SINGAPORE (5.0 STARS – VERY ATTRACTIVE)

1) Singapore's estimated PE is at 14.8X and 13.9X respectively for 2009 and 2010, earnings growth is expected to decline by 21.5% in 2009, only to recover in 2010 with an increase of 6.1%
2) Singapore's economy is expected to decline between 2% to 5% in 2009, companies that are related to real estate, shipping and banking are among those that are affected by the recession.
3) Exports continued to decline sharply in January and February. In February, exports slid 22.4% year-on-year, pulled down by output of electronics which plummeted 37.3%. As Singapore is highly dependent on external demand, it is widely expected that exports will be a major factor impeding economic growth in 2009.
4) There was an attractive stimulus package worth S$ 20.5 billion that aims to help businesses tide through the recession, measures that are more significant include a job credit scheme, government co-sharing of financing loan risk.
5) The stimulus package (dipping into the national reserves for S$ 4.9 billion) aims at injecting confidence into business and improving consumption. However as domestic consumption accounts for only 25% at the present moment, Singapore is still very much reliant on external demand (particularly key export markets including US and Europe) for overall economic growth.
6) The Singapore dollar (SGD) depreciated 6.5% against the USD on a year-to-date basis as at 31 March 2009. In April, there would be a monetary policy statement. We expect that there would probably be a skew towards a small and gradual depreciation of SGD against the basket of currency.
7) Inflation for Singapore has tapered down largely after the dip in oil prices which in effect helped to tame costs of transportation. The annual rate of inflation fell to a 20-month low of 1.9% year-on-year in February, housing costs continued to rise 6.6% but cost of transport and communication fell 5%. It is likely that the inflation would be 3% or below if commodity prices remain tamed and global demand still does not recover.
8) The average number of months of recession since 1985 is about 15 months. If history repeats itself the start of the current recession was May 2008 and could possibly end in the third quarter of 2009. But external demand for Singapore goods has to recover before a full-fledged economic recovery could take place.
9) The vulnerability of the Singapore economy in global crises is evident as shown by the steep anticipated declines in the economy in comparison to its Asean peers. Despite being open and vulnerable, there are bright spots in the economy as well including good local corporate governance and stable government policies, we are still hopeful that the Singapore market would be one of the first to recover (ahead of the recovery in the Singapore economy). Thus, we gave the market a 5 stars or 'very attractive' rating.