

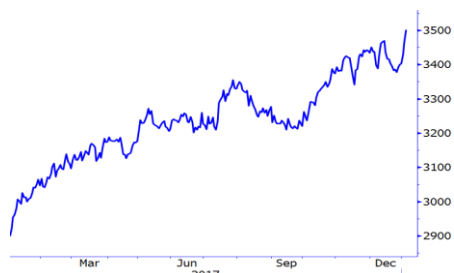
Market Indicators

	2-Jan	3-Jan	4-Jan
Mkt. T/O (S\$ mil)	912.9	1,262.5	1,975.7
Stock Advances	342	258	273
Stock Declines	123	176	162

Major Indices

	2-Jan	3-Jan	4-Jan
DJ Ind Avg	24,824.0	24,922.7	25,075.1
S & P 500	2,695.8	2,713.1	2,724.0
Nasdaq Comp	7,006.9	7,065.5	7,077.9
Hang Seng	30,515.3	30,561.0	30,736.5

STI Index 3,501.16 (+1.06%)



Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,321.17	0.72%
Oil (NYMEX CWT1) US\$ / bbl	61.96	0.13%
Baltic Dry Index	1262	2.60%

Exchange Rates



Source: Bloomberg

Interest Rates

3-mth Sibor	1.509%
SGS (10 yr)	2.012%

KGI Securities Research Team

Market Colour

Singapore market: Banks and property counters continue to lead the markets higher

The STI rose above 2,500 points for the first time in two years, bringing the total gains in the first three trading days of this year to 3% or 100 points, on expectations of higher earnings growth. The positive momentum were mainly led by SATS (+4%), DBS (+2%), CapitalLand Commercial (+2%) and OCBC (+2%). Banks are expected to be the primary beneficiary of the rising interest rate environment, as well as higher lending on the back of broadening economic growth. Outside the STI, Mandarin Oriental (+9%) may once again be in the spotlight as interest in Hong Kong properties continue to heat up. In 2017, residential property transactions in Hong Kong rose 15% YoY, according to the Land Registry's announcement this week, despite multiple rounds of government cooling measures.

China & Hong Kong market strategy – 1Q18: Opportunities in structural reform amid market volatility on slower GDP growth & tighter liquidity

For 2018, our strategy is based on three major themes:

- (1) Downstream manufacturing and consumer space. The ripple of inflation may spread at a faster pace to downstream sectors in 2018, driving up PPI in the industrial processing and daily consumption segments. Consequently, we are already witnessing rallies in the machinery and professional equipment subsectors. Downstream mark-ups bode well for further CPI growth in 1H18. As such, we expect downstream industrial, consumer and agricultural plays to outperform in 2018.
- (2) Second- and third-tier traditional blue chips. Blue chips will be less affected in the early stages of deceleration. Coupled with government support for value investment, we believe some second- or third-tier blue-chip names, which haven't been as strong as top-tier peers during the current rally, will outperform in 2018.
- (3) Excelling new-economy plays. With an ensuing economic downcycle in 2018, we expect to see some profit-taking funds exiting blue chips to pursue emerging plays, which have been revised down significantly, but tout excellent business outlooks. Specifically, we have drawn up a shortlist of sectors: IT, semiconductor, tourism, agriculture, logistics, biotech, transportation, retail, new-energy vehicles, IoT and environmental.

News

Sembcorp Marine: Jurong Shipyard, a unit of Sembcorp Marine, has been fined S\$230,000 for poor equipment maintenance which resulted in the death of two workers. This follows a 2012 incident where Jurong Shipyard was fined S\$400,000 in which an oil rig tilted, injuring 89 people. **We currently have a HOLD recommendation with a fair value of S\$2.05 on Sembcorp Marine. We note that despite potential headwinds from the recent accident and potential fines related to projects with Sete Brasil, there could be several upside catalysts for the stock, including the ongoing strategic review being undertaken by its parent, Sembcorp Industries.**

