

## Singapore banks: Trading the short-term bounce ahead of dividend payouts

- Singapore banks have declined 13-15% over the last two weeks as they face the twin challenges of a slowing economy and a lower interest rate environment in 2020.

- The banks have historically rallied ahead of their full-year dividend ex-dates.

- As a short-term trading opportunity, we expect UOB (6.0% dividend yield) and OCBC's (5.6% dividend yield) share prices to trade higher ahead of their dividend ex-dates on 11 and 22 May, respectively. UOB will be giving out 75 Sing cents while OCBC will be paying out 28 Sing cents dividend.

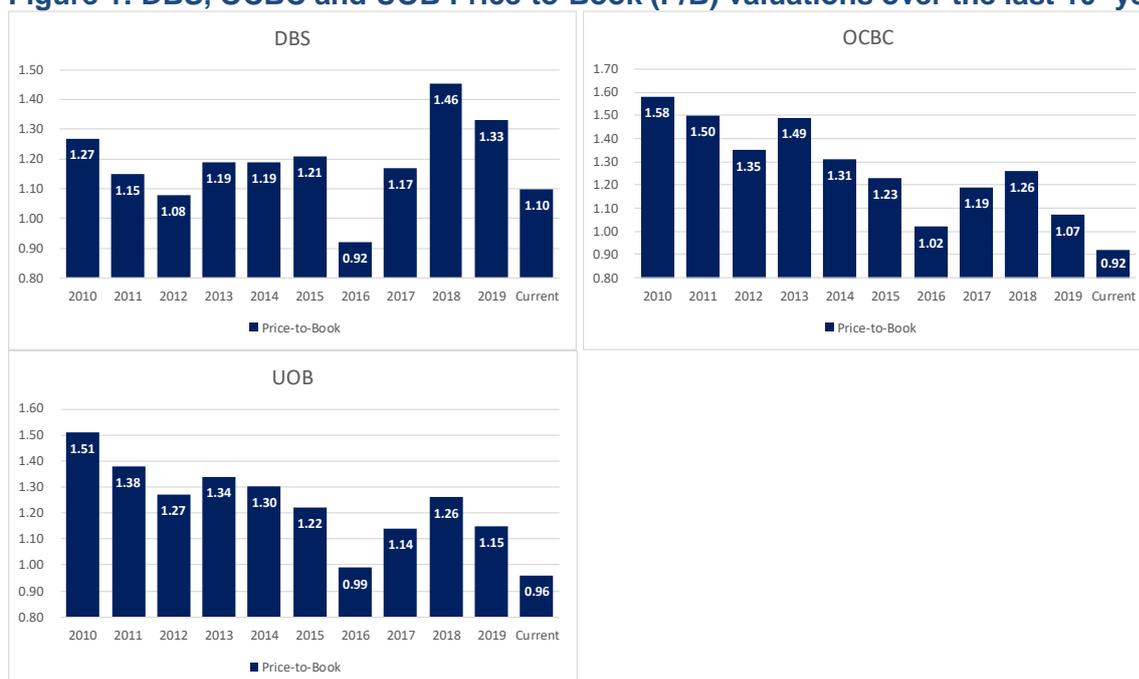
**Pay day.** As the banks approach their ex-dividend dates in April and May, we expect to see their share prices trade higher. As a short-term trading play, UOB's share price should see higher price gains given that it will be paying out a relatively larger final + special dividend.

- DBS quarterly dividend: 33 Sing cents, ex-date on 7 April
- UOB 55 Sing cents final + 20 cents special (Total 75 cents), ex-date on 11 May
- OCBC final 28 Sing cents, ex-date on 22 May

Bank	Payout	2020 Forecasted DPS	Share Price 9 Mar	2020 Forecasted Div Yield
DBS	Quarterly	\$1.32	\$21.15	6.2%
OCBC	Semi	\$0.53	\$9.52	5.6%
UOB	Semi	\$1.30	\$21.50	6.0%

**Down to earth but nothing to get excited about.** Valuations of the three banks are now at reasonable levels when compared to the last 10 years, but that isn't anything to get excited about; investors who wish to hold will need at least a one-year investment horizon given headwinds the banks will face in 2020.

**Figure 1: DBS, OCBC and UOB Price-to-Book (P/B) valuations over the last 10- years**



Source: Company data, KGI Research

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