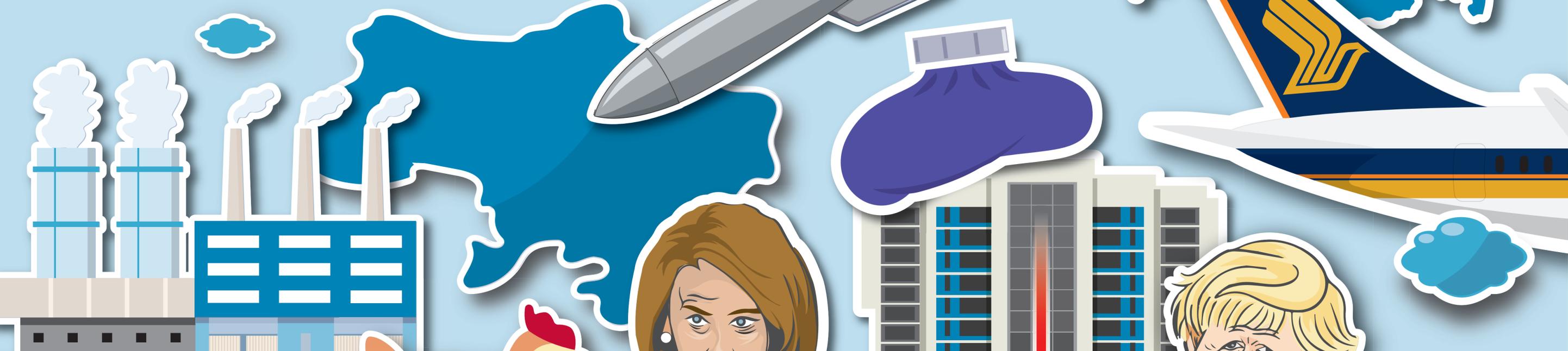


A year of ups and downs

THE year 2022 was one of volatility for markets around the world due to rising interest rates, persistently high inflation and geopolitical tensions.

In a bid to curb inflation, central banks around the world have been tightening their monetary policies by raising borrowing costs. However, this led to concerns of a possible global recession.

A war that broke out in Ukraine also worsened supply chain conditions around the world and drove up energy and food prices. Despite this, the Straits Times Index (STI) outperformed all global stock benchmarks on a dividend-inclusive total return basis. In US dollar terms, the index was up 4.1 per cent this year. In comparison, the MSCI World Index was down 19.5 on a dividend-inclusive basis. **BY TAN NAI LUN**



Month	STI Value	Change (%)
JANUARY	3,249.59	+4.0%
FEBRUARY	3,242.24	-0.2%
MARCH	3,408.52	+5.1%
APRIL	3,356.9	-1.5%
MAY	3,232.49	-3.7%
JUNE	3,102.21	-4%
JULY	3,211.56	+3.5%
AUGUST	3,221.67	+0.3%
SEPTEMBER	3,130.24	-2.8%
OCTOBER	3,093.11	-1.2%
NOVEMBER	3,290.49	+6.4%

3,123.68
Dec 31, 2021

The STI rallied in January, led by the banks' strong performance. Amid Citic's exit from 13 retail markets to focus on wealth management, UOB announced it was acquiring their consumer units in Indonesia, Malaysia, Thailand and Vietnam. DBS later said it would buy Citic's Taiwan consumer banking business. The month also saw the listing of the first special-purpose acquisition companies (Spacs) in Singapore, which were expected to boost initial public offering (IPO) activity on the Singapore Exchange (SGX).

Singapore inked a seven-year contract for the Formula 1 Singapore Grand Prix to take place in the Republic until 2028. The race returned in October 2022, after a two-year hiatus due to the pandemic.

Meanwhile, the Monetary Authority of Singapore (MAS) tightened monetary policy in a surprise off-cycle move - in a bid to curb rising inflation. Sembcorp Industries led gains on the bourse, climbing 14 per cent, while Keppel DC Reit was the biggest loser, falling 13.4 per cent.

In February, the STI fell marginally. The government rolled out yet another expansionary Budget for 2022, as Singapore looked to rebuild its economy post-pandemic with initiatives including tax hikes and bringing forward its net-zero carbon timeline. Later in February, however, Russia invaded Ukraine and sent global markets on a decline amid supply chain concerns. Singapore joined a growing number of countries in imposing sanctions against Russia for the invasion.

Sembcorp remained the biggest gainer on the bourse, rising 10.1 per cent. Meanwhile, OCBC fell 6.4 per cent and was the biggest loser. Some 13 people were arrested in February for their suspected involvement in OCBC scams in 2021, and the bank also rolled out a "kill switch" for customers to freeze accounts during suspected fraudulent activities.

The STI ended a volatile March with gains, as banks led another strong performance amid expectations of more interest rate hikes. Singapore also announced it would allow fully vaccinated travellers and non-vaccinated children to enter the country quarantine-free, and without the need to use Vaccinated Travel Lanes from April.

The US Federal Reserve (Fed) announced a 25-basis-point rate hike in March to calm inflation. Earlier in the month, geopolitical uncertainty from the Russia-Ukraine war - as well as rising inflation - drove up energy, commodity and oil prices. A lockdown in Shanghai to curb the spread of Covid-19 further sparked supply chain concerns in the region.

Yangzijiang Shipbuilding rose 10.9 per cent and was the biggest gainer on the STI in March, after it said it increased the share capital of Yangzijiang Financial Holding - the investment unit it was proposing to spin off.

Banks led the decline on the STI in April. Singapore's trio of banks had each reported 10 per cent declines in net profits for the first quarter, amid a fall in wealth and other non-interest income due to market volatility and geopolitical tensions.

