

Morning Note

21 February 2012

Market Commentary

- STI: +0.69% to 3021.2
- MSCI Asia Pac ex-Japan: +0.7%
- Euro Stoxx 50: +1.19%
- S&P500: closed for public holiday

European finance ministers have not yet ended their meeting on Greece's bailout needs, but hopes of a deal are high. While Greece has done what it can in terms of finding the extra 325m euros in budget cuts and political commitments, what they really need is much stronger debt relief than the current 50% writedown on private sector bondholders - if an announcement contains that the official sector can participate by the ECB distributing its gains or holdings back to the national govts to participate in the writedown, that would be welcome. Otherwise whatever we get as currently proposed may buy us time, but not solve Greece's woes.

China cut its reserve ratio by 50bp was very much welcomed by global markets, as we have said, stocks face a short/medium term win-win in a wave of liquidity and possibly fiscal stimulus (see next para). That's the reality, complacent or not...

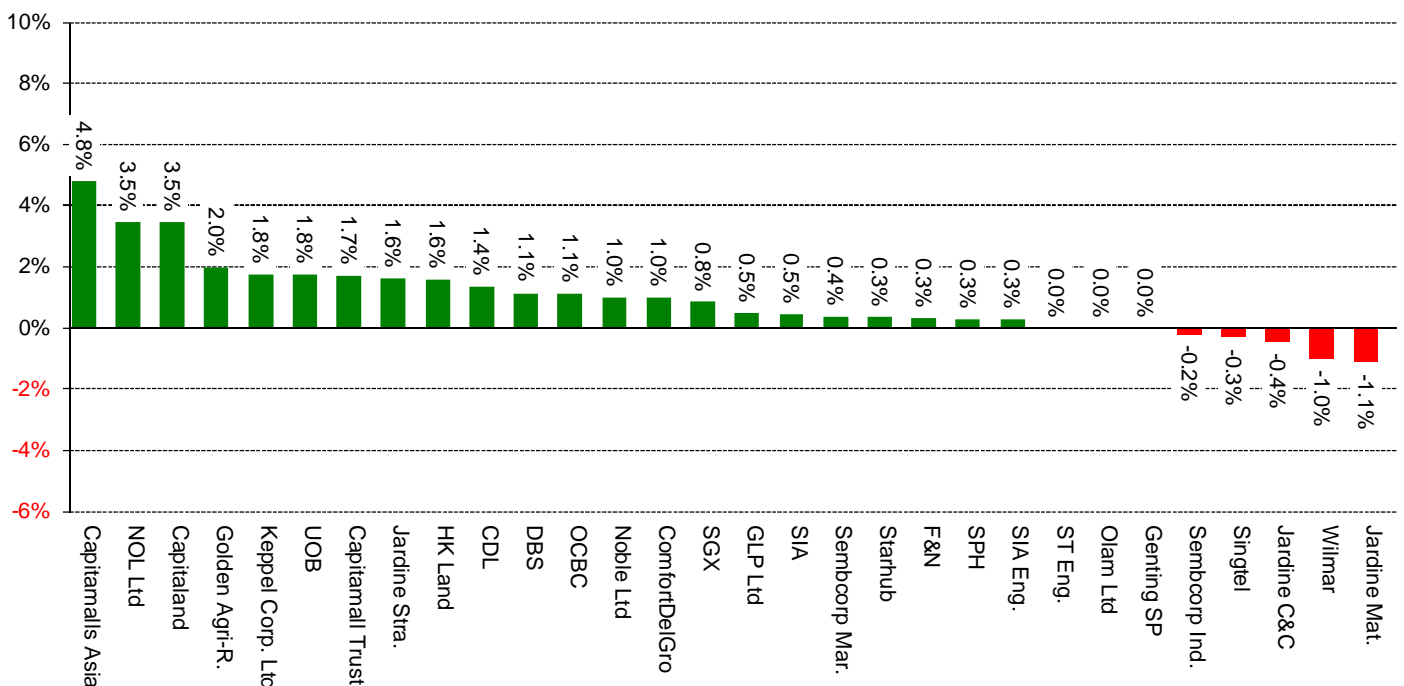
The STI continues its delicate slice thru resistance region from here till 3200, so be nimble if markets find that excuse to sell. But the underlying story remains, equities face a win-win scenario over the short/medium term, and corrections will likely be used to add positions: if the global economy is strong, stocks will of course rise, but then even if its weak, govts have signaled a wave of liquidity and fiscal support: (1) the Fed will consider QE3 if the US economy weakens, (2) China considers 'fine tuning' policy in 1q12 - expect fiscal loosening, and (3) unlimited long term refinancing operations (3yrs) by the ECB could easily be expanded. For our larger trend market outlook, see [Strategy 15 Feb 2012](#).

OCBC reported results that met our expectations but beat consensus, mgt is cautiously optimistic. Stepping down of popular CEO David Connor will be filled by internal succession. For our Singapore Sector Strategy please see: [Sector Strategy 1st Feb 2012](#).

