

STOCKS

# A market bereft of ideas or direction

Some interest in Singapore eDevelopment which is selling its HotApps to a US company for US\$700 million

**T**HE market's main statistics for Wednesday were thus: the Straits Times Index (STI) fell 4.33 points to 3,338.63, turnover was 1.1 billion units worth S\$878.4 million and excluding warrants there were 156 rises versus 275 falls. Taken as a whole they accurately portrayed a market bereft of ideas or direction, although there was some consolation that it could have been much worse – regional leader Hong Kong, saw its Hang Seng Index plunge almost 2 per cent and Europe opened in the red across the board.

At this point it is customary to quote brokers on their views of how the trading day went; however, since none of the observations were printable, custom will have to be set aside for now.

The 30 STI stocks traded S\$555.7 million, about 63 per cent of the whole day's business. The average unit value done was 79 cents, one of the highest since the start of the year and indicative of the decline in interest in penny stocks.

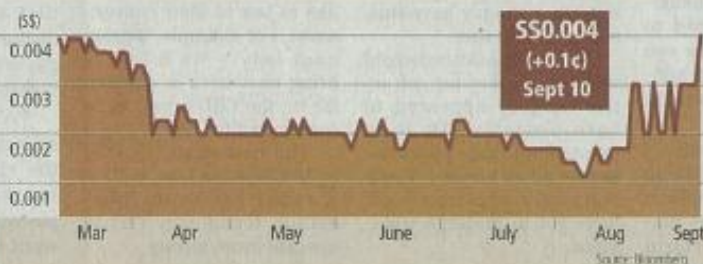


**R SIVANITHY**  
 sivan@sph.com.sg  
 @RSivanithyBT  
 Senior Correspondent

Among the actives was semiconductor firm STATS ChipPAC, whose on-off takeover announcements over the past three months have given traders something to bank on. In Wednesday's session, the stock ended 2.5 cents higher at 64.5 cents with 43.8 million shares traded.

Also active and slightly firmer was technology firm Singapore eDevelopment, which last week announced it is to sell its instant messaging software HotApps to a US company for US\$700 million. The counter on Wednesday closed 0.1 cent higher at 0.4 cent with 26.5 million traded.

## Hot stuff Singapore eDevelopment



Among blue chips, the three banks have been pivotal in supporting the STI but in Wednesday's session, DBS and UOB fell whilst OCBC closed unchanged.

In a "buy" on UOB yesterday, OCBC Investment Research said UOB Malaysia is a key component of UOB Group's strategy in the region and several group initiatives have the potential to strengthen its regional businesses by extending its range of bank-

ing services to clients, with a key aim to be a primary bank for its corporate customers.

"Recent price correction has thrown up opportunities to re-invest in the stock, especially with the more optimistic outlook and the re-rating of banking stocks in the region," said the broker. "We are raising our valuation peg and our fair value estimate moves up from S\$23.87 to S\$25.00. Together with a 3 per cent dividend yield and a potential total return of 12

per cent, we are upgrading the stock to a 'buy'." UOB fell three cents to S\$22.87 with just over two million done.

Meanwhile, Bank of America-Merrill Lynch (BOA-ML) in its Sept 9 China/Japan strategy report titled *Will China repeat Japan's experience?* said China today is facing many similar problems Japan did in the late 1980s and early 1990s – imbalanced growth, government stimulus, overcapacity, an overwrought housing market, and a severely under-capitalised financial system if non-performing loans are properly taken into account.

"The Japanese government waited 10 more years to recognise the bad debt situation and meaningfully re-capped the banking system," noted BOA-ML. "This, not incidentally, marked the bottom of the Tokyo stock market. It appears to us that the Chinese government is still a few years away from taking this decisive step. This most likely means a range-bound market at best in the foreseeable future, in our opinion, notwithstanding tactical rallies from time to time."