

# Singapore Daily Newsletter

## MARKET SHAPING NEWS

**UPDATE.** With key customers ASML and AMAT raising their revenue forecasts, we believe [Frencken's](#) Singapore and Malaysia factory utilisation should benefit from a recovery in FY24E, especially when ASML is shifting some of its production from Europe to Malaysia. We think Frencken's performance likely bottomed in 1Q23. We are now more confident of a stronger FY24E, and maintain BUY with a higher TP of SGD1.27 (+31%), based on 11x from 9x FY24E PE. We also raise FY24E PATMI by 8.5% on better margins.

**NEUTRAL.** [SGX](#) reported a total securities market turnover value of SGD23.6b for Aug (-2.88% YoY), although the figure was up by 10% on a MoM basis. During the month, the securities daily average value was unchanged YoY at SGD1.1b but is up 5% MoM. Derivatives volume rose strongly in Aug as more international investors turned to its platform to manage risk amid China's efforts to boost its economic recovery. Derivatives traded volume increased 16% in Aug on both a MoM and YoY basis to 23.7m contracts, with broad-based gains across equities, FX and commodities. Derivatives daily average volume (DAV) climbed 7% MoM to 1mn contracts. Equity index futures traded volume on SGX Equity Derivatives rose 12% MoM in Aug to 14m contracts, led by an 18% MoM increase in SGX FTSE China A50 Index Futures to 8.7m contracts. Meanwhile, uncertainties over the outlook for interest rates drove currency risk management on SGX FX. Total FX futures traded volume also rose 26% MoM in Aug to 4.2m contracts – an all-time high – with average daily volume hitting a record notional of almost USD12b.

**NEUTRAL.** [Hatten Land](#) updated that the proposed scheme of arrangement between Gold Mart (owner and developer of the Harbour City project) and its unsecured creditors has obtained majority approval from unsecured creditors in a meeting held on 8 Sep 2023. The creditors shall waive a substantial amount of liquidated ascertained damages (LAD) and the remaining sum shall be settled by way of proceeds received from the sale of the assigned properties (i.e. certain unsold units of Harbour City), preserving the group's cash reserves. Preparations are underway to restart construction activities and to also relaunch Harbour City's marketing campaign once the relevant approvals from the Court of Malaysia are obtained.

**NEGATIVE.** [Olam Group](#) confirmed that its Nigerian unit has posted a bond to secure the release of Prakash Kanth from remand by the country's State Security Service (SSS). According to the Daily Nigerian, the amount for the bond was \$1b Nigerian dollars (or SGD1.9m). The update comes after Olam recently released a statement refuting allegations made through media reports that Olam Nigeria was embroiled in alleged fraud involving over USD50b. The group's board has already ordered a review of the matter.

## UPCOMING EVENTS

Date	Event	Category
15/09/2023	NODX	Economics
15/09/2023	Balance of Trade	Economics
22/09/2023	Inflation Rate	Economics
26/09/2023	Industrial Production	Economics
29/09/2023	Bank Lending	Economics
29/09/2023	PPI	Economics
03/10/2023	URA Property Index	Economics

Source: Bloomberg

Equity Indices	Last Close	Δ (abs)	Δ (%)
Dow Jones	34,576	-70	-0.2%
S&P500	4,467	6	0.1%
Nasdaq	13,814	40	0.3%
Nikkei 225	32,707	-70	-0.2%
HSI	18,009	-17	-0.1%
SH Comp	3,123	-14	-0.4%
Kospi	2,535	-2	-0.1%
TWSE	16,582	9	0.1%
STI	3,219	4	0.1%
KLCI	1,454	0	0.0%
JKSE	6,935	2	0.0%
SET	1,535	-10	-0.7%

FX Movers	Last Close	Δ (abs)	Δ (%)
USDSGD	1.3611	0.0005	0.0%
GBPSGD	1.7000	0.0005	0.0%
EURSGD	1.4605	-0.0027	-0.2%
CHFSGD	1.5231	-0.0033	-0.2%
AUDSGD	0.8741	-0.0002	0.0%
NZDSGD	0.8055	0.0023	0.3%
JPYSGD	0.9231	-0.0020	-0.2%
SGDMYR	3.4379	0.0013	0.0%

Yields	Last Close	Δ (pts)	Δ (%)
US10Y	4.25	-0.03	-0.7%
SG10Y	3.26	0.02	0.5%
SIBOR3M	4.06	0.00	0.0%

Commodities	Last Close	Δ (pts)	Δ (%)
Brent Crude	91.9	-0.2	-0.2%
WTI	88.5	-0.3	-0.4%
Gold	1,908	-6	-0.3%

Crypto	Last Close	Δ (pts)	Δ (%)
Bitcoin/USD	26,226	151	0.6%
ETH/USD	1,604	5	0.3%

Source: Bloomberg

## TOP EQUITY IDEAS



### Sea Ltd - [TikTok Shop ban threat positive for Sea](#)

TikTok Shop has been accused of unfair competition by local MSMEs through cheap imports. Indonesia is one of Shopee's largest markets and the platform has ~40% share of online sales. Regulatory action that restrains TikTok Shop should result in market-share shifts in favour of existing platforms including Shopee. Further, TikTok shop's relatively lower fee structure and aggressive investments in Indonesia have spurred SE to invest more heavily in subsidies and marketing to protect market share.



### ASEAN Banks - [The leaves of Autumn | D/G NEUTRAL](#)

ASEAN banks are entering late-cycle growth with operating profit expansion set to decelerate. China's re-opening boost has been tepid so far, adding further hurdles for growth in the near term. On the other hand, asset quality remains resilient, while balance sheets, provisioning cover and liquidity are strong. We downgrade outlook to NEUTRAL. Preference for ID and TH banks given potential government pump priming. Preferred picks: BBL, KTB, BMRI, BBKA, DBS, CIMB, TCBC.

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