

## MARKET NEWS

The FSSTI gained 0.9% to close at 2,840.92 as traders and economists expect the US central bank to boost key rates on Wednesday, while indicating that any subsequent hikes will be gradual as long as economic growth remains steady. The Thomson Reuters/Insead Asian Business Sentiment Index, representing the six-month outlook at 103 firms, was at 58 in the December quarter from 60 in September and 72 a year ago. The broader market in Singapore saw 235 gainers and 160 losers, with total trading value at S\$980.7m.

US markets rallied Wednesday, extending gains to a third straight session after the Federal Reserve raised its key interest rate for the first time in nearly a decade and emphasised a gradual path for future rate hikes. The highly anticipated move was read as a vote of confidence in the US economy, according to market participants. The S&P 500 rose 1.5%, to 2,073.07 while the DJIA advanced 1.3%, to 17,749.09. The central bank increased its benchmark rate by 25bp to 0.25-0.50% at the conclusion of its two-day meeting. Policy makers voted unanimously to raise the target range of its fed-funds rate, which had been stuck at zero for seven years.

## WHAT'S IN THE PACK

### City Developments- Return of the PPS.

(CIT SP/BUY/S\$7.68/Target: S\$10.86)

City Developments (CDL) has proposed a S\$1.07b JV with Keppel Corp's Alpha Investment Partners (AIP) to securitise three office assets in a Profit Participating Security (PPS) transaction. CDL has set up a JV entity named Golden Crest Holdings with Keppel Corp's AIP which will acquire the aforementioned assets. The simultaneous completion of the property sale agreements and the subscription of the bonds are expected to occur no later than 22 December this year. This marks CDL's second PPS transaction since last December's monetisation of its S\$1.5b Quayside Collection.

### Sembcorp Marine (SMM SP, S51) - Technical BUY with 14.7% potential returns

Share price of the stock appears to be supported at S\$1.65 for now and the 21-period RSI has rebounded from its...

### GuocoLeisure (GLL SP, B16) - Technical BUY with 7.1% potential returns

Share price could rebound from S\$0.825 as the stock is now trading near the rising window formed on 6 October...

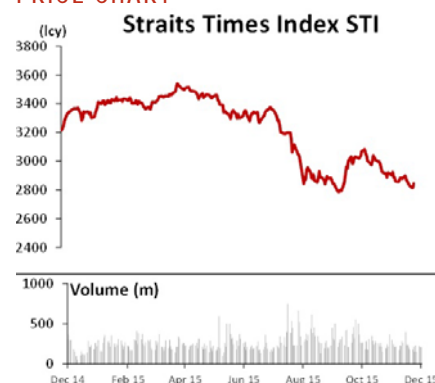
### Yangzijiang Shipbuilding (YZJSGD SP, BS6) - Technical SELL with 10.3% potential returns

Share price has earlier consolidated and currently broken out of the range and could continue to trade in its prevailing trend...

### CSE Global (CSE SP, 544) - Technical BUY with 23.9% potential returns

Share price has rebounded at S\$0.44 and should this be a support level, a downward parallel channel could...

## PRICE CHART



## KEY INDICES

	Prev Close	Chg (%)	YTD (%)
DJIA	17749.1	1.3	(0.4)
S&P 500	2073.1	1.5	0.7
FTSE 100	6061.2	0.7	(7.7)
CSI 300	3685.4	(0.2)	4.3
FSSTI	2840.9	0.9	(15.6)
HSCEI	9538.7	2.1	(20.4)
HSI	21701.2	2.0	(8.1)
JCI	4483.5	1.7	(14.2)
KLCI	1634.1	0.7	(7.2)
KOSPI	1969.4	1.9	2.8
Nikkei 225	19049.9	2.6	9.2
SET	1299.1	(0.1)	(13.3)
TWSE	8184.7	1.4	(12.1)
BDI	484.0	(4.7)	(38.1)
CPO (RM/mt)	2224.0	(0.5)	(2.9)
Nymex Crude(US\$/bbl)	37.1	(0.7)	(30.4)

Source: Bloomberg

## TOP VOLUME

Stock	Price (S\$)	Chg (%)	Vol ('000)
Noble Group	0.420	7.7	67,573
Golden Agri-Resources	0.325	1.6	32,050
Neptune Orient Lines Singapore	1.230	0.4	27,016
Telecommunications	3.760	0.0	26,754
Ezion	0.600	5.3	24,312

## TOP GAINERS

Stock	Price (S\$)	Chg (%)	Vol ('000)
Noble Group	0.420	7.7	67,573
City Developments	7.680	6.1	3,506
Ezion	0.600	5.3	24,312
Capitaland	3.240	4.5	16,525
Riverstone	2.230	3.2	374

## TOP LOSERS

Stock	Price (S\$)	Chg (%)	Vol ('000)
Straits Trading Co	2.060	(2.8)	6
Yangzijiang	1.060	(2.3)	11,761
Venture Corp	8.280	(1.8)	482
Siic Environment	0.755	(1.3)	4,044
Tiger Airways	0.405	(1.2)	2,512

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TRADERS' CORNER



**Sembcorp Marine (SMM SP, S51)**

Technical BUY with 14.7% potential returns

Last price: S\$1.70

Target price: S\$1.95

Protective stop: S\$1.625

BUY with a target price of S\$1.95 and stops could be placed at S\$1.625. Share price of the stock appears to be supported at S\$1.65 for now and the 21-period RSI has rebounded from its oversold region. Previously the stock also rebounded on 25 August, when the 21-period RSI rebounded from the oversold region. Trading and closing above the falling window formed on 14 December could increase the odds for a rebound towards S\$1.95.

Expected timeframe: 2 weeks.

