



Singapore Update

Market Overview

- Singapore equities rose in December, on hopes that the opening of the integrated resorts in the first quarter would boost the domestic economy. For the year, the stockmarket rose 70% in local currency terms, following big losses in 2008.
- Fourth-quarter GDP contracted 6.8% from the previous three months because of lower biomedical manufacturing output. Private home prices gained 1.7% in 2009.
- Industrial production in November fell for the fourth month, on weakness in the pharmaceutical sector. Retail sales continued to decline in October, on lower demand for motor vehicles.
- Inflation appeared to pick up in November, with consumer prices rising 0.5% from the previous month.

Model Portfolio News

There were no major changes made to the portfolio during the month.

Corporate News

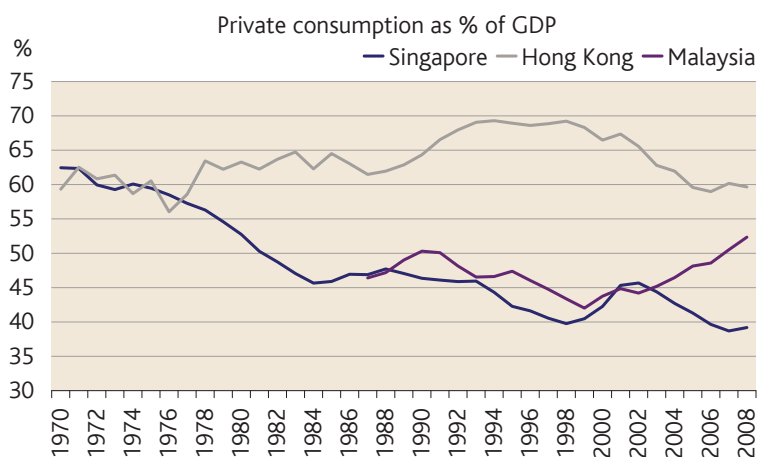
Oversea-Chinese Banking Corp and **United Overseas Bank** have little exposure to Dubai World, whereas **City Developments** is open to the possibility of raising its share in its South Beach project where the UAE conglomerate has a stake.

Elsewhere, our holdings continued to gain traction: **ST Engineering's** aerospace unit won a US\$170 million contract from a major US airline and **Keppel Corp** clinched three contracts worth US\$160 million.

Singapore Airlines' (SIA) low cost carrier unit, Tiger Airways, will launch an initial public offering to fund future expansion; SIA will maintain its 49% stake.

We hold the companies highlighted above.

Focus – No room to consume



Source: CEIC, CIRA, January 2010

Private consumption as a proportion of GDP has fallen to under 40% in the past three years. In contrast, consumption in Hong Kong has held steady at around 60%, while in Malaysia it has been gaining ground. This may be because Singapore has taken a more immediate hit to jobs and wages, including CPF cuts, in the wake of the exports slowdown; conversely, spending may recover faster once growth returns.

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