53,909	BUY	9.5	8.6	16.3	10.2	5.3	0.0	1.0
UOB	30.750	37.00	20%	51,414	BUY	11.0	9.8	14.8	12.5	4.5	0.0	1.2
Transport related companies affected by high oil price												
HPHT (US$)	0.240	0.37	54%	2,814	BUY	13.8	13.5	-32.2	2.0	8.5	0.3	0.6
ComfortDelgro	1.440	2.06	43%	3,121	BUY	15.8	14.0	8.9	12.8	4.9	cash	1.1
SIA	4.940	4.90	-1%	14,659	HOLD	nm	19.8	nm	nm	-	0.2	1.4
SBS Transit	2.910	3.39	17%	908	HOLD	18.3	17.6	-11.4	4.2	2.7	cash	1.5
Downstream energy companies may benefit if elevated oil price prolongs												
SMM	0.084	0.10	13%	2,637	HOLD	nm	-	nm	nm	-	0.6	0.6
Keppel Corp	5.860	6.90	18%	10,663	BUY	12.7	11.7	-18.1	9.1	3.6	0.7	0.9

Source: DBS Bank

Ukraine war triggered flight to safety, lengthens inflation woes

The Russian military made an incursion into Ukraine following an earlier move by Russia that recognized 2 rebel enclaves in eastern Ukraine and the movement of nearly 200,000 Russian troops close to Ukrainian borders.

Financial markets reacted swiftly with a flight to safety:

1. Bond yields dip with the US 10-yr falling towards 1.8% last week as investors switched out of risky assets such as equities and cryptocurrencies to treasuries

US 10-yr yield↓

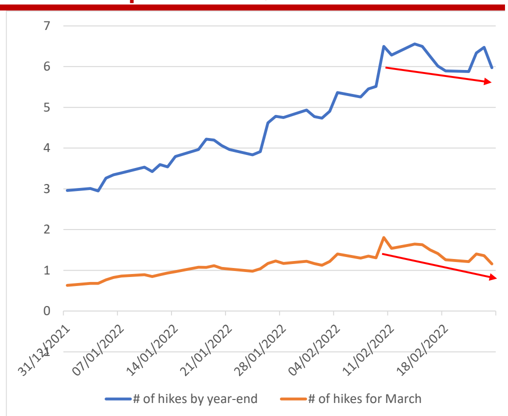
Source: Bloomberg Finance L.P., DBS Bank

2. Rising rate hike expectations have stalled with markets now pricing 6 hikes by year end, down from a peak 6.9 earlier in February. Likewise, market now expects a lesser 25bps hike at the March FOMC meeting instead of 50bps at the most hawkish point less than a month ago. Our interest rates strategist maintains a lesser 5 rate hikes this year compared to 6 that market currently anticipates.

Bank stocks UOB and OCBC track rate hike expectations closely. The current retreat in the latter had given the perfect excuse for investors to profit take give the sector's strong run-up YTD. *Pay attention to the size of the anticipated rate hike at this month's FOMC meeting and the accompanying FED statement.*

While sentiment will remain fragile in the immediate term, we see the likelihood of a short-term trough at least this month, ahead of bank stocks going XD come Apr/May.

Rate hike expectations↓



Source: Bloomberg Finance L.P., DBS Bank

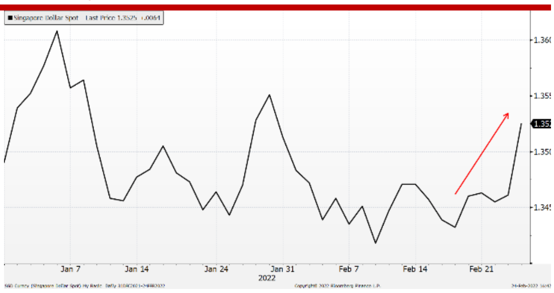
3. Gold price rose 7.7% in February to USD1940/ounce. The SPDR Gold Shares (GLD SP) is an investment fund incorporated in US that tracks gold bullion. Gold price is likely to follow closely the current unfolding developments in Ukraine. We do not provide forecast for Gold price.

