



# Singapore Update

## Market Overview

- Singapore equities rose in July, boosted by solid corporate earnings and economic data.
- Second-quarter GDP expanded by an annualised 26%, led by both the manufacturing and service sectors, bringing first-half growth to a new high. The government now expects the economy to grow by up to 15% for the full year.
- Exports continued to gain in June, thanks to higher shipments of electronics and pharmaceutical products. Manufacturing output also increased at a double-digit pace, albeit slower than a month ago. Visitor arrivals rose to an all-time high, accompanied by a sharp gain in the average hotel occupancy rate.
- Consumer prices rose 2.7% year-on-year in June because of higher transport and housing costs.
- In policy news, the Monetary Authority of Singapore will introduce central bank bills to cope with sudden inflows and outflows of capital. It signed a currency swap agreement with China for the next three years.

## Model Portfolio News

Portfolio activity was minimal during the month.

*Note:*

*The changes mentioned in this part refer to our model portfolio, which is the basis for actual portfolios we manage that have similar investment objectives. However, there might be minor variations among these, so the above descriptions might not apply to the actual portfolios.*

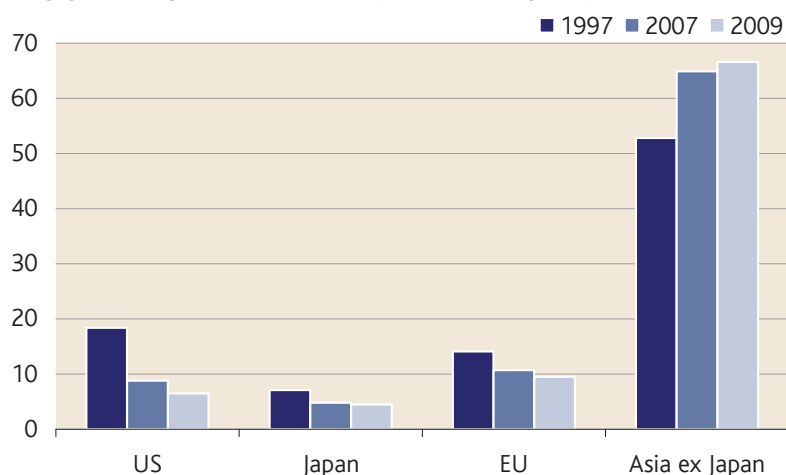
## Corporate News

**Singapore Airlines** reported healthy profits boosted by a strong recovery in both passenger and cargo demand. **DBS** posted a net loss because of an impairment charge for its Hong Kong operations. However, excluding the non-cash goodwill charge, the lender saw healthy net profits on stable income and lower provisions.

We hold the companies highlighted above.

## Focus – Exports

Singapore's export destinations (% of total exports)



Source: CEIC, Thomson Reuters, Daiwa, 22 June 10

Singapore's export-dependent economy is highly reliant on the fortunes of external overseas markets. But the West is becoming less crucial. The share of Singapore's exports to the US and Europe has shrunk, while that to Asia ex Japan has risen from 50% to more than 60% over the past decade. Greater exposure to the region, with its strong fundamentals and fast-growing economies, should bode well.

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