



## Trading beyond Singapore

Increasingly, investors are looking beyond the local marketplace for investment opportunities. It is therefore vital that an efficient and resilient trading platform is provided to help investors capitalise on market opportunities whenever that may be.

OCBC Securities is the first local brokerage to offer retail investors connectivity to the widest network of 14 key exchanges. Since September 2009, we have expanded our Direct Market Access<sup>1</sup> so that investors in Singapore can, through iOCBC, trade directly into 6 out of the 14 key exchanges around the world. Further to that, all our clients can leverage on Citibank N.A, a market leader with the largest and most extensive direct custody and clearing network globally, to provide custodian services for their foreign securities.

As part of OCBC Securities' ongoing initiatives introduced to provide investors with a holistic suite of services to enable them to trade beyond Singapore, we have recently launched a multi-currency share financing service. Share financing services were previously available only in SGD.

*(continued inside)*



Ask OCBC  
www.iocbc.com

OCBC Securities



<sup>1</sup>Direct Market Access (DMA) is an automated process that connects and executes trades from Singapore to other global bourses. It provides traders speedy transactions without human intervention, thus eliminating the risks of errors.

(continued from cover story)

With the new multi-currency share financing feature, investors will have a choice to settle their foreign currency-denominated contracts in the 4 traded currencies – SGD, USD, HKD, AUD. This gives investors the control to reduce their exposure to foreign exchange fluctuations when they trade across various markets. Clients can also enjoy the convenience of fulfilling their margin calls in any of the 3 foreign currencies – USD, HKD, AUD.

With these on-going enhancements, we strive to be well-positioned to offer a holistic range of brokerage services to investors who are interested in trading beyond Singapore.

## QUICK FACTS

**1** You can open OCBC Securities Trading Accounts at OCBC Bank Branches.

## REMINISCE PAST ACTIVITIES

### ETF Forum : The Good, The Bad and The Ugly



OCBC Securities hosted an ETF Forum on 14 November 2009 with an overwhelming turnout of more than 300 attendees. A line-up of speakers engaged the audience right from the beginning on the various perspectives of ETFs.

Professionals from the Singapore Exchange, Société Générale Group and Rabobank gave intriguing insights into the regional and local ETF trends and showed how ETFs can be utilised to strategise one's investments. As the name of the forum suggested, it was not just all about the benefits of such products. The speakers also "exposed" the risks and the negative aspects.

The main highlight of the forum was the panel discussion with all three speakers. Moderated by our Executive Director, Mr TK Yap, it gave the audience the opportunity to ask burning questions that they had on ETFs. Simple day-to-day examples were given to help the audience relate better to the explanations given by our speakers. The session left many attendees enquiring on our next ETF seminar. Stay tuned!

### AICE 2009



### Bull Charge!

Dr Vivian Balakrishnan, Minister for Community Development, Youth and Sports flagged off over 3,000 participants from the financial industry for Singapore Exchange's (SGX) annual Bull Charge that took place on 20 November 2009. The charity fun run in the Central Business District (CBD) has raised more than \$12 million since it was launched more than five years ago.

OCBC Securities was one of the title sponsors for the Bulls-On-Wheels segment. As part of the iconic event, our Sales Director, Mr Kok Heng Loong represented OCBC Securities and charged towards the finishing line riding a trishaw dressed up in collaboration with one of the twelve beneficiaries.



OCBC Securities was one of the key exhibitors at AICE (Asian Investment Conference and Exhibition) 2009, held for the first time by Securities Investors Association of Singapore (SIAS), that took place at the Suntec Convention Centre from 18 to 19 July 2009. With its strong association with investor education, the event attracted many local and foreign investors, including tertiary students. We had two speakers from OCBC Investment Research, Mr Carey Wong and Ms Meenal Kumar who enlightened the audience on 'Market Outlook & Why Defensive Stocks like Telcos are still Attractive' and 'Overview of Singapore-listed Shipping Trusts and Shipping Trust Panel discussion' respectively.

## Optimising Your Trading Opportunities In 2010 With OCBC Securities Share Financing



On 9 December 2009, we played host to this exclusive seminar opened to our *Preferred* customers on the 50th floor of OCBC Centre. They picked up invaluable information from our Share Financing product manager, Mr Tan Shen-Lin on the new features, benefits and potential pitfalls of Multi-Currency Share Financing, what to look out for when

borrowing in foreign currencies and more importantly, how it can be used to optimise their returns. The seminar concluded with the Market Outlook 2010 session by Mr Carey Wong from OCBC Investment Research who gave everyone a peek at where the market could be heading in 2010, complete with insights and stock picks for various key sectors.

