

#### MARKET NEWS

The FSSTI saw marginal gains, rising by 0.48pt to close at 2,815.52 as investors awaited what would probably be the first Federal Reserve interest-rate hike in almost a decade this week. Developers in Singapore sold a total of 759 private residential units in November, a 39% uptick from 548 units sold in October and representing a 79% yoy jump. Singapore employment growth fell sharply from a year ago in 3Q15, bringing growth in 9M15 down to the lowest since the GFC. The broader market in Singapore saw 184 gainers and 203 losers, with total trading value at S\$860.3m.

US markets rallied ahead of a long anticipated meeting of the Federal Reserve's interest-rate setting committee. A surge in oil prices helped to support the energy sector and gave stocks a lift. The S&P 500 index closed 1.1%, higher to 2,043.4 while the DJIA ended 0.9% higher to 17,524.91. At 2 p.m. Eastern Time on Wednesday, the Federal Reserve is expected to lift interest rates for the first time in more than nine years. Shares in 3M Co. tumbled 6% after the conglomerate cut its outlook, while Valeant Pharmaceuticals International Inc. surged 16.4% after the company announced a distribution pact with Walgreens Boots Alliance Inc.

#### WHAT'S IN THE PACK

**Singapore Airlines Limited Strong sequential improvement in SIA's and Scoot's load factors.**

(SIA SP/HOLD/S\$10.85/Target:S\$12.00)

Fifth sequential improvement in load factor. Parent SIA's pax load factor improved 3.1ppt in November, with stronger loads across all regions. The greatest load factor improvement was in long-haul routes, to West Asia, Africa, Southwest Pacific, Europe and the US. SIA attributed this to selective capacity adjustments and promotional activities. Pax loads for Oct 15 and Nov 15 averaged 79%, a 3ppt yoy increase.

#### Weekly Support and Resistance Watch

We look at the S&R levels of 20 stocks with the largest traded value and highlight the following...

Two stocks that could be trading near their potential resistance levels are:

City Developments (CIT SP, C09) and Jardine Cycle & Carriage (JCNCS, C07)

Two stocks that could be trading near their potential support levels are:

Singapore Airlines (SIA SP, C6L) and Capitaland (CAPL SP, C31)

#### PRICE CHART



#### KEY INDICES

	Prev Close	Chg (%)	YTD (%)
DJIA	17524.9	0.9	(1.7)
S&P 500	2043.4	1.1	(0.8)
FTSE 100	6017.8	2.4	(8.4)
CSI 300	3694.4	(0.5)	4.5
FSSTI	2815.5	0.0	(16.3)
HSCEI	9344.1	0.3	(22.0)
HSI	21274.4	(0.2)	(9.9)
JCI	4409.2	0.8	(15.6)
KLCI	1622.8	(0.4)	(7.9)
KOSPI	1933.0	0.3	0.9
Nikkei 225	18565.9	(1.7)	6.4
SET	1300.5	2.6	(13.2)
TWSE	8073.4	0.4	(13.3)
BDI	508.0	(2.7)	(35.0)
CPO (RM/mt)	2186.0	(1.6)	(4.6)
Nymex Crude(US\$/bbl)	37.0	1.8	(30.6)

Source: Bloomberg

#### TOP VOLUME

Stock	Price (S\$)	Chg (%)	Vol ('000)
Noble Group	0.390	1.3	28,098
Golden Agri-Resources	0.320	0.0	24,139
Capitaland	3.100	(0.6)	20,085
Singapore Telecommunications	3.760	(0.8)	17,867
Hutchison Port Holdings Trust (US\$)	0.530	0.0	13,239

#### TOP GAINERS

Stock	Price (S\$)	Chg (%)	Vol ('000)
Gallant Venture	0.225	4.7	3,873
Oxley	0.420	3.7	868
City Developments	7.240	3.0	2,516
Ezion	0.570	2.7	8,383
Asian Pay Television	0.630	2.4	4,867

