

# Singapore Daily Newsletter

## MARKET SHAPING NEWS

**RESULTS.** [Keppel REIT's](#) 9M23 distributable income (DI) of SGD163.6m fell 1.1% YoY and achieved 74% of our full-year forecast. 3Q23 DI fell 0.5% YoY but rose 1.5% QoQ. Occupancy rose on the back of healthy leasing momentum and continued positive rent reversions. However, higher borrowing cost led to the decline in distribution. Management remains focused on proactive portfolio and capital management. We lower DPU and our DDM-based TP by 5% to SGD1.00, but maintain BUY due to reasonable valuation.

**POSITIVE.** [CSE Global](#) has secured two major contracts worth USD110.2mn (or SGD150.6m) in the USA. Both contracts are for the design and manufacturing of power distribution centres, as well as the integration of complex electrical and control systems and equipment in the USA, which are slated for execution between 2024 and 2025. These new contracts will strengthen the group's pursuit in the Infrastructure sector, which is now driven by the growing megatrends of urbanization & electrification, and are expected to contribute positively to its financial performance for the FY24-25.

**POSITIVE.** [Dyna-Mac](#) has secured a long-term lease of a land parcel measuring 4.2 hectares along Gul Road from JTC. This will provide additional fabrication capacity for current and future projects. The new yard allows the group to centralise the location of all its facilities at Gul Road, and eventually increase its total waterfront length to more than 400 metres along this stretch. This enables Dyna-Mac to improve efficiency of its logistics networks, intensify land use by reconfiguring workshops and module assembly areas, as well as increase overall productivity levels. Meanwhile, the group's existing yard leases along Gul Road have concurrently been extended till 2050. As part of the reorganisation of its facilities, Dyna-Mac will return its Pandan Crescent yard to JTC within five years from lease commencement of the new yard. The development of the new yard will also prepare the group for its move into exotic piping construction for CCS and green hydrogen/ammonia production modules. Yard development will be undertaken in phases, and timed to meet project requirements. Capex will be fully funded through internal cash resources. Management believes that the new site will enhance the Group's position to meet the demands of its current and future orders.

**NEUTRAL.** [Silverlake Axis](#) has appointed KMS Solutions as its official go-to-market partner in Vietnam for its launch in the market. Amazon Web Services will also support the group's expansion as its cloud partner there. Under the alliance, KMS will primarily focus on the distribution of two key offerings i.e end-to-end banking platform Mobius and retail banking solution suite Symmetri. Vietnam is the latest addition to its regional expansion plans. Earlier this year, Silverlake also entered a strategic partnership with Safeguards Corp to establish Malaysia's first Independent ATM Deployer on a cloud solution.

## UPCOMING EVENTS

18/10/2023	Keppel Pacific Oak US REIT	Earnings Result
18/10/2023	Sabana REIT	Earnings Result
19/10/2023	Keppel Corp	Earnings Result
20/10/2023	Suntec REIT	Earnings Result
24/10/2023	Mapletree Logistics Trust	Earnings Result
25/10/2023	IFAST Centrepoint Trust	Earnings Result
25/10/2023	IFAST	Earnings Result

Source: Bloomberg

Equity Indices	Last Close	Δ (abs)	Δ (%)
Dow Jones	33,998	13	0.0%
S&P500	4,373	0	0.0%
Nasdaq	13,534	-34	-0.3%
Nikkei 225	32,040	381	1.2%
HSI	17,773	133	0.8%
SH Comp	3,083	10	0.3%
Kospi	2,460	24	1.0%
TWSE	16,643	-10	-0.1%
STI	3,172	8	0.3%
KLCI	1,444	5	0.4%
JKSE	6,940	43	0.6%
SET	1,433	6	0.4%

FX Movers	Last Close	Δ (abs)	Δ (%)
USDSGD	1.3683	0.0007	0.1%
GBPSGD	1.6670	-0.0039	-0.2%
EURSGD	1.4473	0.0030	0.2%
CHFSGD	1.5199	0.0005	0.0%
AUDSGD	0.8710	0.0036	0.4%
NZDSGD	0.8068	-0.0040	-0.5%
JPYSGD	0.9133	-0.0014	-0.2%
SGDMYR	3.4578	-0.0012	0.0%

Yields	Last Close	Δ (pts)	Δ (%)
US10Y	4.83	0.13	2.7%
SG10Y	3.32	0.00	0.0%
SIBOR3M	4.06	0.00	0.0%

Commodities	Last Close	Δ (pts)	Δ (%)
Brent Crude	89.9	0.3	0.3%
WTI	86.7	0.0	0.0%
Gold	1,923	3	0.2%

Crypto	Last Close	Δ (pts)	Δ (%)
Bitcoin/USD	28,459	54	0.2%
ETH/USD	1,561	-28	-1.7%

Source: Bloomberg

## TOP EQUITY IDEAS



### Singapore Banks - [3Q23: What to expect](#)

UOB is set to report 3Q23 on 26 Oct, DBS 06 Nov and OCBC 10 Nov. We expect slowing NII. NIMs should be supportive, but could be partly offset by weak loans. Fees are unlikely to provide much growth. While asset quality should remain benign, we expect increasingly cautious guidance. On the other hand, dividend guidance is likely to keep to an optimistic tone. UOB could marginally surprise on the upside.



### Singapore REITs - [Waiting for Godot](#)

Repricing of debts and FX-translation losses are likely to outweigh operational resilience across most sub-sectors leading to lower distribution. Low-base effects caused by the pandemic are dissipating, which sets up for tougher comps for 3Q/2H. Reversions will be positive as Covid-era rents are marked to market. Any weakness in SGD may bring some relief but may also weigh on flows. Volatile yield curve and uneven recovery keep our preference for liquid, large caps. Top Picks - CICT, MLT.

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