## Through knowledge to better investment – Take the next great leap in your investment



OCBC Securities jointly hosted the event with SIAS to mark the collaboration of SIAS being our Young Investor Pack Education Partner on 15 December 2009 at the SGX Auditorium. With this tie-up, YIP members and SIAS student associate members can expect to receive more benefits and expand their avenues to achieve financial literacy. Tertiary

students invited to the event were treated to insights of careers as an analyst, dealer and banker. Ms Carmen Lee from OCBC Investment Research rounded off the session with her take on the Outlook for 2010.

## PRODUCT AND SERVICES

### iOCBC Enhancements

With the enhancements below, you can now gain even more speed, security and control over your trades!

#### Corporate Action for foreign markets

You can now obtain speedy corporate action information on your foreign securities held with the custodian engaged by OCBC Securities. Corporate actions like cash dividend/dividend (with or without option), rights issue, bonus, tender offers and meeting announcements are uploaded on the iOCBC trading platform. These are available for securities listed in IDX, SET, ASX, Bursa Malaysia and HKEX.

Note: Only iOCBC clients with stocks held with the custodian engaged by OCBC Securities will be eligible to access available corporate actions announcements for their respective stocks.

#### Trade Calculator

The iOCBC Trade Calculator has been enhanced to help you calculate entry and exit profitability for all exchanges available on iOCBC.

#### SRS Payment Mode

Clients trading online through iOCBC will be able to select the 'SRS' settlement mode when placing orders to the Singapore Exchange. This eliminates the need to call your respective Trading Representatives for amendment of your trades from 'Cash' to 'SRS' when the order is filled.

#### Batch Order

You can "Batch Order" on iOCBC and speed up your order submission of up to 5 Buy and/or Sell orders simultaneously across 14 exchanges available on iOCBC.

#### Extended Operating Hours for iOCBC Support Desk

As part of our ongoing efforts to provide a better service level to our clients trading online, the iOCBC Support Desk has started operating during US and UK trading hours with effect from 1 December 2009. Clients can call or email us for any technical assistance or iOCBC-related issues.

**STAY TUNED!** Want to trade Leveraged FX with us? Keep a lookout when iocbcfx returns as a friendlier trading partner for you!

OCBC Investment Research is the only Singapore-owned research house ranked in the STI Stocks recommendation category for the Startmine Awards 2009.

## QUICK FACTS

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Students between the ages of 18 and 29 can open a Young Investor Pack (YIP) securities trading account and receive a Young Investor Pocketbook as well as enjoy benefits such as invitations to exclusive events and seminars.

## QUICK FACTS

### BE REWARDED

Enjoy a 20% cash rebate on interest<sup>^</sup> incurred on your foreign currency loan from now till May 2010!

<sup>^</sup> Applicable for Share Financing accounts. Terms and Conditions Governing MCSF 20% Interest Rebate Promotion apply. Please refer to [www.iocbc.com](http://www.iocbc.com) for more details.

### End of Refer-A-Friend Programme 2009

We thank you for your strong support for the Refer-A-Friend Programme 2009 that ended in November. Keep a look out for more promotions coming your way on [www.iocbc.com](http://www.iocbc.com)!



## HEAR WHAT THE RESEARCH TEAM SAYS

By Carmen Lee, Head of OCBC Investment Research

### Momentum is healthy; stock pick strategy preferred

2009 is a distinctively interesting year, with equities posting one of the sharpest recoveries as most major indices are now up for the year. Contrary to earlier popular belief, most assets rallied and the global economy did not ground to a halt. In general, the key indices rallied by between 40-120% from recent March lows. The Dow Jones Industrial Average is up 62% so far this year, the S&P 500 is up 66% and the China's CSI Index is up 121% from March lows.

In Singapore, the STI plunged to a low of 1455 in March and is now hovering close to the 2800 level, almost doubling within a short period of only nine months. This seems to be in line with the view of the US National Bureau of Economic Research, which tracked the past recessions and expansions. It noted that of the past economic cycles from 1919 to 2001, the average recession lasted slightly more than a year and expansion tend to last significantly longer of almost four years. Besides equities, other assets and indicators also rebounded strongly including oil, gold and commodities.