#### TOP LOSERS

Stock	Price (S\$)	Chg (%)	Vol ('000)
First Resources	1.900	(3.1)	1,768
Silverlake Axis	0.660	(2.9)	2,096
Hotel Properties	3.600	(1.9)	3
Keppel Reit	0.920	(1.6)	2,865
Singapore Tech	2.880	(1.4)	1,952

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## WEEKLY SUPPORT AND RESISTANCE WATCH

### WHAT'S HOT, WHAT'S NOT...

We highlight the support and resistance levels of 20 stocks with the largest traded value in this weekly special and further highlight two stocks that could be trading near their potential resistance levels and two that could be trading near their potential support levels. All prices are in Singapore dollars unless otherwise specified. . All prices are in Singapore dollars unless otherwise specified.

COMPANY	TICKER	LAST CLOSE 15 DEC 15	IMMEDIATE SUPPORT	NEXT SUPPORT	IMMEDIATE RESISTANCE	NEXT RESISTANCE
Singapore Telecommunications	ST SP	3.76	3.68	3.52	3.88	4.08
DBS Group	DBS SP	16.32	15.95	14.80	17.20	18.50
Oversea-Chinese Banking Corp	OCBC SP	8.56	8.40	8.05	8.88/9.00	9.60
Ascendas Real Estate Inv Trust	AREIT SP	2.23	2.15	2.05	2.30	2.45
<b>Capitaland</b>	<b>CAPL SP</b>	<b>3.10</b>	<b>3.00</b>	<b>2.85</b>	<b>3.24</b>	<b>3.45</b>
Hongkong Land (US\$)	HKL SP	6.91	6.75	6.35	7.60/7.83	8.80
<b>Singapore Airlines</b>	<b>SIA SP</b>	<b>10.85</b>	<b>10.70/10.55</b>	<b>10.00</b>	<b>11.09/11.20</b>	<b>11.80</b>
Wilmar International	WIL SP	2.85	2.75	2.54	3.00	3.27
Singapore Press Holdings	SPH SP	3.89	3.80	3.62	3.95	4.08
<b>City Developments</b>	<b>CIT SP</b>	<b>7.24</b>	<b>6.95</b>	<b>6.30</b>	<b>7.46/7.78</b>	<b>8.50</b>
Keppel Corp	KEP SP	6.29	6.20	5.90	6.88	7.50
Singapore Exchange	SGX SP	7.57	7.37	7.00	7.73	8.50
Jardine Matheson (US\$)	JM SP	46.02	42.0	38.0	50.9	55.0
Global Logistic Properties	GLP SP	1.98	1.90	1.60	2.18	2.40
Capitaland Mall Trust	CT SP	1.86	1.80	1.63	1.99	2.08
Comfortdelgro Corp	CD SP	2.99	2.90	2.72	3.15	3.27
<b>Jardine Cycle &amp; Carriage</b>	<b>JCNC SP</b>	<b>33.85</b>	<b>32.75</b>	<b>30.00</b>	<b>34.60</b>	<b>36.45</b>
Sembcorp Industries	SCI SP	3.00	2.90	2.50	3.23	3.55
Jardine Strategic (US\$)	JS SP	26.27	25.0	22.0	28.7	33.0
Hutchison Port Holdings Trust (US\$)	HPHT SP	0.53	0.51	0.47	0.56	0.615

Source: Bloomberg, UOB Kay Hian

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## STOCKS THAT COULD BE TRADING NEAR THEIR POTENTIAL RESISTANCE LEVELS

### City Developments (CIT SP, C09) -

The stock's 14-period RSI has rebounded from its oversold region...



Last price: S\$7.24

Technically, City Developments (CIT) has rebounded from S\$6.95. The stock may increase its odds of testing S\$7.78 should it be able to trade at above S\$7.46 for now.

