BT Infographics

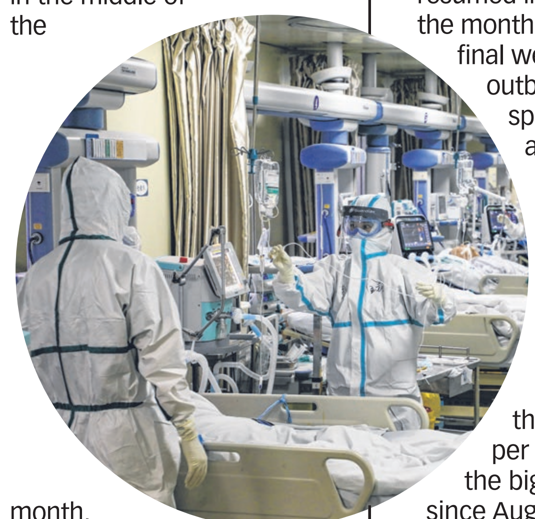
Pandemic waves rock the Singapore market

As the strains of Auld Lang Syne faded and the world celebrated the beginning of 2020, many were optimistically sharing their hopes and dreams for the new decade. Few could have expected what would come shortly after, and the impact it would have on our lives. One headline dominated all year – Covid-19. Waves of infections and temporary recoveries created volatile swings across global markets. The Business Times takes a look back on how Singapore's benchmark Straits Times Index (STI) fared in 2020. ***BY RAPHAEL LIM***

JANUARY
▼3,153.73 (-2.14%)

The year started ordinarily enough, continuing mostly where it left off from 2019. There was some geopolitical uncertainty, as US President Donald Trump ordered the killing of Iranian general Qasem Soleimani shortly after the year began.

Still, the STI managed to eke out gains for the first half of January to hit its 2020 high of 3,283.89 on Jan 17, as Tehran revealed it was not looking for further escalation. Markets were also cheered by the "Phase One" trade deal signed between China and the US in the middle of the month.



News of a mystery virus in Wuhan, China was already circulating since the year began, but investors started to take notice in the later half of the month, following widening travel bans around the affected regions. With fears of a widespread pandemic taking hold, stocks began to decline, with the STI eventually finishing January down 2.1 per cent from its 2019 close at 3,153.73. Among index stocks, Ascendas Reit was the top performer, gaining 6.1 per cent. Yangzijiang Shipbuilding fell the most during the month, down 15.2 per cent.

Medical groups and rubber glove makers were already the favorites of traders in the final week of January. Top Glove, the world's largest rubber glove maker enjoyed a strong run up during the month, rising 29.4 per cent from the December close to S$0.66.

FEBRUARY
▼3,011.08 (-4.52%)

Uncertainty plagued the Singapore markets in the first half of February, as investors weighed on how to react to the unfolding virus situation in China. The STI rose around two per cent in the first two weeks of Feb, buoyed by initial hopes that fewer new cases were emerging in China, and that further stimulus measures would be introduced by the Chinese central bank.

The sell-off, however, resumed in the second half of the month, accelerating in the final week. The virus outbreak was now spreading worldwide, after being initially seen as Asia-centered. Fears began to take hold that the economic fallout could result in a global recession. The index ended the month down 4.5 per cent, at 3,011.08 the biggest monthly loss since August 2019 at the time. It was also the last month-end close above 3,000 for the STI in 2020.

Among index counters, Sembcorp Industries was the worst hit, plunging 13.7 per cent for the month, after the company reported a net loss for its fourth quarter, reversing from a net profit from a year ago.

ComfortDelGro shares also fell 10.1 per cent during the month, after it reported lower net profit for FY2019, and also warned of new challenges brought about by the Covid-19 outbreak.

Most of the index counters were in the red for the month. Some exceptions were Wilmar International, and ST Engineering, which both saw their shares rise by around 1.5 per cent.

MARCH
▼2,481.23 (-17.60%)

Sheer panic took hold of markets in March, as nation after nation announced unprecedented border closures and lockdowns in a bid to curb the spread of Covid-19.

Investors took flight, with sell-offs worldwide large enough to trigger exchange circuit breakers.

The market saw its worst session in over 11 years on 23 March, with the STI falling some 7.4 per cent, hitting 2020's low of 2,208.42 in the process.