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 FY16 (%)	Div Yield FY17 (%)
FINANCIALS								
DBS SP	DBS	26.50	67,777	2.4%	6.6%	6.4%	2.5%	2.8%
OCBC SP	OCBC	12.95	54,213	2.0%	4.5%	4.0%	2.9%	3.1%
UOB SP	UOB	27.02	44,935	0.4%	2.2%	3.6%	2.7%	2.9%
SGX SP	SGX	7.57	8,108	0.9%	1.7%	1.9%	4.0%	4.3%
PROPERTIES								
AREIT SP	Ascendas REIT	2.79	8,057	1.8%	2.6%	3.3%	5.7%	5.9%
CAPL SP	CapitaLand	3.66	15,545	1.4%	3.7%	3.7%	2.8%	2.9%
CCT SP	CapitaLand Comm Trust	2.03	7,325	2.0%	5.2%	4.6%	4.3%	4.3%
CT SP	CapitaLand Mall Trust	2.11	7,483	(0.5%)	(0.9%)	(1.4%)	5.2%	5.2%
CIT SP	City Development	12.86	11,694	0.2%	3.0%	3.5%	1.2%	1.2%
GLP SP	Global Logistic	3.37	15,830	0.3%	0.0%	0.3%	1.8%	1.9%
HKL SP	Hongkong Land USD	7.10	22,206	0.3%	0.9%	0.9%	2.8%	2.9%
UOL SP	UOL	9.25	7,786	1.9%	4.3%	5.7%	1.6%	1.6%
TELECOMMUNICATIONS								
ST SP	SingTel	3.61	58,948	0.6%	1.1%	0.3%	5.8%	5.0%
STH SP	StarHub	2.91	5,032	0.3%	2.1%	0.0%	5.5%	5.4%
CONSUMER SERVICES AND GOODS								
JCNC SP	Jardine C&C	41.28	16,315	0.8%	1.5%	2.7%	2.6%	2.7%
JM SP	Jardine Matheson USD	60.28	58,195	(0.9%)	(0.8%)	(1.0%)	2.7%	2.7%
GENS SP	Genting Singapore	1.34	16,133	0.0%	2.3%	2.3%	2.2%	2.3%
SPH SP	SPH	2.78	4,444	0.0%	4.9%	4.1%	5.0%	4.9%
THBEV SP	ThaiBev	0.91	22,725	(1.1%)	(1.6%)	(0.5%)	3.2%	3.5%
TRANSPORT								
SIA SP	Singapore Airlines	10.74	12,700	0.4%	0.7%	0.8%	2.5%	2.2%
CD SP	ComfortDelGro	2.03	4,392	0.5%	2.5%	4.1%	5.1%	5.2%
COMMODITIES								
GGR SP	Golden Agri	0.39	4,967	2.6%	5.4%	5.4%	1.7%	2.0%
WIL SP	Wilmar	3.22	20,369	1.9%	4.2%	4.5%	2.3%	2.7%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	7.80	14,143	1.7%	6.1%	6.4%	2.7%	3.1%
SCI SP	Sembcorp Industries	3.19	5,692	1.9%	5.3%	5.6%	2.4%	3.0%
YZJSGD SP	Yangzijiang SGD	1.53	6,072	0.7%	4.1%	4.1%	3.1%	3.0%
SATS SP	SATS	5.50	6,156	3.8%	5.8%	4.8%	3.2%	3.3%
SIE SP	SIA Engineering	3.19	3,567	0.6%	1.9%	1.3%	4.2%	4.4%
STE SP	ST Engineering	3.30	10,282	0.3%	1.2%	2.2%	4.5%	4.7%
HPHT SP	HPH Trust USD	0.42	4,806	0.0%	0.0%	0.0%	6.3%	6.5%

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 FY16 (%)	Div Yield FY17 (%)
VMS SP	Venture Corp	21.97	6,253	(0.5%)	7.3%	7.5%	2.8%	2.8%
SUN SP	Suntec REIT	2.17	5,756	1.4%	0.9%	0.9%	4.6%	4.6%
MCT SP	Mapletree Commercial	1.67	4,808	0.0%	3.1%	2.5%	5.3%	5.3%
KREIT SP	Keppel REIT	1.27	4,281	0.0%	0.8%	0.0%	4.7%	4.7%
SMM SP	Semcorp Marine	1.83	3,821	(2.1%)	(0.5%)	(1.1%)	1.0%	1.3%

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 4 Jan 18	Yield (%)
k1 Ventures Ltd		Interim SGD	0.3585	8-Jan-18	10-Jan-18	19-Jan-18	-	0.0
Miyoshi Ltd	27-Oct-17	FY17 SGD	0.0040	10-Jan-18	12-Jan-18	19-Jan-18	SGD 0.080	5.0
Advanced Holdings Ltd	10-Nov-17	3Q17 SGD	0.04900	12-Jan-18	16-Jan-18	7-Feb-18	SGD 0.320	15.3
JB Foods Ltd	13-Nov-17	3Q17 SGD	0.0200	24-Jan-18	26-Jan-18	1-Mar-18	SGD 0.565	3.5
PNE Industries Ltd	27-Nov-17	FY17 SGD	0.0300	25-Jan-18	29-Jan-18	12-Feb-18	SGD 1.110	2.7
Fraser and Neave	8-Nov-17	FY17 SGD	0.03000	31-Jan-18	2-Feb-18	14-Feb-18	SGD 2.570	1.2
Frasers Centrepoint	10-Nov-17	FY17 SGD	0.06200	31-Jan-18	2-Feb-18	14-Feb-18	SGD 2.120	2.9
Thai Beverage PCL	23-Nov-17	FY17 Baht	0.4700	8-Feb-18	12-Feb-18	28-Feb-18	SGD 0.905	2.1

Latest Rights Issue Announcement

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
Asia-Pacific Strategic Invts	2 Rts Shares @ S\$0.003 for each Rights Share for every 1 existing share held, 1 free detachable warrant (exercise price S\$0.003) for every 1 Rts Share subscribed	3-Jan-18	5-Jan-18	10-Jan-18	18-Jan-18
Ziwo Hldgs	2 Wrts @ S\$0.0033 for each Wrt (exercise price S\$0.010) for every 1 existing ord share held	17-Jan-18	19-Jan-18		

Source: SGX Announcement

Latest Listing Issue Announcement

Company	Particulars	Ex-Date	Book Close	Payable / Crediting Date	Listing Date
Hyflux	Entitled shareholders will receive 1 Hyfluxshop Hldgs Pte Ltd share for every 10 Hyflux shares held	5-Feb-18	7-Feb-18		
Pan-Utd Corp	Entitlements of Xinghua shares on the basis of 1 Xinghua share for every share held	5-Jan-18	9-Jan-18	-	-

Source: SGX Announcement

Company	Offer Price	Closing Date	Offeror
Cogent Holdings Ltd	SGD 1.02 Cash	5.30 p.m. on 19 Jan 2018	COSCO Shipping Int'l (Singapore) Co., Ltd.
Global Logistic Properties Ltd	SGD 3.38 Cash	5.00 p.m. on 9 Jan 2018	Nesta Investment Hldgs Ltd
Rotary Engineering	SGD 0.460 Cash	5.30 p.m. on 24 Jan 2018	OROCHEM PTE. LTD.
TMC Education Corporation Ltd	SGD 0.0675 Cash	5.30 p.m. on 30 Jan 2018	JK Global Assets Pte. Ltd.

Source: SGX Announcement

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