

Market Indicators

	19-Feb	20-Feb	21-Feb
Mkt. T/O (S\$ mil)	1,101.7	1,292.9	1,552.6
Stock Advances	348	176	287
Stock Declines	109	285	156

Major Indices

	19-Feb	20-Feb	21-Feb
DJ Ind Avg	Closed	24,964.8	24,797.8
S & P 500	Closed	2,716.3	2,701.3
Nasdaq Comp	Closed	7,234.3	7,218.2
Hang Seng	Closed	30,873.6	31,431.9

STI Index 3,516.23 (+1.14%)



Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,324.35	-0.34%
Oil (NYMEX CWT1) US\$ / bbl	61.12	0.11%
Baltic Dry Index	1117	2.76%

Exchange Rates



USD : SGD 1.3247 / MYR : SGD 2.9559

Source: Bloomberg

Interest Rates

3-mth Sibor	1.133%
SGS (10 yr)	2.398%

KGI Securities Research Team

Market Colour

Overnight, volatility returned as US markets closed lower (Dow Jones -0.7%, S&P 500 -0.6%). The trading session began well with the Dow up by more than 250 points before turning negative as US 10-Y treasury yields rose above 2.95% after the release of Fed minutes. In the latest Fed minutes, the committee expressed hawkish and bullish views on the US economy, providing support to further gradual adjustments in interest rates.

In Singapore, the STI rose 1.1% to 3,516.23, driven by banks (DBS +2.8%), property (City Development +2.2%) and manufacturing (Venture +3.6%) stocks. The index has recovered well from the recent sell-off, supported by positive earnings season and a delay in GST hikes.

Sector Update

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News

Trendlines Group: Trendlines reported earnings of US\$3.9mn compared to a loss of US\$6.6mn a year ago. Total income for FY17 came in at US\$15.6mn as compared to US\$0.1mn in FY16 due to a gain in the fair value of its portfolio companies. **The group's Most Valuable Portfolio Company registered a gain of US\$1.9mn in its fair value.**

BreadTalk: BreadTalk's earnings rose 91% YoY to \$21.8mn for FY17 as compared to \$11.4mn in FY16. The group announced a special dividend of 1 cents per share and final dividend of 2 cents per share for FY17, which will be payable on May 15. **Full-year earnings met street expectations. Consensus has a fair value of S\$2.05, implying an 18% upside. Currently trades at consensus 23x 2018F EPS.**

Sembcorp Marine: Announced a loss of \$33.8mn for 4Q17 as compared to earnings of \$34.3mn a year ago. For FY17, earnings came in at \$14.1mn, down 82.1% from \$78.8mn a year ago. **Results came in below our estimates but we note that its share price performance recently has been driven by order win expectations and the outcome of the strategic review by its parent.**

Recent In-depth Regional Reports

21/2	SG Manulife US REIT (MUST SP; BUY; TP: US\$1.008): Pure-play US REIT looking to double AUM in two years
21/2	TH Muang Thai Leasing (MTLS TB; Neutral; TP: Bt 40.50): 4Q17 earnings review: Beat estimate as LLP was cut
21/2	TH AMA Marine (AMA TB; Outperform; TP: Bt 22.00): 4Q17 earnings review: Significantly above our estimate
21/2	TH Dynasty Ceramic (DCC TB; Neutral; TP: Bt 3.480): 4Q17 earnings review: In-line
21/2	TH Global Power Synergy (GPSC TB; Underperform; TP: Bt 59.00): Outlook fine, but too high of valuation
21/2	TH Major Cineplex Group (MAJOR TB; Neutral; TP: Bt 31.50): Core business to recover in 2018
21/2	TH Pruksa Holding (PSH TB; Outperform; TP: Bt 24.50): Wait in the wings
21/2	TH PTT (PTT TB; Neutral; TP: Bt 462.00): 4Q17 earnings review: Better than expected
21/2	TH Siam Makro (MAKRO TB; Under Review; TP: Bt 42.00): 4Q17 earnings review: Better than expected
21/2	TH Supalai (SPALI TB; Outperform; TP: Bt 29.00): 4Q17 earnings review: In line with our forecast
21/2	TH WHA Corporation PCL (WHA TB; Outperform; TP: Bt 4.60): 4Q17 earnings review: Beat our forecast