Apart from Singapore Exchange (SGX), every single STI counter was in the red, with more than a third recording declines of over 20 per cent in March.

Singapore Airlines (SIA) shares were the worst hit, falling 28.3 per cent during the month, with most of its planes on the ground. The flag carrier unveiled a proposed rights issue of new shares and mandatory convertible bonds of up to S$15 billion to combat the virus impact.

Shares of the local banks - DBS, OCBC and UOB - also fell some 20.7 per cent on average in March, wiping out some S$31.3 billion in valuation.

The rare bright spot was SGX, which was up 8.2 per cent in the month, and the only STI gainer in Q1.

The index recovered slightly towards the end of March, as the Singapore government unveiled a S$48 billion relief package. Still, the STI's 23 per cent decline in Q1 is the worst quarterly performance since Q4 2008.

APRIL
▲2,624.23 (+5.76%)

After the rout, markets continued to exhibit weakness going into April, as sentiment was hit by news that Singapore would enter into the "circuit breaker" as Covid-19 cases spiked.

The market started picking up again, after the government announced another "Solidarity" budget to support households and businesses and to save jobs. Investors also took comfort from news on slightly better-than-expected GDP data from China, and plans to reopen the economy in the US, with bargain hunters snapping up shares in oversold stocks.

Uncertainty over the timeline for recovery from the pandemic continued to persist, reflected by the price swings in the STI in the second half of April.

The STI managed to rise 5.8 per cent over the month, coming off March's low base, to close at 2,624.23.

Nearly all the index counters were green for April after the March plunge, with nine stocks registering gains in excess of 10 per cent. The top performer for the month was Yangzijiang Shipbuilding, with an 18.7 per cent increase during the month.

Two exceptions that saw losses were Jardine Matheson Holdings, and Jardine Strategic Holdings, which recorded 12.1 and 2.9 per cent declines respectively.

MAY
▼2,510.75 (-4.32%)

May proved to be a calmer time for the STI. There were some US-China tensions in the month, with fears that a new round of trade wars between the two largest economies could happen, as they sparred over the origin of the pandemic. Beijing also proposed a controversial national security law in Hong Kong.

However, the negatives in the market were partly offset by extraordinary global monetary and fiscal boost – Singapore rolled out its fourth stimulus – to combat the pandemic's blow.

The worst performer for the month was SATS, which plunged 18.9 per cent, following news that it would be dropped from the MSCI Singapore Index. Other counters that were also dropped included Singapore Press Holdings (SPH), ComfortDelGro and Sembcorp Industries. They were also among the worst performers in May, all with double digit declines.

On the other hand, Mapletree Logistics Trust was added to the MSCI Singapore in May, and emerged as the top performer on the STI for May, gaining 13.9 per cent.

SGX shares were also among the top losers, down 14.2 per cent, following news that MSCI Inc will move licensing for derivatives products on a host of gauges to Hong Kong from Singapore next year.

JUNE
▲2,589.91 (+3.15%)

As June began, investors seemed willing to look past economic weakness and focus on recovery in the longer term. The STI shot up some 11.4 per cent to start the month, with six straight sessions of gains.

However, the rally fizzled out on concerns over a second wave of Covid-19, coupled with signs of a slow economic recovery in the US that resulted in bearish sentiment for the rest of the month.

The weakness in the later weeks of June were insufficient to wipe out the strong gains posted at the start.

Shares of SPH were heavily traded during the month, following news that it would be removed from the STI. Mapletree Industrial Trust would take its place from June 22, bringing the number of Reits on the STI to six.

The top performer for the month was Sembcorp Industries, which shot up 28.7 per cent, after investors cheered plans for the demerger with its marine unit Sembcorp Marine.

For the first half of 2020, the STI was down 19.6 per cent from its 2019 close, with aviation-related counters SIA and SATS leading the decline. However, the index had rebounded some 16 per cent as at June 30, from the closing low of 2,233.48 on March 23.

Mapletree Logistics Trust, Mapletree Industrial Trust, and Ascendas Reit were the only index counters that managed gains in the first half.

JULY
▼2,529.82 (-2.32%)

In July, Singapore had its General Election, which saw the ruling People's Action Party return to power, albeit with a smaller-than-expected margin of victory.