Gold price ↑

Source: Bloomberg Finance L.P., DBS Bank

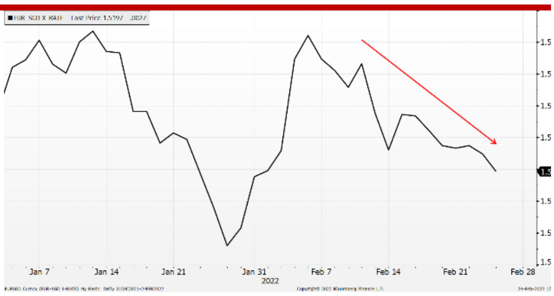
4. USD, JPY and CHF are safe haven currencies at the expense of Euro. Our currency strategist sees USDSGD heading to 1.37 by 3Q22 from 1.35 this quarter.

USDSGD ↑



Source: Bloomberg Finance L.P., DBS Bank

EURSGD ↓



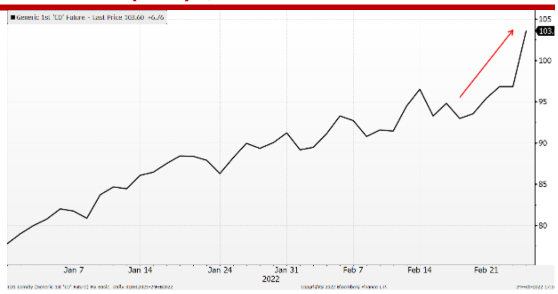
Source: Bloomberg Finance L.P., DBS Bank

Inflation a key concern from the Ukraine Crisis
While we think the stock market's reaction to headline news of war in Ukraine currently looks like just a negative knee jerk reaction, the lingering uncertainty going forward is the supply disruption from Russian and Ukrainian key exports. Oil and commodities related to Russian/Ukraine exports rose, adding to global inflation woes.

1. Brent crude pierced above USD100pbl following news of the war outbreak. This is no surprise, as Russia is currently the world's second largest oil and natural gas producer and any sanctions or supply chain impact arising from the conflict would have a significant impact on oil & gas prices. Even a 1-2mmbpd impact on oil exports from the region could have a sharp impact on the oil market, which is already reasonably tight on the inventory front, with OECD oil inventories well below 5-year average levels at the start of the year. OPEC is unlikely to step in with additional supplies at this point, as it would mean breaking away from the pre-decided pace of supply additions in a pact with non-OPEC allies, which includes Russia. The only moderating factor in the near term is the Iran nuclear deal, which if finalised, could add 1.0-1.5mmbpd supply to the market and potentially wipe off some of the current geopolitical risk premium in oil prices, but not enough to cause a huge slide.

Brent could stay stubbornly high at US$90-120/bbl over the next 1-2 months, depending on how the conflict unfolds and what kind of sanctions are imposed and how that affects supply chains. 1H2022 average Brent oil price forecast now looks more likely US$90-95/bbl range before normalising to US$80-85/bbl average in 2H2022, while 2022 FY average could be in the US$85-90/bbl range, compared to our previous forecasts of U$80/bbl oil for 2022.

Brent Crude (YTD) ↑



Source: Bloomberg Finance L.P., DBS Bank

Transport stocks see higher cost pressure. Fuel costs typically account for 35%-40% of SIA's overall costs and they are currently estimated to have hedged 40% of their fuel requirements up to FYE Mar '24 at brent of US$60 per barrel, leaving the company still fairly exposed to higher oil prices. There would be some impact on HPHT due to higher oil prices as we estimate 10%-15% of their cost is from energy costs.

ComfortDelGro could see higher energy costs in the near-term as its subsidiary, SBS Transit, faces higher pump prices. Still, the new National Rail Financing Framework could cushion some impact through the EBIT cap-collar mechanism. However, taxi rentals, which have been on a bottoming trend in FY21, could see a further dip as higher fuel costs worsen the economics of driving taxis.

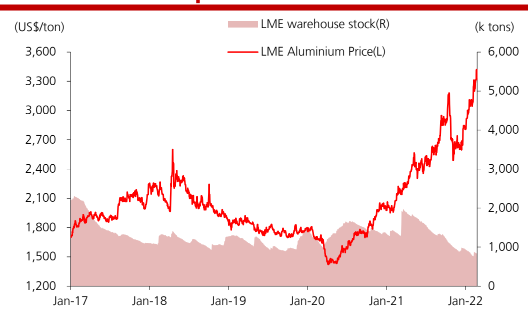
High oil prices could stimulate capex, filtering through higher orders for service providers. After years of underinvestment on O&G assets especially upstream exploration, risks of supply shortage are becoming more apparent. Chinese players have stepped up investment all these years to support government's push to enhance energy security and the initiatives should continue. We could start to see international oil majors gradually increasing capex for O&G amidst sustain high oil prices.