For full reports, please contact Research Department at 6202 1190 or sgp.researchcom@kgi.com

Offshore & Marine

Small-mid cap oil & gas picks

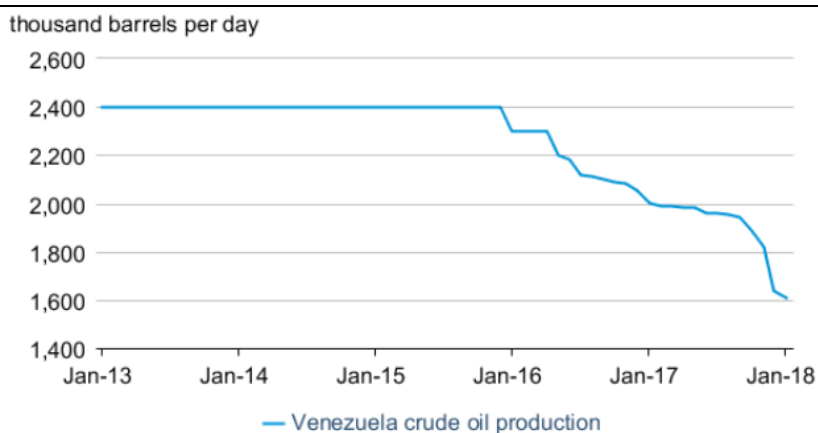
Event

Firm oil prices. Brent oil prices have firmed above US\$60/bbl since the start of 2018, more than double the lows seen in 2016. Oil prices have been supported by declining global oil inventories on the back of OPEC's oil production cuts, as well as stronger-than-expected demand from an accelerating global economy.

Impact

Potential upside from supply-side disruption. A key contributing factor to the decline in the supply-side is the rapid decline in Venezuelan crude oil output. According to data by the US EIA, crude production in the country had declined to 1.6mb/d in January 2018 compared to 2.4mb/d three years ago. We believe production may continue to decline as Venezuela's national oil company, PDVSA, lost as many as 10,000 workers (~7% of 2016 workforce) in January 2018 due to low wages and growing risk of accidents. Just 0.5mb/d of further production decline in Venezuela is enough to tilt the global supply/demand back into deficit, thus providing a boost to oil prices and O&G companies.

Figure 1: Venezuela Crude Oil production has declined 33% since January 2016



Source: US EIA

Valuation & Action

Opportunities in Small-mid cap O&G companies Industry blue-chip bellwethers, Keppel Corp and Sembcorp Marine, have gained 30-70% over the past year. As such, we would prefer to rotate to small-mid cap companies that may offer potentially higher upside. Among the better small-mid cap O&G companies, we would look at Mermaid Maritime, CSE Global, KimHeng Offshore and POSH. We will give further updates after their latest quarterly earnings results.

Risks

Crash in oil prices if global inventories start building up again. A key contributor to potential global oversupply is mainly from faster-than-expected increases in US shale production.

