

# Singapore Update



## Overview

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- Singapore equities extended their recent gains to close firmer in September. Property and bank shares led the rise, buoyed by the continued strength in the housing market.
- The Urban Redevelopment Authority's flash estimates showed that third-quarter private home prices rose a faster-than-expected 2.5% quarter-on-quarter, the strongest gain since the residential market began recovering in mid-2004.

## Headline News

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### Lacklustre manufacturing output and exports

Fewer orders and lower levels of production output in September weighed on the manufacturing sector in September. The Purchasing Managers' Index slipped 0.6 points to 51.7 points last month, an indication that manufacturing output is still growing, albeit at a slower pace. This followed a moderation in non-oil domestic exports, which rose just 2.6% year-on-year in August, caused by a sharp drop in pharmaceutical shipments.

### Temasek to maintain Shin Corp stake

Temasek Holdings plans to retain its holding in **Shin Corp** and will continue to seek further investment opportunities in Thailand despite the military coup that saw the ousting of prime minister Thaksin Shinawatra. Meanwhile, the state investment agency has declined to comment on Thailand's investigation into its acquisition of the telco.

### Corporate activity and earnings results

The domestic property rebound prompted **Singapore Press Holdings** to develop one of its freehold sites into a residential condominium, as a way to divest its non-core assets. Separately, the media group entered into a strategic partnership with Norwegian media group, **Schibsted ASA**, to develop online ventures in the region. The **Ascott Residence Trust** rode on the optimism among property owners to raise S\$48.4m from a placement of 44m new units at S\$1.10 each. The funds will be used to pay for acquisitions in Tianjin and Tokyo. Finally, **Singapore Telecommunications** announced that current chief financial officer, Chua Sock Koong, is to succeed Lee Hsien Yang as chief executive, when he retires in March 2007.

The reporting season drew to a close, with traditional Chinese medicine retailer **Eu Yan Sang** reporting weaker fourth-quarter results due to cost increases from the opening of new stores.

## Portfolio News

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We initiated a position in **Fraser & Neave**, a regional conglomerate with exposure to the consumer and property sectors, and top-sliced property developer **City Developments** following a strong run in its share price.

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### For more information

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