S&P500 earnings season has seen most companies beat expectations, but rate of profit growth is slowing down. The index is approaching its last high (1370) so expect a reaction. But again, in the short/medium term, the underlying scenario is that equities face a win-win situation (see above).

Source: Phillip Securities Research Pte Ltd

STI - Index Members



Source: Bloomberg

Fundamental Call

OCBC - Results (Ken Ang)

Recommendation: Hold

Previous close: S\$8.95

Fair value: S\$8.00

- FY11 NPAT was within our expectations, but higher than street's consensus.
- Group reported 4Q11 revenue of S\$1.497 billion (+12.6% y-y; +14.3% q-q)
- Net Interest Income increased to S\$925 million(+20.3% y-y; +5.8% q-q)
- Fees and Commission amounted to S\$257 million(+0.4% y-y; -16.3% q-q)
- Profits from Insurance declined to S\$85 million(-19.8% y-y; -20.6%q-q)
- Net profit attributable to shareholders amounted to S\$594 million (+17.6% y-y; 15.8% q-q)
- Maintain Hold with new target price of S\$8.00.

Source: Phillip Securities Research Pte Ltd

Company Results

S/N	Company Name	Q/HY/FY	Currency, Units	Revenue			Net Profit		
				Current	Previous	Change (%)	Current	Previous	Change (%)
1	OCBC	FY	S\$m	5622	5325	6	2312	2253	3
2	Wheelock	FY	S\$m	390.5	571.7	-31.7	291.7	325.6	-10.6
3	Tiong Seng	FY	S\$m	414.5	252.3	64	26.9	30.8	-13
4	Raffles MG	FY	S\$m	272.7	239.1	14.1	50.6	45.4	11.3

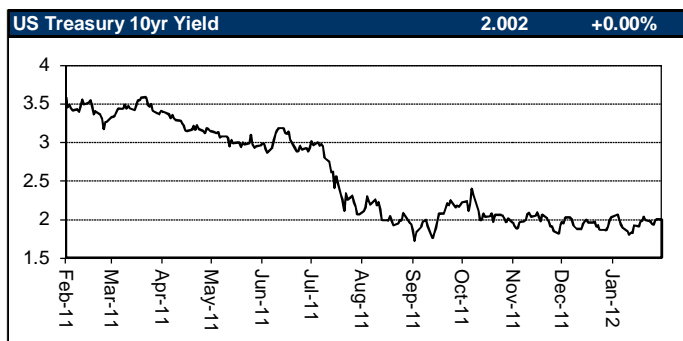
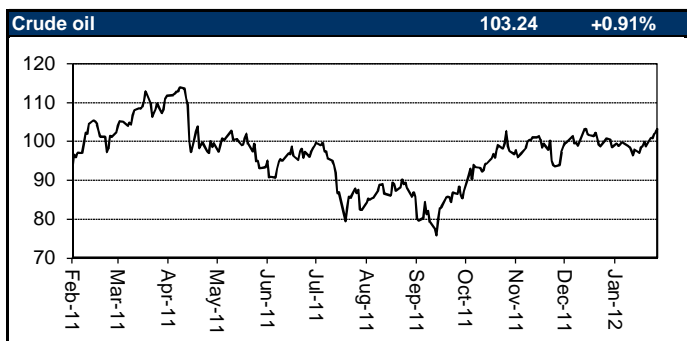
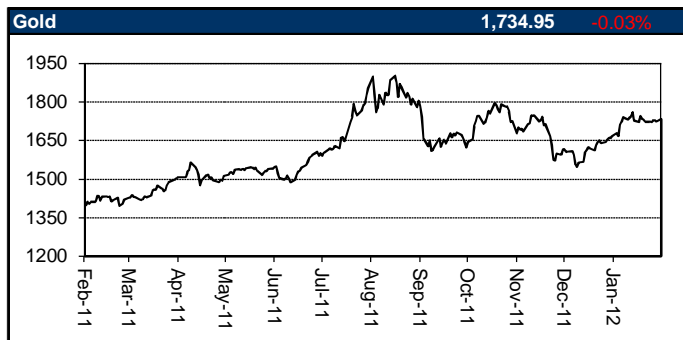
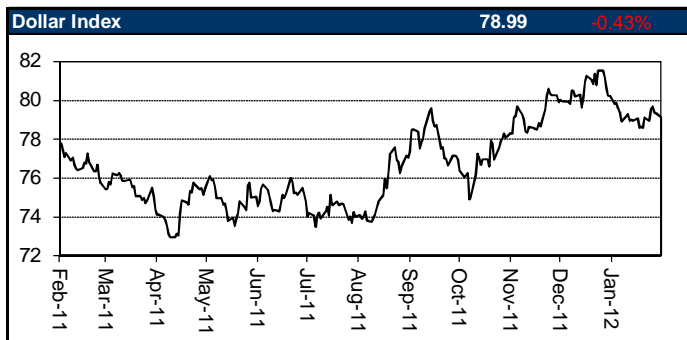
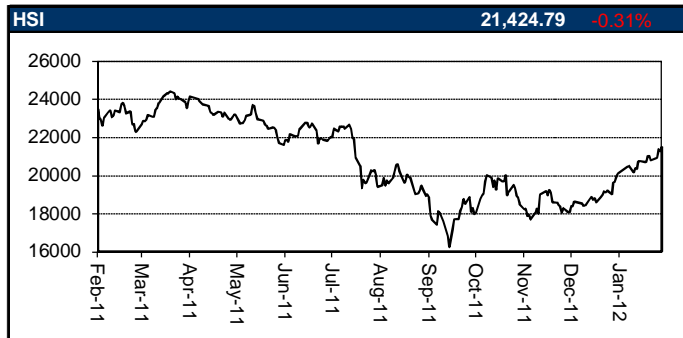
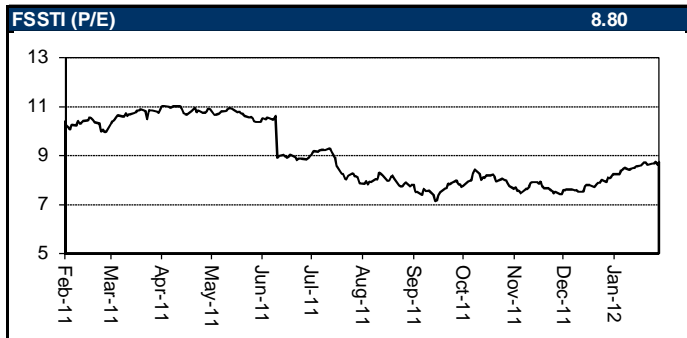
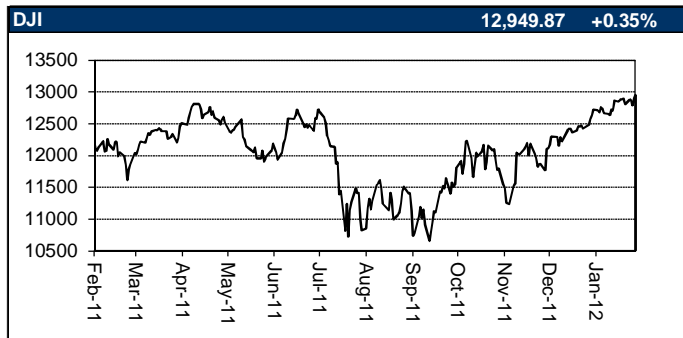
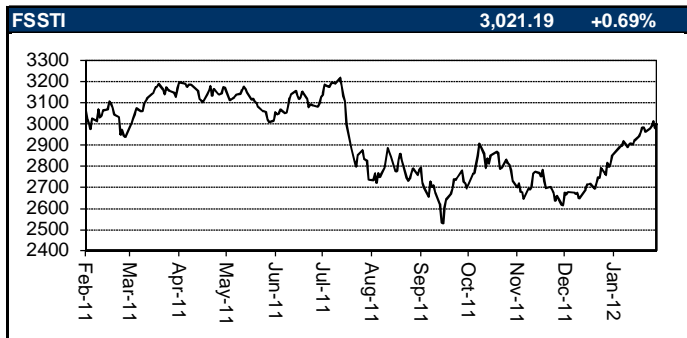
Source: SGX Masnet