However, this was sufficient to ensure that there would be policy continuity in Singapore, with little impact on markets expected. The STI drifted down 2.3 per cent month on month.

Keppel Corporation led the decline, falling 9.4 per cent as it reported a quarterly loss, and breached certain conditions for Temasek Holdings' pre-conditional partial offer for the conglomerate.

The coronavirus continued to weigh heavily on investors' minds, with SIA shares falling 8.3 per cent to S$3.42, in yet another month of decline.

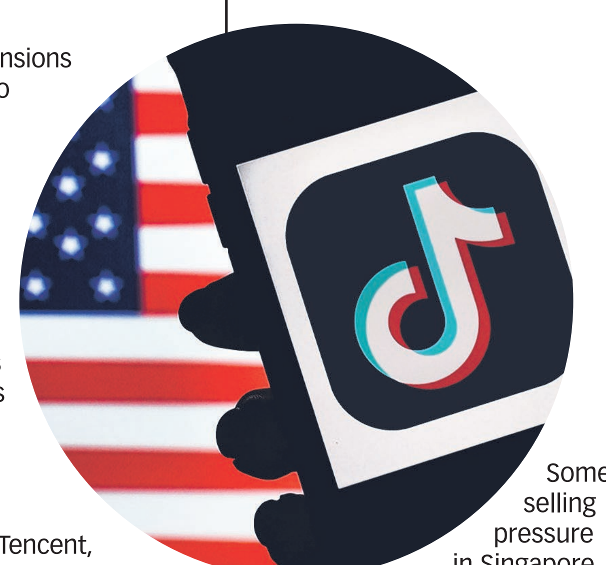
The three local bank shares were down 4.7 per cent on average, after the Monetary Authority of Singapore (MAS) called a cap on total dividends per share to 60 per cent of the amount in the previous financial year.

STI-newcomer Mapletree Industrial Trust was the top performer, with a 13.6 per cent gain.

Agri-food giant Wilmar International was one of the top gainers in July, up nearly 13 per cent, as investors looked in anticipation at progress towards the listing of its Chinese subsidiary, Yihai Kerry Arawana (YKA).

AUGUST
▲2,532.51 (+0.11%)

US-China tensions continued to feature as a theme, as President Trump unveiled sweeping bans on US transactions with China's ByteDance, owner of video-sharing app TikTok, and Tencent, operator of messenger app WeChat, escalating tensions early in the month.



The STI inched up just 0.1 per cent to 2,532.51, which was around 2 per cent higher than end-March. Market watchers noted that the STI has thus far underperformed compared to other regional stock market indices such as South Korea, Japan and Taiwan. While these also plunged in March, they had recovered nearly all of the losses by August, with some at new highs.

Analysts observed that the STI was heavy on bank, property and transport counters – sectors unlikely to outperform in the pandemic year. They noted that banks have not been favourable in the current market conditions due to lower interest rates and jumps in bankruptcies, while other markets in the region have a higher number of tech stocks which are more favourable during the pandemic.

Venture Corp was the top gainer for the month, climbing 10.9 per cent, following an increase in its dividend.

Keppel Corp was the biggest loser, with a 15.2 per cent plunge, after Temasek walked away from its partial offer to buy control in the conglomerate.

SEPTEMBER
▼2,466.62 (-2.60%)

Some selling pressure in Singapore stocks marked the beginning of September, tracking a tech selloff in the US, where investors took profit on stocks. Unlike the STI, which was still deep in the red for the year, the tech-rich Nasdaq Composite in the US had already risen more than 70 per cent from the March lows to new all-time highs. The market also started anticipating for the US presidential election in November, with the first presidential debate taking place in Sept.

Sembcorp Industries was the STI's top performer, rocketing up some 42 per cent during the month, after it demerged from its marine unit.

Also among the top gainers was Yangzijiang Shipbuilding, which notched an 8.2 per cent gain, as analysts noted that stocks with exposure to China could do well from the country's economic recovery.

In terms of market capitalisation, Singtel was the biggest loser for the month shedding S$2.94 billion in value in September. Its shares fell 7.8 per cent during the month to S$2.12, taking the total decline for the year-to-date to 37.1 per cent, amid weak earnings posted earlier in the year.