In our Regional Morning Notes dated 13 November, our institutional research maintained our BUY recommendation on CIT with a lower target price of S\$10.75 (previously S\$10.84), pegged at a 20% discount to our revised RNAV of S\$13.44/share (from S\$13.55). The reduction in RNAV is mainly due to lower hotel valuations as we factor in lower hotel contribution. South Beach North Tower reported a 96% pre-commitment, with South Beach Hotel commencing operations in phases. Management looks set to expand its overseas footprint in the UK, Japan and China.

### Jardine Cycle & Carriage (JCNCS, C07) -

The stock has rebounded from its rising 50-day SMA for now...



Last price: S\$33.85

Technically, Jardine Cycle & Carriage (JCNCS) has rebounded from S\$32.79. The stock may increase its odds of testing S\$36.45 should it be able to trade at above S\$34.60 for now.

As reported on Reuters on 15 December, the Jakarta Composite Index rose 0.8%. Foreign inflows lifted large-caps such as Astra International and Telkom Indonesia. On 11 December 15, Fitch Ratings Indonesia affirmed the Long-Term Issuer Default Ratings (IDRs) and National Long- and Short-Term Ratings on PT Astra International Tbk's multi-finance subsidiaries as follows: - PT Astra Sedaya Finance (ASF): 'BBB-', 'AAA(idn)' and 'F1+(idn)' - PT Federal International Finance (FIF): 'AAA(idn)' and 'F1+(idn)' - PT Surya Artha Nusantara Finance (SANF): 'AA(idn)' and 'F1+(idn)' - PT Toyota Astra Financial Services (TAFS): 'AAA(idn)' and 'F1+(idn)'. The outlooks are stable. Astra International, or the Astra Group, is majority owned by Jardine Cycle & Carriage of Singapore.

Source: Nextview

## STOCKS THAT COULD BE TRADING NEAR THEIR POTENTIAL SUPPORT LEVELS

### Singapore Airlines (SIA SP, C6L) -

The stock is trading near to the rising gap formed on 7 December for now...



Last price: S\$10.85

Technically, share price of Singapore Airlines (SIA) has been resisted at S\$11.09 and could be trading towards its immediate support levels at S\$10.70 and S\$10.55 for now.

In our Regional Morning Notes dated 17 November, our institutional research maintained our HOLD recommendation for SIA and S\$11.00 target price. We continue to value SIA's core business at 0.80x book value, ex-SIAEC. Suggested entry price is S\$10.30. Aside from SilkAir, loads improved for parent airline and all subsidiaries. This is positive, given the tough operating conditions and depressed yields. Going forward, we estimate that unit cost will decline qoq due to lower fuel hedging losses and lead to higher profits, should load factors be sustained

### Capitaland (CAPL SP, C31) -

S\$3.00 is both a classical and psychological support level for this stock for now...



Last price: S\$3.10

Technically, share price of Capitaland (CAPL) is trading towards its key support level at S\$3.00. Trading at above this level decreases its odds of retesting S\$2.85.

In our Regional Morning Notes dated 5 November, our institutional research maintained BUY for CAPL with an unchanged target price of S\$4.08, pegged at a 20% discount to our RNAV of S\$5.11/share. We have fine-tuned our 2015-17 earnings estimates by -1.5% to -2.3%, mainly deferring the recognition of China residential projects to subsequent years. There was a strong performance in China, underpinned by sizzling property sales. Talks over a potential S\$3.5b bid for Asia Square have been called off. Management remains cautious on the outlook for the Singapore market with extension charges incurred this quarter, although the resilient balance sheet should well absorb future penalties.