Company Highlights

Singapore Telecommunications Limited announced that its Australian wholly owned subsidiary, Optus Mobile Pty Limited ("Optus"), has signed an agreement to acquire Vividwireless Group Limited ("Vividwireless") from Network Investment Holdings Pty Limited ("Network Investment Holdings") for an expected cash consideration of A\$230 million. Network Investment Holdings is wholly owned by Seven Group Holdings Limited. Vividwireless is the holding company of five wholly owned subsidiaries, one of which, BKAL Pty Limited, holds spectrum licences in the 2.3 GHz band. Vividwireless owns and operates two wireless broadband businesses trading under the brands "vividwireless" and "unwired". Optus plans to use the acquired spectrum to deliver wireless broadband to households and businesses in metropolitan Australia with LTE-TDD technology. The new network will be integrated with Optus' 1800MHz 4G network to enhance Optus' network capacity and provide increased mobile data speeds for customers.

CapitaMalls Asia Limited announced that it has acquired the remaining 73.71% stakes each in La Park Mizue in Tokyo, Izumiya Hirakata in Osaka and Coop Kobe in Kobe. The acquisition price for the three shopping malls (on a 100.0% basis) was about JPY13.2 billion (S\$217.4 million / HK\$1.3 billion) in total, a 16.9% discount to the malls' latest valuations as at December 2011. CapitaMalls Asia acquired the malls from CapitaMalls Japan Fund, in which it owns a 26.29% stake. La Park Mizue is strategically located in Tokyo's Edogawa ward, which has a population of more than 650,000 residents. It is situated next to the Mizue station of the Shinjuku-Toei subway line, 30 minutes from central Tokyo. La Park Mizue is the largest shopping mall in the Mizue suburb, and is currently 99.0% occupied. Izumiya Hirakata is located in Hirakata City in Osaka, which has a population of over 400,000 residents. It is situated near the Hirakatashi train station, 30 minutes from central Osaka. The mall is currently master-leased by general merchandising store Izumiya, a dominant retailer in the Japanese Kansai area. Coop Kobe is located in Nishinomiya City, which has a population of nearly 500,000 residents. It is situated near the Naruo train station, 20 minutes from Kobe. The mall is currently master-leased by Coop Kobe, one of the largest co-operative operators in Japan.

