

Singapore Daily Newsletter

MARKET SHAPING NEWS

POSITIVE. [Singapore Post](#) said that the rate for standard regular mail will be increased by 20-51 cts, up from the current 31 cts to reflect the escalating costs of maintaining the postal service. The new rates are effective 9 Oct 2023 and will help address the loss caused by the persistent decline in postal volumes coupled with costlier labour, utilities, fuel, and higher conveyance expenses. The global structural decline in postal volumes over the last decade brought about by digital disruption has impacted the commercial viability of postal firms globally. Between FY18/19 and FY22/23, mail volumes declined by >40%. Meanwhile, SingPost is working closely with the Infocomm Media Development Authority (IMDA) to conduct a structural review of the postal business and formulate a longer-term strategy to attain commercial sustainability.

POSITIVE. [TOTM Technologies](#) has secured three contracts by the Directorate of Population and Civil Registration (Dukcapil) of the Ministry of Home Affairs (MOHA) of Indonesia to its wholly-owned subsidiary PT Internasional Biometrics Indonesia (InterBio). The first contract is to provide ATS for the system maintenance services of Indonesia's National ID system from Sep to Dec 2023, for a total contract value of USD1.3m. The second and third contracts are for the deployment of a new additional ABIS for Indonesia's National ID system with the total contract value of USD740,000 from Jun to Oct 2023. Leveraging on its partnership with Dukcapil, these latest wins will drive the growth of its Indonesian business with its full suite of Digital ID and identity management products & solutions.

NEUTRAL. The controlling shareholder of listed O&M engineering company [Kim Heng](#) has lent his company SGD7m to fund suitable business opportunities and its working capital needs. Executive chairman and CEO Thomas Tan, who controls 40.28% of the company, has extended the loan facility at an interest rate of 8.5% per annum. Under the terms of the loan, the company may submit one or more drawdown notices to Mr Tan on any business day before Sept 30. Any amount drawn from the facility will have to be repaid within two years from the disbursement date. The loan constitutes an interested person transaction (IPT) under SGX listing rules, as Mr Tan is a director, the CEO and controlling shareholder of the company.

NEUTRAL. [Thai Beverage](#) has entered into a five-year term loan agreement with Mizuho Bank (Singapore) and Sumitomo Mitsui Banking Corporation (Singapore) for JPY66b (\$GD609.3m) to repay existing debt due in Feb 2024. The loan repayments will be in three instalments on the 36th month, 48th month and 60th month, respectively after the drawdown date. This loan is unsecured. The group has a cross-currency swap and interest rate swap credit line that it can consider using to mitigate FX and interest rate risk. Total debt stands at \$GD214.9m and gearing comes in at 1.045x as at end-Sep 2022.

UPCOMING EVENTS

25/09/2023	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
03/10/2023	Manufacturing PMI	Economics
05/10/2023	Retail Sales	Economics

Source: Bloomberg

Equity Indices	Last Close	Δ (abs)	Δ (%)
Dow Jones	34,518	-107	-0.3%
S&P500	4,444	-10	-0.2%
Nasdaq	13,678	-32	-0.2%
Nikkei 225	33,243	-291	-0.9%
HSI	17,997	67	0.4%
SH Comp	3,125	-1	0.0%
Kospi	2,559	-16	-0.6%
TWSE	16,636	-62	-0.4%
STI	3,241	-23	-0.7%
KLCI	1,458	0	0.0%
JKSE	6,980	44	0.6%
SET	1,523	-5	-0.3%

FX Movers	Last Close	Δ (abs)	Δ (%)
USDSGD	1.3648	0.0015	0.1%
GBPSGD	1.6913	0.0030	0.2%
EURSGD	1.4575	-0.0003	0.0%
CHFSGD	1.5203	0.0006	0.0%
AUDSGD	0.8808	0.0032	0.4%
NZDSGD	0.8101	0.0034	0.4%
JPYSGD	0.9231	-0.0005	-0.1%
SGDMYR	3.4456	0.0084	0.2%

Yields	Last Close	Δ (pts)	Δ (%)
US10Y	4.36	0.06	1.3%
SG10Y	3.32	-0.01	-0.2%
SIBOR3M	4.06	0.00	0.0%

Commodities	Last Close	Δ (pts)	Δ (%)
Brent Crude	94.3	-0.1	-0.1%
WTI	91.2	-0.3	-0.3%
Gold	1,931	-2	-0.1%

Crypto	Last Close	Δ (pts)	Δ (%)
Bitcoin/USD	27,192	417	1.6%
ETH/USD	1,643	5	0.3%

Source: Bloomberg

TOP EQUITY IDEAS



Frencken Group Ltd - [Accumulate for FY24E](#)

With key customers ASML and AMAT raising their revenue forecasts, we believe it'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.



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.

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