OCTOBER
▼2,423.84 (-1.73%)

Covid-19 was again in focus as October began, with President Trump and his wife testing positive for the coronavirus, a month before the US presidential election and Democratic rival Joe Biden. For the month, a rising wave of Covid-19 cases in the US and Europe also renewed fears of new lockdowns.

There were pre-election jitters in the market, with the STI falling 4.5 per cent in the final week of October, amid risk-off sentiment.

The worst performer was City Developments, which fell 16.7 per cent, following news that non-executive and non-independent director Kwek Leng Peck left the property giant citing his disagreements with the board and management.

Wilmar International fell 8.2 per cent, despite a strong trading debut of its subsidiary YKA. Analysts had said they expected the valuation gap between the two stocks to narrow.

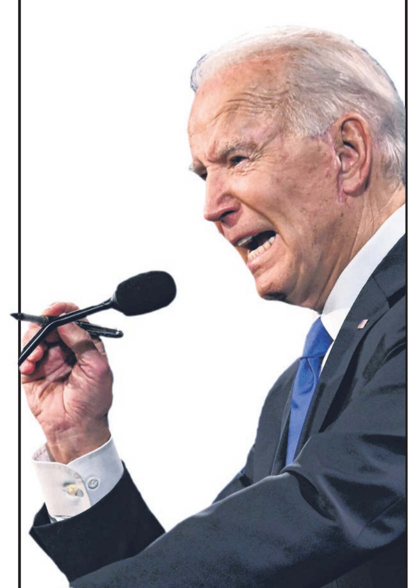
There was also a newcomer to the STI, Keppel DC Reit, which joined on Oct 19. The addition came as CapitaLand Commercial Trust and CapitaLand Mall Trust merged to form one of the largest Reits in Asia-Pacific. Keppel DC Reit's units were up around 46.2 per cent for the year as at the point of joining the STI.

NOVEMBER
▲2,805.95 (+15.76%)

The volatility of 2020 kicked back into life in November. The US presidential election results showed incumbent Donald Trump being defeated.

Analysts had said earlier that a victory by Mr Biden would be seen as positive for Asian equities, given likely calmer foreign policy. The cyclical-stock heavy STI was also injected with a dose of vaccine optimism, coming from positive news early in the month that a vaccine by Pfizer and BioNTech was shown to be highly effective. Booster shots of vaccine news were administered from similar announcements in the following weeks.

The STI was green every week of November, as the rotation trade into cyclicals took place. Pandemic laggards on the STI emerged on top. SATS jumped 38.9 per cent, while SIA shares flew up 28 per cent. Genting Singapore too was up 28.7 per cent, while the trio of local banks averaged 20.7 per cent gains over the month. On the flip side, index stocks that had done well earlier in the year were in the red, with counters such as Keppel DC Reit, Venture Corp and Mapletree Industrial Trust clocking in small declines. Outside the index, glove manufacturers, which rallied earlier this year, were among the biggest losers. Shares of Top Glove, Riverstone Holdings and UG Healthcare Corp fell by an average of around 24 per cent.



DECEMBER
▲2,843.81 (+1.35%)

After the meteoric rise in November, December proved more subdued. MAS announced the award of digital banking licences, with a digital full bank licence going to a Grab-Singtel consortium.

This gave Singtel shares a brief respite, after sliding to multi-year lows in previous months. As the year drew to a close, a spot of positive news emerged, as "Phase 3" of Singapore's reopening commenced in Dec. The use of Covid-19 vaccines also began globally, including in Singapore.

The markets mostly shrugged this off, as much uncertainty still remained. Fears of new strains of the virus had emerged, with fresh restrictions and border closures being announced in many countries, even as the year drew to a close.

Overall, it's been a wild sail through the choppy conditions of 2020 for the Singapore stock market. The STI closed 2020 at 2,843.81 points, down 11.8 per cent or 379.02 points from 2019. The top performer on the STI in 2020 is Sembcorp Industries with a 48.2 per cent gain, while the top decliner is Jardine Cycle & Carriage, which fell 35 per cent.

While the STI has managed to claw back some of the earlier losses, the recovery still lags behind countries such as Japan, the US and South Korea, where the respective local benchmark indices managed positive gains as 2020 drew to a close.

Source: Bloomberg Photos: AFP, Reuters, File photos BT Graphics: Hyrie Rahmat & Cel Gulapa