Source: SGX Masnet



Source: Bloomberg

Phillip Securities Research - Singapore Stocks Coverage

Company	Analyst	Rating		Date of Last Report	Target Price (\$S)	Current Price (\$S)	Upside to Target Price (%)
DBS GROUP HOLDINGS LTD	Ken Ang	Neutral	M	13-Feb-12	14.500	14.100	2.8%
OVERSEA-CHINESE BANKING CORP	Ken Ang	Neutral	M	21-Feb-12	8.000	8.950	-10.6%
UNITED OVERSEAS BANK LTD	Magdalene Choong	Sell	D	3-Nov-11	14.500	17.960	-19.3%
GENTING SINGAPORE PLC	Magdalene Choong	Neutral	M	11-Nov-11	1.590	1.685	-5.6%
SINGAPORE EXCHANGE LTD	Magdalene Choong	Buy	M	18-Oct-11	8.450	7.210	17.2%
COMFORTDELGRO CORP LTD	Derrick Heng	Buy	M	14-Feb-12	1.660	1.520	9.2%
SMRT CORP LTD	Derrick Heng	Sell	M	1-Feb-12	1.380	1.765	-21.8%
NEPTUNE ORIENT LINES LTD	Derrick Heng	Reduce	D	10-Feb-12	1.370	1.495	-8.4%
SINGAPORE AIRLINES LTD	Derrick Heng	Accumulate	U	3-Feb-12	11.300	10.970	3.0%
TIGER AIRWAYS HOLDINGS LTD	Derrick Heng	Reduce	D	31-Jan-12	0.580	0.780	-25.6%
M1 LTD	Derrick Heng	Reduce	D	17-Jan-12	2.360	2.460	-4.1%
SINGAPORE TELECOM LTD	Derrick Heng	Accumulate	D	14-Feb-12	3.310	3.070	7.8%
STARHUB LTD	Derrick Heng	Neutral	M	3-Feb-12	2.900	2.890	0.3%
SIA ENGINEERING CO LTD	Derrick Heng	Buy	M	1-Feb-12	4.840	3.760	28.7%
SINGAPORE TECH ENGINEERING	Derrick Heng	Accumulate	U	11-Jan-12	3.130	3.030	3.3%
SATS LTD	Derrick Heng	Buy	M	8-Feb-12	2.760	2.480	11.3%
COSCO CORP SINGAPORE LTD	Nicholas Low	Sell	D	3-Nov-11	0.820	1.275	-35.7%
SEBACORP MARINE LTD	Nicholas Low	Accumulate	M	17-Feb-12	5.590	5.280	5.9%
SEBACORP INDUSTRIES LTD	Nicholas Low	Buy	M	4-Nov-11	5.180	5.090	1.8%
KEPPEL CORP LTD	Nicholas Low	Accumulate	M	27-Jan-12	11.680	10.960	6.6%
GOLDEN AGRI-RESOURCES LTD	Nicholas Low	Buy	M	5-Dec-11	0.795	0.780	1.9%
WILMAR INTERNATIONAL LTD	Nicholas Low	Neutral	M	9-Nov-11	5.500	5.840	-5.8%
CHINA SUNSINE CHEMICAL HLDGS	Lee Kok Joo	Buy	M	9-Nov-11	0.290	0.255	13.7%
FORELAND FABRICTECH HOLDINGS	Lee Kok Joo	Buy	M	15-Feb-12	0.160	0.126	27.0%
SINO GRANDNESS FOOD INDUSTRY	Lee Kok Joo	Buy	M	3-Nov-11	0.560	0.465	20.4%
ZIWO HOLDINGS LTD	Lee Kok Joo	Sell	D	11-Nov-11	0.095	0.165	-42.4%
COMBINE WILL INTERNATIONAL H	Chan Wai Chee	Buy	U	14-Feb-12	1.350	0.865	56.1%
HU AN CABLE HOLDINGS LTD	Chan Wai Chee	Buy	M	6-Dec-11	0.360	0.170	111.8%
SUNPOWER GROUP LTD	Chan Wai Chee	Buy	U	17-Jan-12	0.260	0.265	-1.9%
CAPITAMALLS ASIA LTD	Bryan Go	Buy	M	13-Feb-12	1.770	1.640	7.9%
HO BEE INVESTMENT LTD	Bryan Go	Neutral	M	10-Nov-11	1.430	1.335	7.1%
KEPPEL LAND LTD	Bryan Go	Neutral	D	20-Jan-12	2.790	3.200	-12.8%
OVERSEAS UNION ENTERPRISE	Bryan Go	Buy	M	9-Nov-11	2.840	2.530	12.3%
SC GLOBAL DEVELOPMENTS LTD	Bryan Go	Neutral	M	10-Nov-11	1.500	1.115	34.5%
CDL HOSPITALITY TRUSTS	Travis Seah	Neutral	M	1-Feb-12	1.530	1.700	-10.0%
PARKWAYLIFE REAL ESTATE	Travis Seah	Accumulate	U	30-Jan-12	1.880	1.750	7.4%
SABANA SHARIAH COMP IND REIT	Travis Seah	Buy	M	25-Jan-12	1.050	0.925	13.5%