Gains were sparked by the flow of economic stimulus packages from the various governments which benefited the financial system and most key sectors. About US\$2 trillion was dished out and this had a domino effect, benefiting most segments of the global economy and propelled the rally seen since March 2009. The Purchasing Manager Index (PMI) for most of the key economies bottomed in 4Q08 or 1Q09, and with the inflows from the stimulus packages, this led to re-stocking and the upward revisions for both economic and corporate earnings growth.

In addition, the rally was also driven by improving economic prospects, low valuations and healthy liquidity in the market as the previous tight credit situation thawed. With the improvement in the credit situation, deals are stirring again and there are now more IPOs and merger and acquisition (M&A) activities in the whole region. Corporate fund raising exercises in the forms of rights and share placements were also well-received, signalling that the market has the ability to absorb these issues and that the liquidity situation remains healthy.

Corporate earnings bottomed in 4Q08 and have seen improvements for the first three quarters of 2009. Singapore corporates generally met or exceeded market expectations as seen from the recent 3Q results. Investors' confidence and sentiment have also improved. This is a critical factor to draw investors back to equities. Together with a low interest rate environment, these factors supported equity prices.

Asia has outperformed North America in the past few quarters and is likely to lead growth. Demand for commodities is still healthy and re-stocking is likely to continue. In Singapore, the government has recently raised Singapore's GDP from a much earlier -4% to -6% to a contraction of only -2% to -2.5% now. In addition, the authority has also projected growth of 3-5% for 2010. This is in line with OCBC Treasury Research forecasts, which are projecting contraction of 2.4% for 2009 and growth of 4% for 2010.

However, the momentum appears to have tapered off in recent months after the sharp V-shaped recovery. Valuations are no longer

as cheap as before. For the STI, the current year's price-to-earnings ratio of 17 times is just a shade below the historical average of 18x, and has priced in most of the potential good news.

Economic prospects are definitely looking better now, but indicators are still a bit mixed. The recent Dubai World's debt situation has once again highlighted that some companies are not completely out of the woods yet and a situation like this can hurt its lenders. Other possible headwinds include fears of a tightening of monetary policy, fears of hike in interest rates and higher tax rates, asset bubble, etc. In addition, wages are likely to go up as early signs of a tightening of the job market are emerging. This will heighten cost in 2010, whereas 2009 benefited from job cuts and wage freeze.

Using oil as an example, oil prices more than tripled from 2004-2007 from US\$32 to US\$98 (low to high). However, from late 2008 till now, oil price has surged about 140% from US\$34 to US\$81. Oil took about four years to gain 200% during the first period and less than one year to recover in the second period which is a recession period. This signals that the economic rebound is too fast, and could possibly result in some destabilising as prices are now almost close to recent highs.

In Singapore, the pro-business initiatives taken by the Singapore government are likely to continue into 2010. Recently, Finance Minister Tharman Shanmugaratnam told Parliament that Budget 2010 will see a shift away from broad-based relief type measures towards measures more targeted "specifically at restructuring, enhancing productivity, and preparing for growth over the medium and longer term". In addition, the "expansionary fiscal stance" in 2009 will also be carried into 2010.

The prospects for 2010 are looking better, and we still prefer a stock pick strategy. Some of our top picks are Ezra Holdings, Midas Holdings, MobileOne, Noble Group, Olam International, Sembcorp Marine, Spore Telecoms, SMRT Corp, StarHub, UOL Group and Wilmar International.

### ACT NOW

Call us at **1800 338 8688** to find out more or visit us at [www.iocbc.com](http://www.iocbc.com)

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### QUIZ

Win a Golden Village movie voucher worth S\$10 by answering the questions below:

- 1) All clients trading through iOCBC with foreign securities held with the custodian engaged by OCBC Securities will be eligible to access available corporate actions announcements for their respective stocks. (True/False)
- 2) With the new multi-currency financing feature, investors will have a choice to settle their foreign currency denominated contracts in the 4 traded currencies – SGD, USD, HKD, AUD. (True/False)

Be the first 50 customers to SMS: **OCBCSEC** <space> the correct answers **T** or **F** <space> **your full name** <space> **NRIC no.** <space> **your 6-digit OCBC Securities trading account number to 73399** and you'll receive a FREE Golden Village movie voucher worth S\$10\*!

E.g. **OCBCSEC T F Tan Meng Beng S1234567H 123456**

\* Incomplete SMS replies will be disqualified. General Terms and Conditions governing the January 2010 Newsletter Promotion apply. Please refer to [www.iocbc.com](http://www.iocbc.com) to review these terms and conditions.

WIN!