Drilling activities are already creeping up. Rig utilisation has improved to the north of 80% and market is looking to reactivate cold-stacked rigs as well as completed / half-built rigs. This bodes well for recovery of drillers and oilfield service providers such as COSL.

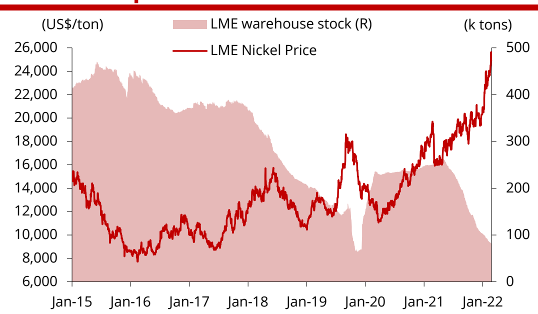
Shipyards like Keppel O&M and Sembcorp Marine are benefiting from this trend. Keppel's stranded rigs and floating accommodation platforms should see higher utilisation ahead. Enquiries for production platforms should also pick up, translating into stronger order flow ahead. This is particularly critical for SMM, which orderbook has dwindled to S$1.24bn, way below annual revenue run rate of >S$2bn to breakeven. Keppel is in a better position with S$5.5bn orderbook and S$3.1bn order wins last year, compared to peer SMM's mere S$600m new wins.

2. Russia is a key supplier of nickel and aluminium. Russia produced 7% of global mined nickel and 4.3% of refined nickel products in 2021. LME nickel prices have risen 23% YTD to US$25,650 on 22 Feb, its all-time high in 11 years. Russia produces 5.9% of global refined aluminium and accounts for 14% of global aluminium exports. LME Aluminium prices have rallied 22% YTD, to US$3,420/tonne on 22 Feb. According to media reports, customers in Europe are already facing critical shortages of aluminium, the current Ukraine situation will likely worsen it.

LME aluminium prices vs. warehouse stocks



LME nickel prices vs. warehouse stocks



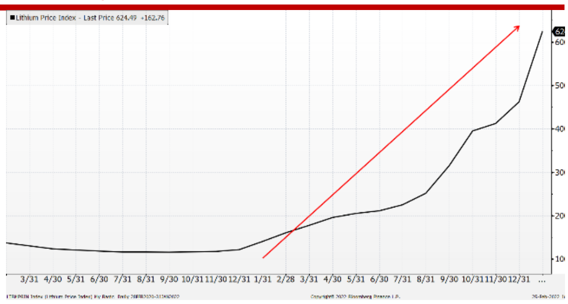
Source: Bloomberg Finance L.P., DBS Bank

3. Ukraine has the largest reserve of lithium in Europe that's critical to the production of batteries. in. The country is also among the key global players of rare earth elements such as gallium, germanium used in high-tech electronic and medical devices. The European Commission had signed a deal with Ukraine on the supply of raw materials, particularly lithium just last year. The price of lithium rose nearly 6 folds since 2021. The disruption to supply of lithium could affect production of batteries for EV, which may impact other parts of the value chain eg chip makers and chip equipment makers such UMS, Micro-mechanics and AEM although it's hard to quantify as these are down the value chain.

Russia and Ukraine are also key suppliers of neon and palladium used in semiconductor chip production. While Russian invasion of Ukraine could affect supply of these materials in the short term, it is not expected to cause disruption to semiconductor production in the short-term due to the practice of c.6-month material stockpiling. But there can still be knock on impact on chip prices given the tighter material supply and higher material cost from alternative source. For instance, neon gas can be obtained from steel mills as biproduct of steelmaking.

War in Ukraine could exert more upward pressure to these commodity prices, driving up the prices of downstream products.

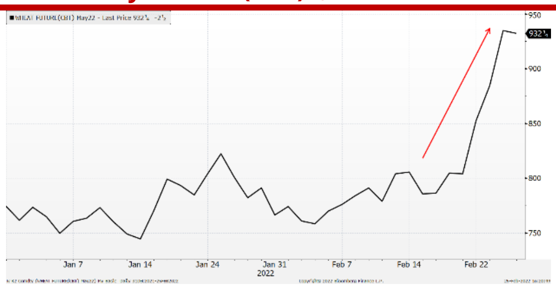
Lithium ↑



Source: Bloomberg Finance L.P., DBS Bank

4. Russia and Ukraine accounts for more than 25% of the global trade for wheat and 25% for corn. Corn and wheat prices have been risen 14% and 21% respectively YTD. This adds upward pressure to the price of many basic food products. But there is likely no impact on supermarket stocks such as Sheng Siong and Dairy Farm as being consumer staples, demand is likely resilient. For Sheng Siong, the announcement of more household support measures at the recent Budget 2022 will further cushion the impact of rising food prices.