US Stocks Coverage

Company	Analyst	Rating		Date of Last Report	Target Price (US\$)	Current Price (US\$)	Upside to Target Price (%)
BANK OF AMERICA CORP	Magdalene Choong	Neutral	M	21-Oct-11	-	8.020	-
CITIGROUP INC	Magdalene Choong	Neutral	D	19-Oct-11	-	32.920	-
LAS VEGAS SANDS CORP	Magdalene Choong	Buy	M	28-Oct-11	-	52.790	-
MGM RESORTS INTERNATIONAL	Magdalene Choong	Buy	M	4-Nov-11	-	14.660	-

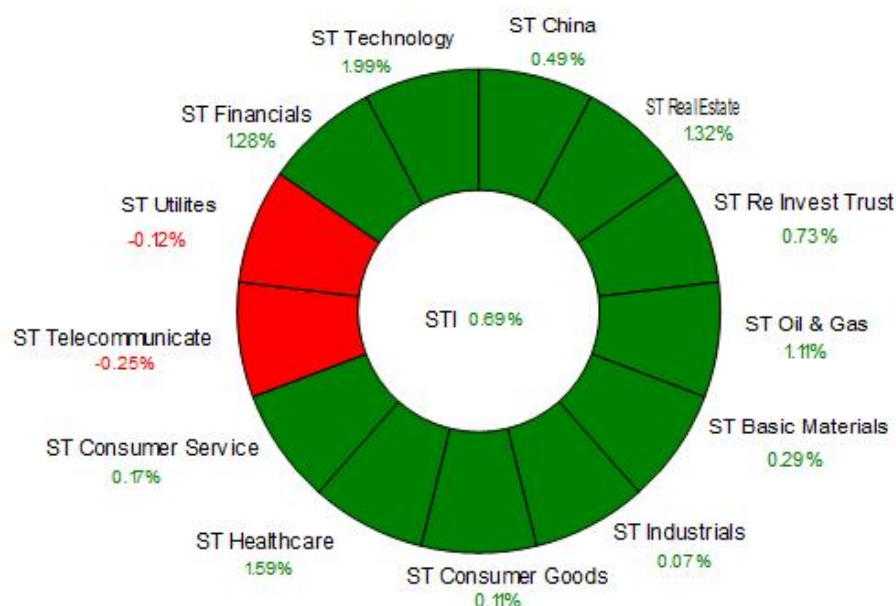
Source: Phillip Securities Research Pte Ltd

Director / Substantial Shareholders' Transactions

Company	Substantial Shareholder / Director	From (%)	To (%)
Falcon Energy Group Limited	Cai Wenxing	8.78	8.73
Plastoform Holdings Limited	Amy Lim Sioh Tin	11.1	10.83
ABR Holdings Limited	Lim Eng Hock	6.07	7.16

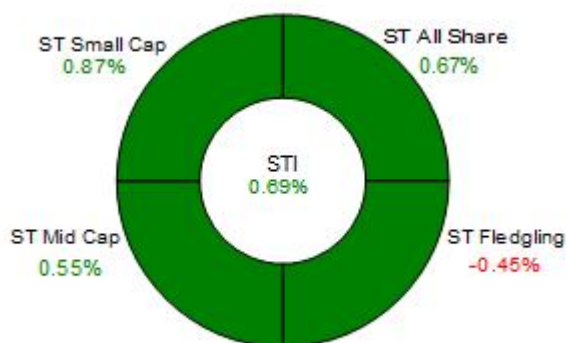
Source: SGX Masnet

FTSE ST Breakdown (% Change)



Source: Bloomberg

FTSE ST Market Cap. Breakdown (% Change)



Source: Bloomberg

Top Gainers	Last	Chg
NY03100A 180901 10	121.073	2.531
DBXT Nifty 10US\$	115.400	2.250
Lyxor MSIndia10US\$	14.770	0.790