Our institutional research has a fundamental SELL and target price of S\$1.69.



**GuocoLeisure (GLL SP, B16)**

Technical BUY with 7.1% potential returns

Last price: S\$0.845

Target price: S\$0.905

Protective stop: S\$0.815

BUY with a target price of S\$0.905 and stops could be placed at S\$0.815. Share price could rebound from S\$0.825 as the stock is now trading near the rising window formed on 6 October, which could act as immediate support for now. The rebound target could be near the 200-day SMA.

Expected timeframe: 2 weeks.

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**Yangzijiang Shipbuilding (YZJSGD SP, BS6)**

Technical SELL with 10.3% potential returns

Last price: S\$1.06

Target price: S\$0.95

Protective stop: S\$1.125

SELL with a target price of S\$0.95 and stops could be placed at S\$1.125. Share price has earlier consolidated and currently broken out of the range and could continue to trade in its prevailing trend. The stock was rejected by its declining 20-day EMA and the 20-/50-day EMA gap could widen for now. A bearish MACD indicator crossover beneath its centerline could suggest the bearish momentum is likely to persist for now.

Expected timeframe: 2 - 3 weeks.

Our institutional research has a fundamental HOLD and target price of S\$1.43.



**CSE Global (CSE SP, 544)**

Technical BUY with 23.9% potential returns

Last price: S\$0.46

Target price: S\$0.57

Protective stop: S\$0.42

Maintain technical BUY (8 December) with the same target price of S\$0.57. Trailing stops could be lowered to S\$0.42. Share price has rebounded at S\$0.44 and should this be a support level, a downward parallel channel could form with the stock having peaked at S\$0.77 in August last year. A higher low could be formed at the MACD indicator while the stock price could form a lower high. The 14-period RSI has rebounded near the oversold region and therefore watch for a breakout at above a reading of 50 for now.

Expected timeframe: 2 - 3 weeks

Our institutional research has a fundamental BUY and target price of S\$0.71.

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Source: Nextview

## CORPORATE NEWS

**Noble Group: Noble soars on advanced talks to sell**

**Agri stake.** Shares in Noble Group surged on Wednesday as the commodity trading group confirmed that it was in advanced talks to sell off its remaining stake in Noble Agri. Media reports have named China's Cofco, which already has a 51% stake, as the potential purchaser. The deal, if successful, would be positive for Noble - if it is structured to take into account an expected improvement in Noble Agri's performance next year. Noble plans to raise some US\$500m through asset sales in order to strengthen its balance sheet; credit rating agencies Standard & Poor's and Moody's have warned of a possible downgrade to junk status if its liquidity position does not improve. (Source: *The Business Times*)

**New Silkroutes: 91 error trades in New Silkroutes**

**shares.** Singapore Exchange declared 91 trades on Wednesday involving 52.3m shares of New Silkroutes Group as "error trades" resulting from confusion over the recent consolidation of the company's shares, according to a statement by the market operator. Market sources told *The Business Times* on Wednesday that more than 50m shares of New Silkroutes, an energy, healthcare and technology company, had been matched at about 1.5 S cents close to the opening bell. Mainboard issuers must have a six-month volume-weighted average trading price of at least 20 S cents after Mar 16 or be placed on a watch-list for potential delisting. The requirement has led more than 80 companies consolidating their shares, but the uneven efficacy of the consolidations has raised some controversy about the benefits of the minimum trading price. (Source: *The Business Times*)

**Yangzijiang: Higher-value vessels to tide Yangzijiang**

**over downturn.** Yangzijiang Shipbuilding Holdings is aiming to keep itself on an even keel amid a continued industry downturn by taking on higher-value orders for specialised vessels in niche markets, says its executive chairman Ren Yuanlin. Mr Ren told BT that the Singapore-listed Chinese shipbuilding group has benefitted from a steady stream of commercial shipbuilding orders backed by new international regulations coming into force from 2016. The Chinese shipbuilding group in November announced 12 additional vessel orders totalling US\$730m for containerships ranging from 1,900-11,800 TEU and 84,000 cubic metre very large gas carriers for deliveries from 2017 through to 2018. (Source: *The Business Times*)

## FROM THE REGIONAL MORNING NOTES...

**City Developments- Return of the PPS.**

(CIT SP/BUY/S\$7.68/Target: S\$10.86)

FY15F PE (x): 13.3

FY16F PE (x): 10.7

City Developments (CDL) has proposed a S\$1.07b JV with Keppel Corp's Alpha Investment Partners (AIP) to securitise three office assets in a Profit Participating Security (PPS) transaction. CDL has set up a JV entity named Golden Crest Holdings with Keppel Corp's AIP which will acquire the aforementioned assets. The simultaneous completion of the property sale agreements and the subscription of the bonds are expected to occur no later than 22 December this year. This marks CDL's second PPS transaction since last December's monetisation of its S\$1.5b Quayside Collection.

Monetising office portfolio at reasonable market valuations, though significantly above estimates. The aggregate divestment of S\$1.072b represents a 23.8% premium to our imputed aggregate value of the office portfolio. We note that CDL is effectively both buyer and seller in this transaction as they will finance 40% of the JV, and will have a 60% share in excess profits once both CDL and AIP have recouped their invested capital. The sale prices of approximately S\$1,652 psf for Central Mall (Office Tower), S\$1,271 psf for 7 & 9 Tampines Grande and S\$2,014psf for Manulife Centre are based on the average valuations carried out by independent valuers DTZ and Savills.

Maintain BUY with an increased target price of S\$10.86 (previously S\$10.75), pegged at a 20% discount to our revised RNAV of S\$13.57/share (from S\$13.44). We have factored in a 13 S cent/share accretion to our RNAV, based on the premium over our current valuations of the office portfolio.



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