Source: Nextview

## CORPORATE NEWS

**City Developments: CDL and Keppel's Alpha Investment in S\$1.1b office venture.**

City Developments (CDL) has entered into a deal with Alpha Investment Partners, Keppel Land's property fund management arm, to create a joint office investment platform via its second Profit Participation Securities (PPS) transaction. This platform will acquire three of CDL's prime office assets with a total value of about S\$1.1b. The three assets are: Central Mall (Office Tower) for S\$218m; 7 & 9 Tampines Grande for S\$366m; and Manulife Centre for S\$487.5m. Alpha and CDL will co-finance the portfolio in the ratio 60:40. (Source: *The Business Times*)

**Noble Group: Noble in talks with Cofco to sell remaining agri stake.**

Noble Group is in advanced talks to sell its remaining stake in its agriculture unit as well as in other strategic transactions, as it seeks to boost its liquidity position. The statement by the commodity trading group on Tuesday night followed media reports that it is planning to sell its 49% stake in Noble Agri to Chinese grain trader Cofco for US\$700m-750m. Cofco last year paid about US\$1.5b for 51% of the business. Noble has to raise US\$500m by Feb 16 to avoid being downgrade by credit rating agencies Standard & Poor's and Moody's. (Source: *The Business Times*)

**Secura Group: Peter Lim's security guard firm eyes Catalyst listing.**

A security guard firm controlled by "remisier king" Peter Lim is seeking a listing on the Singapore Exchange's Catalyst board. Secura Group, in which Mr Lim has a 53.8% stake, does security printing and provides security guard services. It will use the proceeds from its IPO partly to grow its unarmed security guard business and cyber security segment, it said in its preliminary offer document posted on Catalodge on Tuesday. Secura Group earned S\$839,000 on revenue of S\$16.27m in the financial year ended 31 Dec 14. For the six months ended 30 June15, net profit climbed 49.5% to S\$963,000 while revenue jumped 35.9% to S\$9.88m yoy. (Source: *The Business Times*)

**Vallianz Holdings Limited: Vallianz's Saudi unit plans refinancing for bank loans.**

Vallianz Holdings Limited said its subsidiary, Rawabi Vallianz Offshore Services Limited (RVOS), intends to enter into a refinancing exercise for the bulk of its bank loans amounting to 1.1b Saudi riyal (US\$293.3m). These loans are currently secured on RVOS' fleet of 20 vessels comprising mainly anchor handling tugs and platform support vessels with an aggregate net book value of about 1.52b Saudi riyal. RVOS is a company incorporated in the Kingdom of Saudi Arabia to provide offshore marine support services. It is 50% owned by Vallianz and 50% by Rawabi Company Holding Limited (RHL), which owns 20.1% stake in Vallianz. (Source: *The Business Times*)

## FROM THE REGIONAL MORNING NOTES...

**Singapore Airlines Limited Strong sequential improvement in SIA's and Scoot's load factors.**

(SIA SP/HOLD/S\$10.85/Target:S\$12.00)

FY16F PE (x): 13.8

FY17F PE (x): 11.3

Fifth sequential improvement in load factor. Parent SIA's pax load factor improved 3.1ppt in November, with stronger loads across all regions. The greatest load factor improvement was in long-haul routes, to West Asia, Africa, Southwest Pacific, Europe and the US. SIA attributed this to selective capacity adjustments and promotional activities. Pax loads for Oct 15 and Nov 15 averaged 79%, a 3ppt yoy increase.

We raise our FY16 net profit estimates by 34%, as we factor in higher contribution from: a) SIA Engineering's incremental earnings of S\$173m following the divestment of HAESL, and b) a 0.8ppt increase in SIA's FY16 pax load factor assumptions. We also raise our FY17 net profit estimate by 28% as we lower our jet fuel assumption for FY17 by US\$4.5/bbl.

Maintain HOLD, but raise our target price to S\$12.00. We have ascribed a marginally higher P/B multiple of 0.85x (previously 0.8x) to SIA- ex SIAEC and we roll over our valuation to FY17. The higher P/B multiple is justified on the basis of sequential improvement in: a) pax load factor, b) the fact that SIA is projected to earn over a S\$1b net profit in FY17, c) attractive forward dividend yield of 5.7% and the fact that SIA traded at well over 1x P/B in 2010, when earnings breached S\$1b.

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