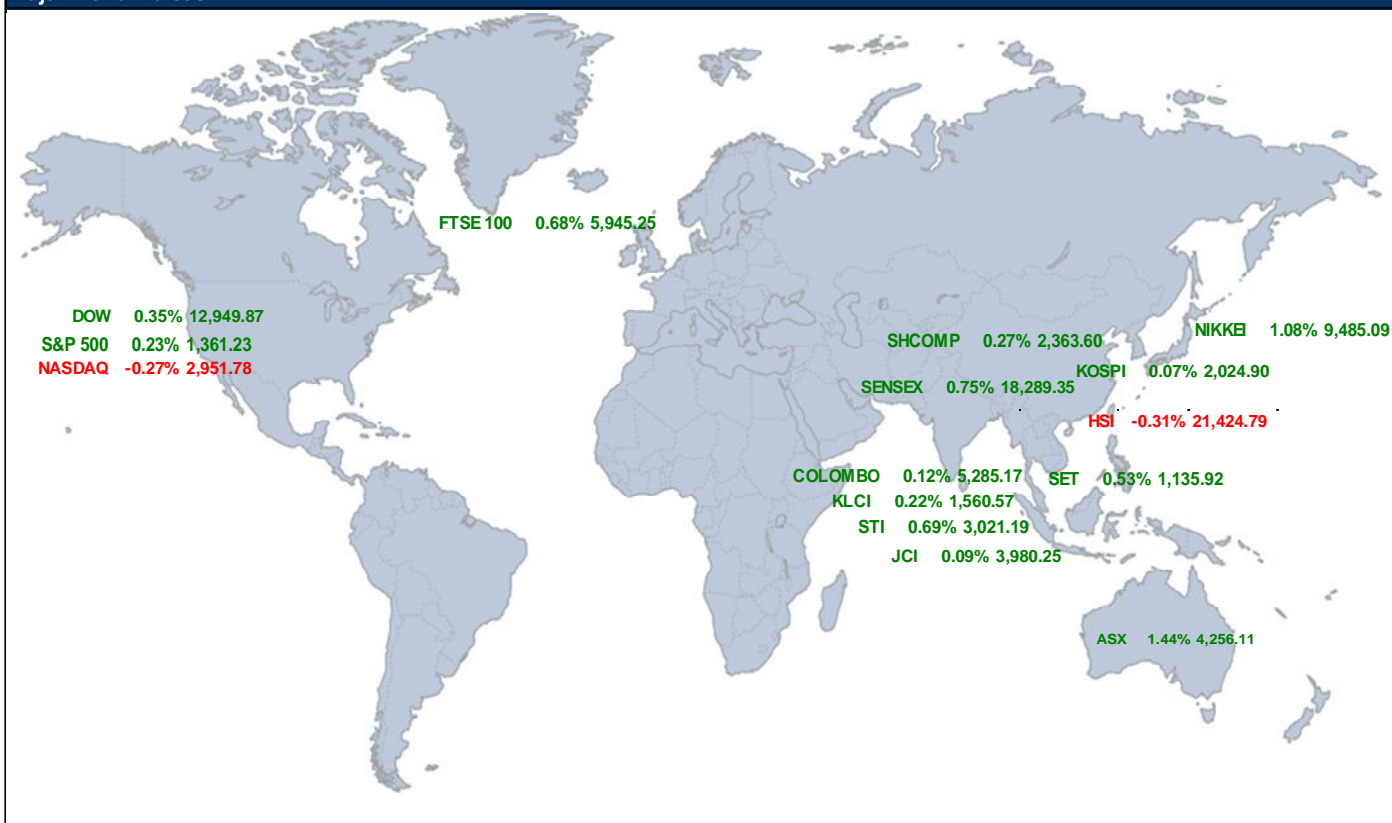
Top Losers	Last	Chg
BIDU ADR 10US\$+	137.800	-6.620
JMH 400US\$	52.400	-0.600
DBXT S&PShort10US\$	37.910	-0.500

Top Volume	Last	Vol
MDR	0.009	316304
TopGlobal	0.012	203825
HSI21600MBcCW120329	0.109	113466

TURNOVER (SHARES)	2,213,863,080
TURNOVER (S\$)	1,275,754,593
UP	233
DOWN	200
UNCHANGED	345

Source: SGX

Major World Indices



Source: Bloomberg

ETF Performance

ETF	% Change	Change	Last
ABF SINGAPORE BOND INDX FUND		+1.20	+0.01 1.18
CIMB FTSE ASEAN 40		+0.96	+0.10 10.50
DB X-TRACKERS FTSE CHINA 25		+1.12	+0.33 29.72
DB X-TRACKERS FTSE VIETNAM		+2.65	+0.62 24.00
DB X-TRACKERS MSCI INDONE		+1.49	+0.22 14.95
DB X-TRACKERS MSCI TAIWAN		+0.28	+0.05 18.08
DB X-TRACKERS S&P 500 INV DA		-1.30	-0.50 37.91
DB X-TRACKERS S&P CNX NIFTY		+1.99	+2.25 115.40
ISHARES MSCI INDIA ETF		+0.46	+0.03 6.62
LYXOR ETF CHINA ENTERPRISE		-0.54	-0.08 14.80
LYXOR ETF COMMODITIES CRB-CD		+2.35	+0.07 3.05
LYXOR ETF MSCI AC ASIA EX JP		-0.22	-0.01 4.45
LYXOR ETF MSCI INDIA		+5.65	+0.79 14.77
NIKKO AM SINGAPORE STI ETF		+1.00	+0.03 3.04
SPDR STRAITS TIMES INDEX ETF		+0.66	+0.02 3.03
UNITED SSE 50 CHINA ETF		+1.18	+0.02 1.71

Source: Bloomberg

Commodities & Currencies

Commodities	% Chg	Chg	Last
GOLD SPOT (US\$/OZ)	-0.03	-0.60	1,734.95
SILVER SPOT (US\$/OZ)	+0.00	+0.00	33.58
WTI Cushing Crude Oil Spot Price (US\$/bbl)	+0.91	+0.93	103.24

