

MITA No. 014/06/2008

16 April 2009

Market Pulse

Key Singapore Indices			
	Close	Chg	% Chg
STI	1906.0	9.0	0.5
Catalist	80.0	4.4	5.8
Finance	457.2	3.4	0.7
Property	399.5	4.4	1.1
Electronics	398.7	28.1	7.6
Vol (m)	3554.6	1353.4	61.5
Val (S\$m)	1695.7	339.0	25.0

World Indices			
	Close	Chg	% Chg
Dow Jones	8029.6	109.4	1.4
Nasdaq	1626.8	1.1	0.1
S&P500	852.1	10.6	1.3
FTSE	3968.4	-20.6	-0.5
KLCI	956.7	3.0	0.3
Hang Seng	15669.6	89.5	0.6
Nikkei	8743.0	-99.7	-1.1
SET	453.9	9.8	2.2
KOSPI	1333.1	-9.5	-0.7
TWSE	5875.2	-17.5	-0.3

Market Statistics (SG)			
STI 52-week range	1,455	3,270	
No. of gainers		507	
No. of losers		139	
No. of unchanged		139	

Economic Statistics		
	Close	Chg
S\$/US\$	1.5	0.0
Yen/US\$	99.3	-0.1
3-mth S\$ SIBOR	0.7	0.0
3-mth US\$ SIBOR	1.1	0.0
Crude futures (US\$)	49.8	0.6

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Key Idea

Singapore Exchange: Too early to call for a recovery

Singapore Exchange Ltd (SGX) delivered 3Q net earnings of S\$55.3m, in line with our expectation. All segments posted declines in revenues in tandem with the lacklustre performances of other global markets. Although average daily trading volume and value have picked up for the first two weeks of this quarter, we think it is still too early to call for a recovery as uncertainties still loom. We are retaining our forecasts for FY09 earnings of S\$280.4m or 4Q earnings of S\$65.9m (which will be a 19.2% from the just released 3Q). Management outlined that SGX will continue to grow the domestic derivatives (including extended settlement contracts) and the options markets. As the decline in global equity markets has stabilised for now, the outlook is better than a quarter ago. We are raising our valuation to 20x to be in line with peers and based on this, we are raising our fair value estimate to S\$5.60 (previous: S\$4.50) but retaining our **HOLD** rating.

More reports:

- **Singapore Property: Buying momentum continued in March**

News Headlines

- Singapore's retail sales fell 5.7% YoY in February compared to a 11.8% drop in January, partly due to a sharp rebound in vehicle sales.
- The number of government-backed loans approved last month hit a record high with 1,415 loans worth S\$764.1m getting the nod from participating financial institutions.
- SIA said it filled 62.6% of the space available on its planes for passengers and cargo in March, compared with February's 62.1% and 69.9% in Mar 08.
- Raffles Medical Group reported a 7.6% YoY rise in revenue to S\$51m and a 28.1% rise in net profit to S\$7.8m for 1Q09.
- NOL lifted its cost-savings target for the year to as much as US\$550m, from an initial plan of US\$250m.
- Yongnam Holdings has bagged three new contracts totalling about S\$40.4m for the Dubai Metro.
- China Aviation Oil (Singapore) has signed a deal with China's CNOOC to export jet fuel from the new Huizhou refinery.
- Artivision Technologies said its CEO intends to step down due to health reasons.
- CNA Group has secured S\$9.3m worth of multinational contracts in Vietnam.
- SPH expects to enjoy savings from its new S\$5.5m eco-friendly warehouse.

Source: MasNet, Bloomberg, Business Times, Straits Times and others

Singapore Exchange: Too early to call for a recovery

3Q earnings fell as expected. Singapore Exchange Ltd's (SGX) 3Q net earnings of S\$55.3m (-46% YoY and -26% QoQ) came in exactly in line with our expectation of S\$55.9m. Revenue fell 31% YoY and 18% QoQ to S\$119.8m, also in line with our expectation of S\$119.2m. There were no surprises in SGX's 3Q performance as there were already indications of weaker quarterly performance. Securities Market revenue plunged 43% YoY and 21% QoQ to S\$55.3m. Derivatives Revenue fell 20% YoY and 27% QoQ to S\$31.2. Even its Stable Revenue was not spared and fell 3% QoQ to S\$33.3m. What was heartening was the drop in operating expenses (-3% QoQ) and the 9% QoQ decline in total staff costs. However, this was partially offset by higher depreciation expenses. Management has declared a 3Q dividend of 3.5 cents to be paid on 14 May 2009 (note the book closure date is 4 May 2009)

Too early to call for a recovery. Average daily volume on the Securities Market was around 1 bn units in Jan-Mar 2009, but has since picked up during the first two weeks of April to 1.76 bn. Average daily traded value has also improved from S\$947 bn to S\$1300 bn. However, it is still too early to call for a recovery as uncertainties still loom. While some indicators have shown signs of bottoming-out, our view remains that a sustained economics recovery is necessary for confidence to return to the market. As such, we are unlikely to see a return to the peak volumes seen in mid-2007 any time soon.

