SEMI SEA Webinar 2020

Business Unusual: Journey to Recovery on E&E
4 June, 2020 | 15:00 – 16:30hrs
Anticipating Economic Recovery Beyond COVID-19!

Francis Tan, Investment Strategist, UOB Private Bank
4th June 2020
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Our COVID-19 vs SARS Experience

China is a case of “first-in, first-out”

- Global
- China

Source: Macrobond, UOB Private Bank
COVID-19 Situation In ASEAN

Malaysia

Number of Confirmed Cases

Source: Macrobond, UOB Private Bank

Singapore

Number of Confirmed Cases

Source: Macrobond, UOB Private Bank

Indonesia

Number of Confirmed Cases

Source: Macrobond, UOB Private Bank

Philippines

Number of Confirmed Cases

Source: Macrobond, UOB Private Bank

Thailand

Number of Confirmed Cases

Source: Macrobond, UOB Private Bank

Cambodia

Number of Confirmed Cases

Source: Macrobond, UOB Private Bank

Exponential

Slowing

Slowing

Exponential

Slowing

Slowing
Most Countries Experiencing Slowdown
But will relax from lockdowns in phases

- Top 13 COVID-19 Infected Economies

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<th>Country</th>
<th>Cases (million)</th>
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<td>Peru</td>
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Source: Macrobond, UOB Private Bank
Asian Economies Are Opening Up Faster
Gleaning from Google Community Mobility Datasets

- Asia

- Europe

Source: Macrobond, UOB Private Bank
How Quickly The World Changed

Feb 2020

Apr 2020

Little Impact
Close to recession
Recession
Real GDP growth, annualized % change

<table>
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<tr>
<th>Forecast Month</th>
<th>1Q 2020</th>
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Global Manufacturing Recession
But when it gets this worse, be prepared for a strong revival

- Global Manufacturing PMI Market Breadth
Normalisation in Chinese Consumption
Not just Manufacturing recovery, but Consumption too
Revenge spending?
Hermes store in China hauls in S$3.8m a day after reopening

The figure is believed to be the highest daily haul for a single luxury boutique in China.
Robots Will Be More Prevalent In Our Lives

Pandemic will push forward even higher demand for automation
Not just in manufacturing, but consumer goods/services → cars, 5G, connectivity, virtual offices, etc

• Annual Supply of Industrial Robots
Confident in World Semiconductor Sales

Demand beyond your dreams as corporates invest heavily for a pandemic-norm world → shifting from workplaces to homes.

• World Semiconductor Sales

Higher average
Semiconductor IP Already Expanding

Highly automated electronics cluster continues production; while higher demand will be sustained in future as investment shifts.

- Semiconductor Industrial Production

![Graph showing semiconductor industrial production](image_url)
Higher Semiconductor Stock Prices

The pandemic sell down of Semiconductor stocks was overdone. As sales are expected to be stronger, so will stock prices.

- Semiconductor Sales & Stock Market
Low Interest Environment To Remain
Supporting investment and consumption

- Fed’s Interest Rate (Dot Plot)

- DM & EM Policy Rates
Massive Liquidity Injection By Fed

Eased credit and liquidity fears in the market

- Fed’s Balance Sheet & Ted Spread
- S&P 500 Sector Performance

- Energy: 66.7
- Materials: 92.4
- Industrials: 84.2
- Con Disc: 103.2
- Con Stap: 94.4
- Healthcare: 100.4
- Financials: 77.3
- Infotech: 107.7
- Comm Svcs: 100.9
- Utilities: 93.5
- Real Estate: 91.6
- 100.0

Index (01/01/2020)

Energy: 66.7
Materials: 92.4
Industrials: 84.2
Con Disc: 103.2
Con Stap: 94.4
Healthcare: 100.4
Financials: 77.3
Infotech: 107.7
Comm Svcs: 100.9
Utilities: 93.5
Real Estate: 91.6
100.0

Jan Feb Mar Apr May

Source: Macrobond, UOB Private Bank

USD, trillion Percent

28/02/2020 4.16 trillion

Source: Macrobond, UOB Private Bank
Unloved, Laggard Sectors Are Gaining

Lagging but Improving

Leading & Improving

Lagging and Weakening

Leading but Weakening
The LIGHT at the end of the tunnel is the GOALS of the Semiconductor Industry

It is only the tunnel that is temporary

Francis Tan
Francis Tan  
**Investment Strategist, First Vice President**  
Investment Products and Solutions  
United Overseas Bank (UOB) Private Bank

Francis is an Investment Strategist with UOB Private Bank. Before this, he was an economist with UOB’s Global Economics and Markets Research team, where he was responsible for ASEAN economics. Francis also provides regular economic commentaries in English and Mandarin through local and international print and broadcast media.

Before joining UOB, Francis held roles in Asian and global financial institutions as an investment strategist and an investment manager. His career also included stints as an economist at the Singapore Ministry of Trade and Industry and the Singapore Tourism Board, where he specialised in Tourism Economics.

Francis holds a Bachelor of Social Science (Honours) in Economics and a Master of Social Science in Applied Economics from the National University of Singapore. Continuing his academic interests in the field of applied economics, Francis also contributed a chapter titled "Tourism Demand in Singapore: Estimating Neighbourhood Effects" in the Handbook of Tourism Economics (2013) and published a paper titled “Growth and Environmental Quality in Singapore: Is There Any Trade-off?” in the Ecological Indicators journal (2014).