Commodities	% Chg	Chg	Last
Malaysian Rubber Board Standard (MYR/kg)	+0.27	+3.00	1,110.50
PALM OIL (MYR/Metric Tonne)	+1.08	+34.00	3,170.50

Index	% Chg	Chg	Last
DOLLAR INDEX SPOT	-0.43	-0.34	78.99

Source: Bloomberg

Currencies	Price of S\$1	Price of US\$1
AUSTRALIAN DOLLAR	0.7432	1.0743
CANADIAN DOLLAR	0.7934	0.9937
EURO	0.6030	1.3239
BRITISH POUND	0.5039	1.5846
US DOLLAR	0.7986	1.0000
CHINA RENMINBI	5.0290	6.2966
HONG KONG DOLLAR	6.1916	7.7543
JAPANESE YEN	63.5400	79.5700
KOREAN WON	896.1983	1122.1300
MALAYSIAN RINGGIT	2.4137	3.0185
THAI BAHT	24.5587	30.7500

US Treasury Yields

Maturity	Today	Yesterday	Last Week	Last Month
3 Months	0.05	0.08	0.05	0.01
6 Months	0.10	0.11	0.11	0.05
2 Years	0.29	0.29	0.27	0.22
3 Years	0.41	0.41	0.38	0.34
5 Years	0.86	0.85	0.82	0.80
10 Years	2.00	1.98	1.98	1.89
30 Years	3.14	3.14	3.14	2.95

Yield Spread (10 yrs - 3 mths) 1.95

Yield Spread (10 yrs - 2 yrs) 1.71

Source: Data provided by ValuBond – <http://www.valubond.com>

Corporate Action: Dividend

EX Date	Company	Type	Net Amount	Currency	Frequency	Record Date	Payout Date
2/22/2012	LIPPO MALLS INDONESIA RETAIL	Distribution	0.0053	SGD	Quarter	2/24/2012	3/16/2012
2/23/2012	EASTGATE TECHNOLOGY LTD	Regular Cash	0.0010	SGD	Irreg	2/27/2012	3/15/2012
2/23/2012	KARIN TECHNOLOGY HOLDINGS	Special Cash	0.0350	HKD	Semi-Anl	2/27/2012	3/9/2012
2/23/2012	ALUMINA LTD-SPONSORED ADR	Regular Cash	0.1190	USD	Semi-Anl	2/27/2012	3/16/2012
2/24/2012	BRC ASIA LTD	Regular Cash	0.0060	SGD	Semi-Anl	2/28/2012	4/12/2012
2/24/2012	BOARDROOM LTD	Interim	0.0100	SGD	Semi-Anl	2/28/2012	3/16/2012
2/24/2012	RICKMERS MARITIME	Distribution	0.0060	USD	Quarter	2/28/2012	3/13/2012
2/24/2012	LUM CHANG HOLDINGS LTD	Interim	0.0075	SGD	Irreg	2/28/2012	3/14/2012
2/27/2012	SILVERLAKE AXIS LTD	Interim	0.0040	SGD	Quarter	2/29/2012	3/21/2012
2/29/2012	DIAGEO PLC-SPONSORED ADR	Regular Cash	1.0482	USD	Semi-Anl	3/2/2012	4/13/2012
3/2/2012	TAI SIN ELECTRIC LTD	Interim	0.0060	SGD	Semi-Anl	3/6/2012	3/16/2012
3/5/2012	TRANSVIEW HOLDINGS LTD	Regular Cash	0.0020	SGD	Annual	3/7/2012	3/23/2012
3/7/2012	CAPITARETAIL CHINA TRUST	Distribution	0.0442	SGD	Semi-Anl	3/9/2012	3/28/2012
3/26/2012	AV JENNINGS LTD	Interim	0.0050	AUD	Semi-Anl	3/28/2012	4/11/2012
3/28/2012	MARUWA CO LTD	Final	15.0000	JPY	Semi-Anl	3/31/2012	

Source: Bloomberg

Corporate Action: Rights

EX Date	Company	Type	Subscription Price	Currency	Term	Record Date
2/23/2012	TIONG WOON CORP HLDG LTD	Rights Issue	0.1100	SGD	1 per 4	2/27/2012