Retain FY09 estimates. As the 3Q numbers came in within our expectations, we are retaining our FY09 earnings forecast of S\$280.4m or 4Q earnings of S\$65.9m (up 19.2% from 3Q). Management outlined that SGX will continue to grow the domestic derivatives (including extended settlement contracts) and the options markets. On the operational side, cost containment will continue to be a key focus. On the business side, corporate activities and capital market exercises remained slow. As the decline in global equity markets has stabilised for now, the outlook is better than 3 months ago and we are also raising our valuation to 20x (to be in line with peers as well as to account for better outlook compared to a quarter ago). Based on this, we are raising our fair value estimate to S\$5.60 (previous: S\$4.50). We retain our **HOLD** rating. *(Carmen Lee)*

Singapore Property: Buying momentum continued in March

Buying momentum continued in March. After a month of strong property sales in February, developers' sales remained firm in March. According to URA data, a total of 1,162 non-landed property (NLP) units were sold in March. Breaking down by per square foot pricing of these projects, 1,017 NLP sold units (~87.5% of total units sold) were priced at S\$1,000 psf and below, implying that mass market properties continue to dominate sales. 136 NLP sold units were priced between S\$1,001 psf and S\$1,500 psf and only 9 NLP sold units were priced above S\$1,500 psf. Although the number of NLP units launched declined MoM to 823 in March (1,059 units in Feb), more new projects were launched in March (8 projects in March vs. 4 projects in Feb). The decline in the number of NLP units launched could be due to developers holding back units in their new launches and this is a positive move to control the supply of new units in the market. Some of the major launches in March included Double Bay Residences (320 units launched), Mi Casa (123 units) and The Arte (120 units).

Weak macro newsflow continues. The recent rally in the stock market could have provided an additional boost to buying sentiment in the property market. However, economic data remains weak as Singapore had just reported a record GDP contraction of 19.7% QoQ in 1Q09. On the jobs front, we continue to see negative newsflow on retrenchments coming from the finance and manufacturing sectors. While we doubt the sustainability of the current demand for properties, we reckon that the current situation provides a good opportunity for developers to lighten up their landbank and capture new sales to extend their earnings visibility, after enduring months of slow sales earlier.

New sales for UOL and CDL in March. Among the developers under our coverage, UOL Group and City Developments (CDL) have benefited the most from the improvement in buying sentiments. UOL Group's Double Bay Residences sold 264 units out of the total 646 units (41% sold) and CDL's The Arte sold 90 units out of the total 336 units (26.8% sold). As the construction for The Arte had already started last year, CDL will recognize a higher percentage of revenue upon sales, based on the % of completion of the project. We have **BUY** rating for **UOL Group** (FV: S\$2.58) and **HOLD** for **CDL** (FV: S\$5.53). *(Foo Sze Ming)*

Monday	Tuesday	Wednesday	Thursday	Friday
13-Apr	14-Apr	15-Apr	16-Apr	17-Apr
SPH 2Q09 Miyoshi 1H09	US Mar PPI US Mar Advance Retail Sales	SGX 3Q09 SG Feb Retail Sales US Mar CPI US Mar Indust Production	M1 1Q09 China 1Q Real GDP US Mar Housing Starts	CMT 1Q09/A-REIT 4Q09 SG Mar NODX/SG Mar Electronic Exports China Mar PPI & CPI/China Mar Ret Sales China Mar Fixed Assets Inv/China Mar Ind Prod US Apr U of Michigan Confidence
20-Apr	21-Apr	22-Apr	23-Apr	24-Apr
Evergro Prop/Keppel T&T/SPC 1Q09 US Mar Leading Indicators	K-REIT Asia 1Q09	Keppel Land 1Q09 Ascott Residence Trust 1Q09 PST 1Q09 (est)	Keppel Corp 1Q09 SG Mar CPI Aztech/MLT 1Q09 FCT 2Q09 (est)	CSM/CapitaLand 1Q09 SMRT FY09
27-Apr	28-Apr	29-Apr	30-Apr	01-May
China XLX 1Q09 Cambridge Ind Trust 1Q09	Suntec REIT 1Q09 (est) Ascendas India Trust 4Q09	Indofood 1Q09	Venture/CCT 1Q09 SG Mar Money Supply SG Mar Bank Loans & Advances SG 1Q Unemployment Rate	
04-May	05-May	06-May	07-May	08-May
	Noble 1Q09 GE 1Q09	OCBC 1Q09	StarHub 1Q09	
11-May	12-May	13-May	14-May	15-May
CDL 1Q09 China Apr PPI/China Apr CPI	Food Empire 1Q09 China Apr Trade Bal	China Apr Retail Sales China Apr Ind Production	SIA FY09	SG Mar Retail Sales

Note: US Initial jobless claims released every Friday. MBA mortgage applications released every Wednesday
All US Tech results dates have been adjusted to Singapore Date

Please refer to the individual company's full report for additional disclosures

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