In April, the European Union also announced new sanctions against Russia for its invasion of Ukraine. This included bans on the import of coal - the first on energy imports. MAS tightened monetary policy for the third time in six months, and raised its inflation forecast.

Jardine Cycle & Carriage was the biggest gainer on the bourse. In mid-April, the Mercedes-Benz dealer said an off-market share purchase by its majority shareholder, Jardine Matheson Holdings, may have triggered unusual price movements in its shares.

The STI continued its decline in May amid a global risk-off sentiment. Early in the month, the Fed raised interest rates by 50 basis points, the biggest hike in over 20 years, to curb inflation. OCBC and DBS were among the worst performing stocks in the month, which may have been due to the ex-dividend dates of both banks.

In May, unitholders of Mapletree Commercial Trust and Mapletree North Asia Commercial Trust voted in favour of a merger to create one of Asia's 10 largest real estate investment trusts (Reits).

SGX welcomed the listing of Chinese electric vehicle maker Nio, which has since become one of the biggest and most heavily traded stocks on the bourse. Nio - perceived as one of Tesla's closest competitors in China - listed in Singapore, a few months after it also made a listing in Hong Kong.

The Singapore government said it would spend S\$1.5 billion to help businesses and households deal with inflation, as prices of food and energy soared globally.

In June, the STI continued its downward trend. Most counters were in the red, with UOB leading the decline and falling 11.1 per cent. But several large-cap industrial Reits saw positive performance in the month. Mapletree Industrial Trust rose 4.8 per cent, Mapletree Logistics Trust rose 2.4 per cent, and Ascendas Reit rose 2.2 per cent, as investors looked for counters in defensive sectors.

An imminent ban on Russian oil, coupled with rising energy demands, pushed fuel pump prices in Singapore past S\$4 per litre for the first time. Malaysia also implemented a blanket suspension of all chicken exports to stabilise domestic supply and prices, although it later announced a partial lift of the ban.

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In July, the Singapore market saw a boost from the secondary listing of Philippine liquor giant Emperor. Primary-listed on the Philippine Stock Exchange, it was among the largest of the foreign listings by market capitalisation on the SGX.

Geopolitical tensions worsened in the Taiwan Strait. China began conducting military drills in the seas and airspace around Taiwan after Nancy Pelosi, Speaker of the US House of Representatives, visited the island.

The trio of local banks gained as they posted a rise in earnings for the second quarter of 2022. While a series of interest rate hikes drove up their net interest margins, their respective chief executives expressed cautious optimism for the rest of the year.

Most counters were lower in September. Global markets saw volatile trading after the UK put out a budget - which included a series of unfunded tax cuts - in a bid to stimulate growth. The proposal was met with a depreciation in the pound and a fall in UK government bonds. Markets also began to be weighed by concerns of a global recession, as the Fed hiked interest rates by 75 basis points.

In Singapore, property stocks were under pressure after another round of cooling measures was rolled out. The government tightened borrowing limits for buyers and extended the waiting time for private property sellers to buy Housing and Development Board flats.

Within the Singapore market, Emperor replaced ComfortDelGro on the STI during its quarterly review. Shares of Sats fell 25.5 per cent, after the inflight caterer and ground handler said it would acquire Paris-based air cargo handler Worldwide Flight Services for up to 1.3 billion euros (S\$1.9 billion), with an intent to fund the acquisition through an equity fundraising worth S\$1.7 billion.

Markets continued to be weighed by rising rates. MAS repriced the midpoint of the Singapore dollar nominal effective exchange rate again to curb imported inflation. Most counters - especially the Reits - were hit by rising rates, although the local banks gained as markets priced in margin growth.

Semiconductor-related counters were hit by a US export ban on cutting-edge chips and chipmaking equipment to China. And the proposed merger of Sembmarine and Keppel's offshore and marine unit was simplified to ensure greater certainty and speed.

China also held its party congress. The country's better-than-expected GDP growth for Q3 was overshadowed by the make-up of its latest Politburo Standing Committee, which had signalled continuing Covid restrictions. In the UK, prime minister Liz Truss resigned after her energy reforms failed to ease markets and instead darkened the outlook.

The STI rebounded in November as global markets priced in the potential for a brighter economic outlook in Asia. In Singapore, various counters reported positive earnings: the trio of local banks posted robust earnings and beat analysts' earnings estimates in the third quarter; Singtel surprised with special dividends for its first half ended September; and Singapore Airlines posted record operating profits for its second quarter ended September and resumed paying dividends.

Shares of Golden Energy and Resources (Gear) fell after it announced plans to exit its energy coal business and delist from the SGX. Market watchers noted that the deal terms was not favourable to Gear's shareholders.

The 27th United Nations climate conference (COP27) took place in Egypt, with delegations from about 190 countries starting a fresh round of climate negotiations.

The Fed once again hiked interest rates, but this time by 50 basis points - lower than the previous four 75-basis-point hikes. Market watchers said that could mean an easing of the rate-hike trajectory.

China announced a series of measures signalling an exit from its zero-Covid strategy. It said it would reduce the need for testing and lockdowns, allow self-isolation at home for those with non-severe Covid cases, and lift quarantine requirements for inbound travellers from Jan 8. Hong Kong also lifted some of its Covid-19 restrictions.

Sam Bankman-Fried, founder of FTX, was arrested in the Bahamas and extradited to the US to face criminal charges related to the collapse of the crypto exchange. Reports in November revealed that FTX's customer deposits had been used to fund Alameda Research, a trading house also owned by Bankman-Fried.

In Singapore, an offer by Chip Eng Seng chairman Celine Tang and her husband Gordon Tang to acquire the property company turned unconditional. The two raised their mandatory conditional cash offer for Chip Eng Seng to S\$0.75 per share earlier in the month.

3,251.32
(-1.2%)
Dec 31, 2022