Source: Bloomberg

Calendar

Earning Announcement – Singapore

Name	Expected Report Date
(C) Ferrell International Ltd/TW	February 21, 2012
AP Oil International Ltd	February 21, 2012
ARA Asset Management Ltd	February 21, 2012
Asiamedic Ltd	February 21, 2012
Cityneon Holdings Ltd	February 21, 2012
Dyna-Mac Holdings Ltd	February 21, 2012
Food Junction Holdings Ltd	February 21, 2012
Gallant Venture Ltd	February 21, 2012
Hi-P International Ltd	February 21, 2012
Hoe Leong Corp Ltd	February 21, 2012
Hotel Properties Ltd	February 21, 2012
Huan Hsin Holdings Ltd	February 21, 2012
Intraco Ltd	February 21, 2012
Megachem Ltd	February 21, 2012
OM Holdings Ltd	February 21, 2012
Plato Capital Ltd	February 21, 2012
R H Energy Ltd	February 21, 2012
Riverstone Holdings Ltd	February 21, 2012
Sun East Group Ltd	February 21, 2012
Superbowl Holdings Ltd	February 21, 2012
Teckwah Industrial Corp Ltd	February 21, 2012
UMS Holdings Ltd	February 21, 2012
United Overseas Insurance Ltd	February 21, 2012
Wheelock Properties Singapore Ltd	February 21, 2012
Yeo Hiap Seng Ltd	February 21, 2012
800 Super Holdings Ltd	February 22, 2012
Advanced Integrated Manufacturing Corp Ltd	February 22, 2012
AEI Corp Ltd	February 22, 2012
Avago Technologies Ltd	February 22, 2012
Baker Technology Ltd	February 22, 2012
Beng Kuang Marine Ltd	February 22, 2012
CCM Group Ltd	February 22, 2012
Cerebos Pacific Ltd	February 22, 2012
China Aviation Oil Singapore Corp Ltd	February 22, 2012
Chip Eng Seng Corp Ltd	February 22, 2012
CNMC Goldmine Holdings Ltd	February 22, 2012
Far East Group Ltd	February 22, 2012
Genting Singapore PLC	February 22, 2012
GMG Global Ltd	February 22, 2012
Hock Lian Seng Holdings Ltd	February 22, 2012
Innovalues Ltd	February 22, 2012
Isetan Singapore Ltd	February 22, 2012
JK Tech Holdings Ltd	February 22, 2012
Keong Hong Holdings Ltd	February 22, 2012
Kitchen Culture Holdings Ltd	February 22, 2012
Libra Group Ltd	February 22, 2012
Malacca Trust Ltd	February 22, 2012
Metal Component Engineering Ltd	February 22, 2012
Miclyn Express Offshore Ltd	February 22, 2012
Neptune Orient Lines Ltd/Singapore	February 22, 2012
Old Chang Kee Ltd	February 22, 2012
Perennial China Retail Trust	February 22, 2012
Sapphire Corp Ltd	February 22, 2012
SEF Group Ltd	February 22, 2012
Sing Holdings Ltd	February 22, 2012
TA Corp Ltd	February 22, 2012
UE E&C Ltd	February 22, 2012
Wilmar International Ltd	February 22, 2012
Otto Marine Ltd	February 23, 2012
SembCorp Marine Ltd	February 23, 2012

Source: Bloomberg

Economic Announcement

US

Date	Statistic	For	Survey	Prior
2/21/2012	Chicago Fed Nat Activity Index	JAN	- -	0.17
2/22/2012	MBA Mortgage Applications	17-Feb	- -	-1.0%
2/22/2012	Revisions: Existing Home Sales			
2/22/2012	Existing Home Sales	JAN	4.66M	4.61M
2/22/2012	Existing Home Sales MoM	JAN	1.0%	5.0%
2/23/2012	Initial Jobless Claims	18-Feb	- -	- -
2/23/2012	Continuing Claims	11-Feb	- -	- -
2/23/2012	Bloomberg Consumer Comfort	19-Feb	- -	-39.8
2/23/2012	House Price Index MoM	DEC	- -	1.0%
2/23/2012	House Price Purchase Index QoQ	4Q	- -	0.2%
2/24/2012	Kansas City Fed Manf. Activity	FEB	- -	7
2/24/2012	U. of Michigan Confidence	FEB F	72.5	72.5
2/24/2012	New Home Sales	JAN	315K	307K
2/24/2012	New Home Sales MoM	JAN	2.6%	-2.2%
2/27/2012	Pending Home Sales MoM	JAN	- -	-3.5%

Source: Bloomberg

Singapore

Date	Statistic	For	Survey	Prior
2/22/2012	Automobile COE Open Bid Cat A	22-Feb	- -	52809
2/22/2012	Automobile COE Open Bid Cat B	22-Feb	- -	73890
2/22/2012	Automobile COE Open Bid Cat E	22-Feb	- -	73801
2/23/2012	CPI (MOM) - NSA	JAN	- -	0.0%
2/23/2012	CPI (YoY)	JAN	4.9%	5.5%
2/24/2012	Industrial Production MoM SA	JAN	- -	7.8%
2/24/2012	Industrial Production YoY	JAN	-1.5%	12.6%
2/29/2012	Credit Card Bad Debts	JAN	- -	15.6M
2/29/2012	Credit Card Billings	JAN	- -	3522.2M
2/29/2012	Bank Loans & Advances (YoY)	JAN	- -	30.3%
2/29/2012	M1 Money Supply (YoY)	JAN	- -	14.8%
2/29/2012	M2 Money Supply (YoY)	JAN	- -	10.0%
3/5/2012	Electronics Sector Index	FEB	- -	50.5
3/5/2012	Purchasing Managers Index	FEB	- -	48.7
3/7/2012	Automobile COE Open Bid Cat A	7-Mar	- -	- -

Source: Bloomberg

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