Wheat May futures (YTD) ↑

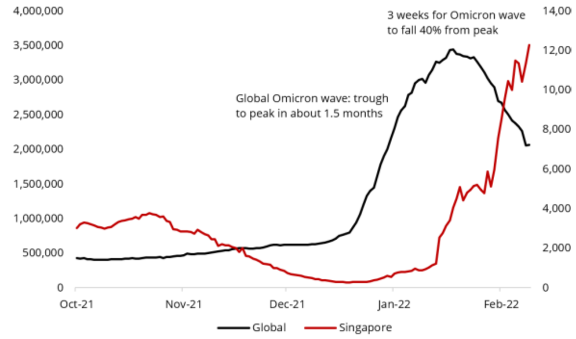


Corn May futures (YTD) ↑

Source: Bloomberg Finance L.P., DBS Bank

Borders could reopen by end-March to mid-April

7-day average of new COVID-19 cases



Source: Bloomberg Finance L.P., DBS Bank

We see the stock market sell-off triggered by the Ukraine crisis as an opportunity to relook at reopening plays. Logic tells us that stock prices are likely to hold at/above their respective Omicron low back in early December 2021, which serves as a strong support level.

We think Singapore can be ready soon for a larger scale reopening based on the estimated timeline for the Omicron wave to pass. The global Omicron wave took 1.5 months to rise from trough to peak and a further 3 weeks for cases to dip 40% from the peak. Reconciling the timeline of the global Omicron wave with the fact that Singapore's Omicron wave began in early-January, we believe cases in Singapore could top out in early-mid March and fall by end-March to mid-April.

Recent comments made by senior government figures have also hinted at an increase in the social gathering size, an expansion of VTLs and potentially even quarantine free travel for all vaccinated travelers.

Executing these plans will benefit Singapore domestic reopening names in sectors including hospitality (ART, CDL Hospitality Trusts, Far East Hospitality Trust), tourism (Genting), retail (FCT, CICT) and transport (ComfortDelGro, SBS Transit). Singapore Airlines, SATS, SIA Engineering and ST Engineering should see better aviation traffic and demand for MRO services especially as ASEAN reopens.

Re-opening beneficiaries

	Price 24 Feb 2022	12-mth Target Price	12-mth Target Return	Mkt Cap (S$m)	Rcmd	PER 22 (x)	PER 23 (x)	EPS Growth 22 (%)	EPS Growth 23 (%)	Div Yield 22 (%)	Net Debt / Equity 22	P/BV 21 (x)	Low Price (01 Nov 21 - 31 Dec 21)
CICT	2.11	2.45	16%	13,664	BUY	19.8	19.0	-14.0	4.0	5.4	0.4	1.0	1.96
CDL HT	1.14	1.40	23%	1,402	BUY	39.9	25.9	45.2	53.9	4.8	0.4	0.9	1.08
ComfortDelgro	1.44	2.06	43%	3,121	BUY	15.8	14.0	8.9	12.8	4.9	cash	1.1	1.35
FEHT	0.585	0.78	33%	1,155	BUY	21.0	17.3	40.0	21.2	5.8	0.4	0.7	0.58
FCT	2.26	2.90	28%	3,844	BUY	18.8	17.8	0.5	5.8	5.6	0.3	1.0	2.22
Genting	0.765	1.00	31%	9,230	BUY	30.2	17.4	67.1	74.0	2.6	cash	1.2	0.75
SATS Ltd	3.97	4.90	23%	4,455	BUY	37.2	18.4	158.5	101.9	1.5	cash	2.8	3.79
SBS Transit	2.91	3.39	17%	908	HOLD	18.3	17.6	-11.4	4.2	2.7	cash	1.5	2.87
SIA Engineering	2.19	2.65	21%	2,458	BUY	25.7	18.6	28.8	84.0	3.7	cash	1.6	2.14
SIA	4.94	4.90	-1%	14,659	HOLD	nm	19.8	nm	nm	-	0.2	1.4	4.81
ST Engineering	3.78	4.60	22%	11,772	BUY	21.1	17.5	0.9	20.4	4.0	1.7	5.0	3.66

Source: DBS Bank

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:
STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)
BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

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