

## Singapore

# Singapore Strategy

## May wrap-up: Singapore in 5

### FSSTI Index



### Sector Performance

Sector	261.09	12.79	5.15
Maritime	261.09	12.79	5.15
Industrials	678.48	25.37	3.88
Oil & Gas	317.27	(1.05)	(0.33)
Utilities	368.08	(4.49)	(1.21)
Consumer Services	545.97	(7.66)	(1.38)
Real Estate Holding & Deve	827.47	(27.51)	(3.22)
Real Estate Investment Tru	817.95	(35.61)	(4.17)
Technology	293.51	(13.19)	(4.30)
Consumer Goods	456.23	(21.13)	(4.43)
Financials	1,080.85	(61.91)	(5.42)
Telecommunications	648.11	(40.54)	(5.89)
Healthcare	1,270.57	(124.67)	(8.94)

### FSSTI constituents performance

	Close	change	% chg
<b>Top gainers</b>			
Jardine Matheson Holdings	58.04	4.91	9.24
Venture Corp Ltd	17.92	0.77	4.49
UOL Group Ltd	7.45	0.15	2.05
<b>Top losers</b>			
DBS Group Holdings Ltd	30.94	(2.98)	(8.79)
Mapletree Logistics Trust	1.64	(0.15)	(8.38)
Capitaland Investment Ltd/£	3.95	(0.28)	(6.62)

### Big swings (Market Cap >US\$500m)

	Close	change	% chg
<b>Top gainers</b>			
Golden Energy & Resource:	0.75	0.07	10.37
Sembcorp Marine Ltd	0.12	0.01	9.17
Hong Fok Corp Ltd	0.95	0.05	5.56
<b>Top losers</b>			
Riverstone Holdings Ltd	0.74	(0.23)	(23.83)
Sinarmas Land Ltd	0.19	(0.03)	(12.73)
Golden Agri-Resources Ltd	0.29	(0.04)	(12.31)

- The FSSTI closed at 3,232.49 pts on 31 May, down 124.41pts mom (-3.71%).
- Amid decelerating economic growth, key downside risks include local inflation, supply chain issues and overzealous monetary tightening.
- We maintain our end-2022F FSSTI target unchanged at 3,475 pts, based on a -1 s.d. forward P/E of 12.5x.

### Economic growth slows, trifacta of risks loom

The FSSTI closed the month at 3,232.49 pts, down 124.41 pts mom (-3.71%). Apr 22's NODX underperformed both our and consensus' estimates, up 6.4%, as China's extended city lockdowns affected global supply chains and exports to China. Electronics NODX continued to grow, +12.8% yoy (Apr), vs. +11.5% (Mar), underpinned by integrated circuits and telecommunication equipment. Non-electronics NODX, however, decelerated to +4.6% yoy (Apr) vs. +6.8% yoy (Mar). GDP growth decelerated from +6.1% yoy in 4Q21 to +3.7% yoy in 1Q22, after a slight upward adjustment from the advance estimate of +3.4% yoy due to revisions in the goods and services sectors. Although we maintain our GDP growth forecast of 4.2% for 2022, we expect significant downside pressure from i) inflation in Singapore; ii) supply chain disruptions (China and Russia-Ukraine); and iii) faster-than-expected monetary tightening in the US and Europe. According to Urban Redevelopment Authority (URA) and Singapore Real Estate Exchange (SRX) data, Apr 22 sales volumes for new private homes and resale HDBs remained flat, while resale homes dipped slightly, down 2.2% mom.

### Quiet earnings season

The 1QCY22 earnings season was relatively muted. We are defensive near term, liking REITs and high dividend yield stocks, though in the longer term, we are positive on domestic recovery plays and capital goods ([Report](#)). Most sectors closed lower in May with only Maritime and Industrials bucking the trend. Top index gainers were **JM** (recovery of subsidiaries business), **VMS** (better-than expected results), and **UOL** (insider transaction) while the biggest losers were **DBS** (high base effect), **MLT** (decent results but uncertain outlook), and **CLI** (pullback from highs). In the mid-large cap space, **GER** (acquisition), **SMM** (increased demand), and **EREIT** (recovery in EU/US markets) were the best performing stocks, while **RSTON** (reduced demand for healthcare gloves), **SML** and **GGR** (short-lived now-rescinded palm oil export ban) underperformed. During May, institutional investors were net sellers, divesting Financials and REITs, and buying Developers, Technology, and Telcos. Retail flows in the same period were flat, moving out of REITs and Financials, and into Developers, Industrials, and Telcos.

### Corporate News

MCT and MAGIC unitholders approved the merger to create Singapore's third largest REIT. TTJ's controlling shareholder made a S\$0.23 per share offer to take the company private. AREIT announced plans to acquire 7 logistics properties in Chicago for S\$133.2m.

### Research report you should not miss

We initiated coverage on CLI, CAPL's real estate investment management (REIM) business post-restructuring, with ADD and TP of S\$4.59, underpinned by: i) growth in funds under management (FUM) and fee income; ii) efficient capital deployment; iii) and improved operating performance of its investment and lodging properties as borders reopen. [Report](#).

### Technical Perspective

While the FSSTI was down 6% at its lowest (mid-month), it regained some ground to close at 3,232.49 (month end), above the psychological support of 3,200. Additionally, the MACD indicator shows a bullish crossover, supporting the bullish narrative for the index. The larger symmetrical triangle suggests further sideways movement, and the short-term target is 3,305-3,342, which is the mid-point of the symmetrical triangle. After which, there is a high probability that the Straits Times Index will face a strong correction towards the 3,217 level. Long-term support remains at 3,110.85

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**Figure 1: FSSTI daily timeframe – Upside momentum to test 3,305-3,342**



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#### Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 - 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

### Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent,

n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

### Recommendation Framework

#### Stock Ratings

Definition:

<b>Add</b>	The stock's total return is expected to exceed 10% over the next 12 months.
<b>Hold</b>	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
<b>Reduce</b>	The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

#### Sector Ratings

Definition:

<b>Overweight</b>	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
<b>Neutral</b>	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
<b>Underweight</b>	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

#### Country Ratings

Definition:

<b>Overweight</b>	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
<b>Neutral</b>	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
<b>Underweight</b>	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.