STI Components and Key Metrics

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY18 (%)	Div Yield FY19 (%)
FINANCIALS								
DBS SP	DBS	29.45	75,506	2.8%	18.5%	5.1%	3.9%	4.0%
OCBC SP	OCBC	13.00	54,413	1.3%	4.9%	6.0%	3.2%	3.4%
UOB SP	UOB	27.60	45,887	1.4%	4.3%	5.2%	3.3%	3.6%
SGX SP	SGX	7.59	8,125	0.7%	2.6%	2.7%	4.0%	4.2%
PROPERTIES								
AREIT SP	Ascendas REIT	2.59	7,479	(0.8%)	(4.8%)	0.8%	6.2%	6.4%
CAPL SP	CapitaLand	3.60	15,283	1.1%	2.0%	2.0%	3.2%	3.3%
CCT SP	CapitaLand Comm Trust	1.75	6,314	(0.6%)	(7.3%)	0.6%	5.0%	5.1%
CT SP	CapitaLand Mall Trust	1.99	7,057	(0.5%)	(5.3%)	1.5%	5.5%	5.6%
CIT SP	City Development	12.79	11,630	2.2%	2.4%	3.5%	1.2%	1.2%
HKL SP	Hongkong Land USD	7.06	21,941	0.9%	0.3%	2.9%	2.8%	2.9%
UOL SP	UOL	8.42	7,090	1.1%	(5.1%)	2.6%	1.8%	1.8%
TELECOMMUNICATIONS								
ST SP	SingTel	3.37	55,028	(0.3%)	(5.6%)	0.6%	6.0%	5.4%
STH SP	StarHub	2.55	4,410	(1.2%)	(10.5%)	(10.8%)	6.2%	6.0%
CONSUMER SERVICES AND GOODS								
JCNC SP	Jardine C&C	37.74	14,916	(0.4%)	(7.2%)	1.6%	2.9%	3.2%
JM SP	Jardine Matheson USD	62.51	59,966	(0.1%)	2.9%	1.4%	2.6%	2.7%
JS SP	Jardine Strategic Holding	38.27	55,996	0.5%	(3.3%)	(0.2%)	0.8%	0.9%
GENS SP	Genting Singapore	1.30	15,651	0.8%	(0.8%)	6.6%	2.3%	2.4%
SPH SP	SPH	2.67	4,271	0.8%	0.8%	1.1%	5.2%	5.0%
THBEV SP	ThaiBev	0.84	20,968	0.0%	(7.2%)	(8.2%)	3.3%	3.6%
VMS SP	Venture Corp	24.80	7,086	3.6%	21.2%	11.9%	2.7%	2.6%
TRANSPORT								
SIA SP	Singapore Airlines	11.29	13,351	0.8%	5.8%	1.3%	2.7%	2.5%
CD SP	ComfortDelGro	2.02	4,370	(1.0%)	2.0%	0.0%	5.1%	5.3%
COMMODITIES								
GGR SP	Golden Agri	0.36	4,585	1.4%	(2.7%)	1.4%	1.8%	1.8%
WIL SP	Wilmar	3.08	19,483	1.0%	(0.3%)	3.4%	2.3%	2.9%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	8.15	14,763	0.7%	10.9%	4.5%	3.2%	3.4%
SCI SP	Sembcorp Industries	3.39	6,049	3.4%	11.9%	6.6%	2.2%	2.9%
YZJSGD SP	Yangzijiang SGD	1.50	5,953	3.4%	2.0%	11.9%	3.2%	3.1%
SATS SP	SATS	5.22	5,838	0.8%	0.4%	0.4%	3.4%	3.5%
STE SP	ST Engineering	3.38	10,531	0.6%	3.7%	3.4%	4.4%	4.6%
HPHT SP	HPH Trust USD	0.36	4,085	0.0%	(10.9%)	1.4%	7.5%	7.6%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.

Source: Bloomberg

STI Reserve List (by market cap) - STI next review date: March 2018

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY18 (%)	Div Yield FY19 (%)
SUN SP	Suntec REIT	1.94	5,162	0.5%	(8.6%)	1.6%	5.1%	5.2%
MCT SP	Mapletree Commercial	1.55	4,464	(1.9%)	(3.0%)	1.3%	5.7%	5.7%
KREIT SP	Keppel REIT	1.21	4,098	0.0%	(2.9%)	1.7%	4.9%	4.9%
SMM SP	Semcorp Marine	2.63	5,491	0.0%	42.9%	7.3%	0.9%	1.4%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.

Source: Bloomberg

Appendix 1: Corporate Action

Company	Results Ann Date	Period		DPS	Ex-Date	Book Close	Payable	Share Price 21 Feb 18	Yield (%)
Far East Hospitality Trust	15-Feb-18	FY17	SGD	0.009700	22-Feb-18	26-Feb-18	26-Mar-18	SGD 0.735	1.3
Lum Chang Holdings Ltd	9-Feb-18	2Q18	SGD	0.00300	22-Feb-18	26-Feb-18	12-Mar-18	SGD 0.370	0.8
Karin Technology Hldgs	12-Feb-18	1H18	HKD	0.0680	1-Mar-18	5-Mar-18	15-Mar-18	SGD 0.325	1.1
Ireit Global	15-Feb-18	FY17	SGD	0.0288	5-Mar-18	7-Mar-18	15-Mar-18	SGD 0.795	3.6
Tai Sin Electric	9-Feb-18	2Q18	SGD	0.0075	7-Mar-18	9-Mar-18	16-Mar-18	SGD 0.405	1.9
Qian Hu Corp Ltd	12-Jan-18	FY17	SGD	0.0020	10-Apr-18	12-Apr-18	25-Apr-18	SGD 0.200	1.0
M1	23-Jan-18	FY17	SGD	0.06200	18-Apr-18	20-Apr-18	27-Apr-18	SGD 1.800	3.4
United Overseas Insurance	5-Feb-18	FY17	SGD	0.1400	19-Apr-18	23-Apr-18	3-May-18	SGD 7.450	1.9
United Overseas Insurance - Special	5-Feb-18	FY17	SGD	0.0500	19-Apr-18	23-Apr-18	3-May-18	SGD 7.450	0.7
Great Eastern Hldgs	13-Feb-18	FY17	SGD	0.50000	20-Apr-18	24-Apr-18	8-May-18	SGD 30.500	1.6
Great Eastern Hldgs - Special	13-Feb-18	FY17	SGD	0.10000	20-Apr-18	24-Apr-18	8-May-18	SGD 30.500	0.3

Latest Rights Issue Announcement

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
SingHaiyi Group Ltd	1 Rts Share @ S\$0.100 for each Rts Share for every 2 existing ord shares	13-Feb-18	15-Feb-18	21-Feb-18	1-Mar-18
Vashion Grp	10 Rights Shares @ S\$0.005 for each Rights Share for every 1 existing Share held, 1 Warrant (exercise price S\$0.005) for every 2 Rights Shares subscribed	9-Feb-18	13-Feb-18	19-Feb-18	27-Feb-18

Source: SGX Announcement

Vashion Grp: Expected date for commencement of trading of warrants: 9.00 a.m., Wednesday, 14 March 2018

Company	Offer Price		Closing Date	Offeror
CWG Int'l	SGD 0.195	Cash	5.30 p.m. on 5 Mar 2018	Elidom Investment Co., Ltd

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday		Tuesday		Wednesday		Thursday		Friday	
19-Feb	SG: 2018 Budget @ 3.30 p.m.	20-Feb	Q4: Global Invts	21-Feb	Q4: Sembcorp Marine	22-Feb	Q4: Amara Hldgs / BreadTalk Grp / Frencken Grp / Kingsmen Creative / Megachem / Utd Engineers	23-Feb	SG: 4Q17 GDP (Not later than 23 Feb) SG (Jan 2018): CPI Overall index and sub-indices Q4: BHG Retail REIT / CSE Global / Genting Spore PLC / IFS Capital / Sembcorp Industries / Spore Technologies Engrg / TeleChoice Int'l / UIC
26-Feb	SG (Jan 2018): Index of Industrial Production Q4: AP Oil Int'l / Asian Pay Television Trust / Aspiat Corp / Best World Int'l / Halcyon Agri / Haw Par Corp / Maxi-Cash Financial Services / Pharmesis Int'l / Raffles Medical Grp	27-Feb	Q4: Fragrance Grp / Htl Royal / mDR / Thakral Corp / UOL Grp	28-Feb	Q2: Serrano Q4: China Aviation Oil Spore / China Everbright Water / China SunSine Chemical / City Developments / EC World REIT / Emerging Towns & Cities / Hiap Hoe / Ho Bee Land / LHT Hldgs / Mewah Int'l Inc / Spore Reinsurance Corp / Straco Corp	1-Mar-18		2-Mar	STI Review Q4: COSCO Shipping Int'l / Elec & Eltek Int'l / KrisEnergy / Vard Hldgs
5-Mar		6-Mar		7-Mar		8-Mar		9-Mar	
12-Mar		13-Mar		14-Mar		15-Mar		16-Mar	
19-Mar		20-Mar		21-Mar		22-Mar		23-Mar	SG (Feb 2018): CPI Overall index and sub-indices

* Tentative

Source: Bloomberg

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