

SEMI SEA Webinar 2020

Business Unusual: Journey to Recovery on E&E

4 June, 2020 | 15:00 – 16:30hrs



CONNECT - COLLABORATE - INNOVATE - GROW - PROSPER

Anticipating Economic Recovery Beyond COVID-19!

Francis Tan, Investment Strategist, UOB Private Bank

4th June 2020

Disclaimer



General

This document contains material based on publicly-available information. Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this document, United Overseas Bank Limited (“UOB”) makes no representation or warranty as to, neither has it independently verified, the accuracy or completeness of such information (including any valuations mentioned). UOB neither represents nor warrants that this document is sufficient, complete or appropriate for any particular purpose. Any opinions or predictions reflect the writer’s views as at the date of this document and may be subject to change without notice.

The information contained in this document, including any data, projections and underlying assumptions, are based on certain assumptions, management forecasts and analysis of known information and reflects prevailing conditions as of the date of publication, all of which are subject to change at any time without notice. Past performance figures are not indicative of future results.

Not an offer or solicitation to any particular person

This document should not be regarded as an offer or solicitation to any particular person to transact in any product mentioned. Before deciding to invest in any product mentioned, please seek advice from your financial, legal, tax or other appropriate advisers on the suitability of the product for you, taking into account your specific investment objectives, financial situation or particular needs (to which this document has no regard). If you do not wish to seek such advice, please consider carefully whether any product mentioned is suitable for you.

Risks

An investment in any product mentioned in this document may carry different risks of varying degrees, including credit, market, liquidity, legal, cross-jurisdictional, foreign exchange and other risks (including the risks of electronic trading and trading in leveraged products). Nothing in this publication constitutes personalized accounting, legal, regulatory, tax, financial or other advice that regards the personal circumstances of a particular recipient. Please speak to your financial, legal or other appropriate adviser to understand the risks involved and whether it is appropriate for you to assume such risks before investing in any product.

Any description of investment products is qualified in its entirety by the terms and conditions of the investment product and if applicable, the prospectus or constituting document of the investment product.

Valuation

Product valuations in this document are only indicative and do not represent the terms on which new products may be entered into, or existing products may be liquidated or unwound, which could be less favourable than the valuations indicated herein. These valuations may vary significantly from those available from other sources as different parties may use different assumptions, risks and methods.

No liability

To the fullest extent permitted under applicable laws and regulations, UOB and its affiliates shall not be liable for any loss or damage howsoever arising as a result of any person acting or refraining from acting in reliance on any information, opinion, prediction or valuation contained herein.

UOB and its affiliates involved in the issuance of this document may have an interest in the products mentioned in this document including but not limited to, marketing, dealing, holding, acting as market-makers, performing financial or advisory services, acting as a manager or co-manager of a public offering, of persons mentioned in this document. UOB and its affiliates may also have alliances, contractual agreements, or broking, investment banking or any other relationships for the provision of financial services, with any product provider mentioned in this document. UOB and its affiliates may have issued other reports, publications or documents expressing views which are different from those stated in this document and all views expressed in all reports, publications and documents are subject to change without notice.

Others

Unless you are notified otherwise by UOB, UOB deals as a principal in any transaction which UOB has been instructed to effect, other than transactions relating to securities traded on an exchange, unit trusts and funds on your behalf where UOB acts as your agent.

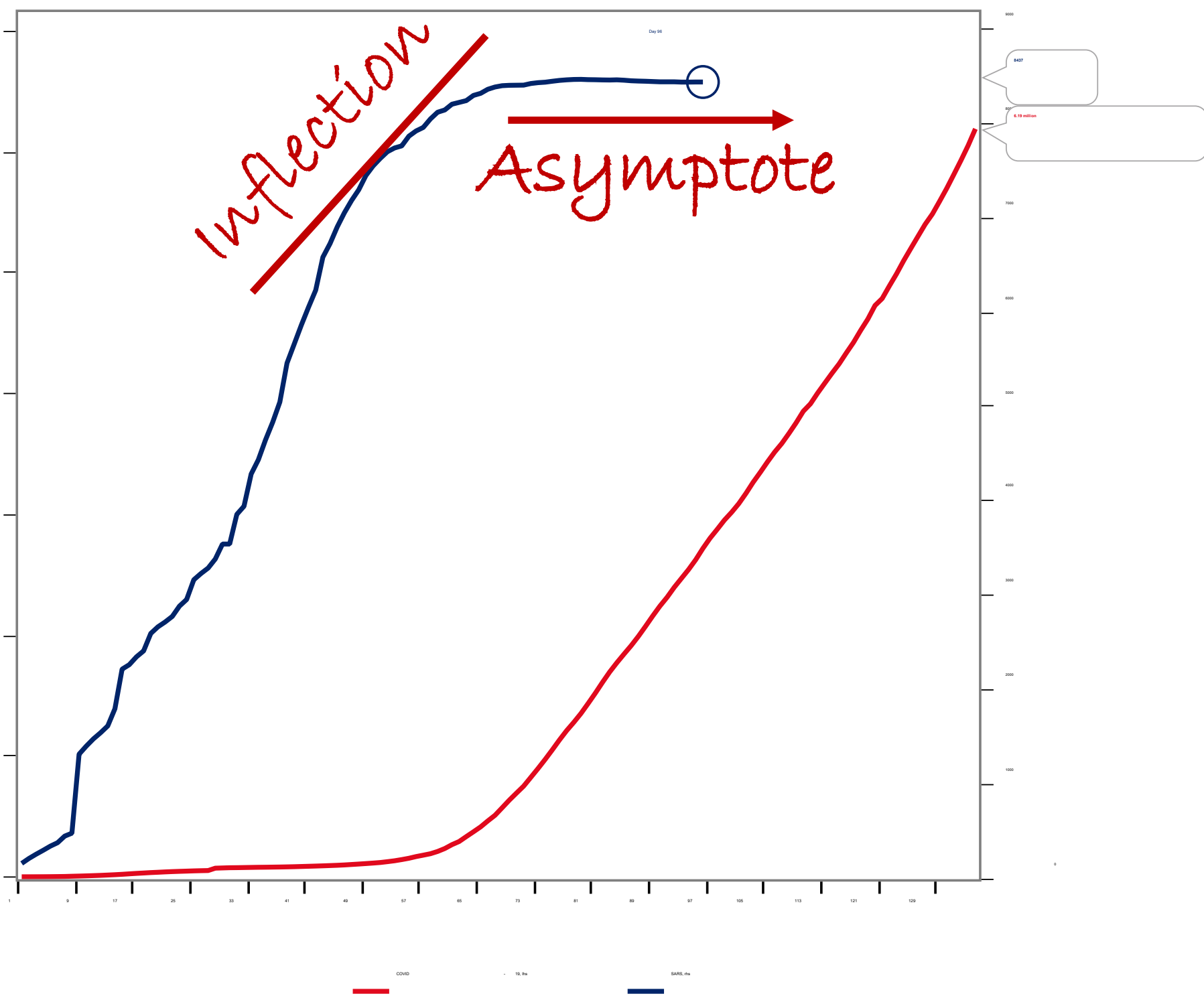
Singapore. This document and its contents are intended for Accredited Investors (as defined in Section 4A of the Singapore Securities and Futures Act (Chapter 289)).

Our COVID-19 vs SARs Experience

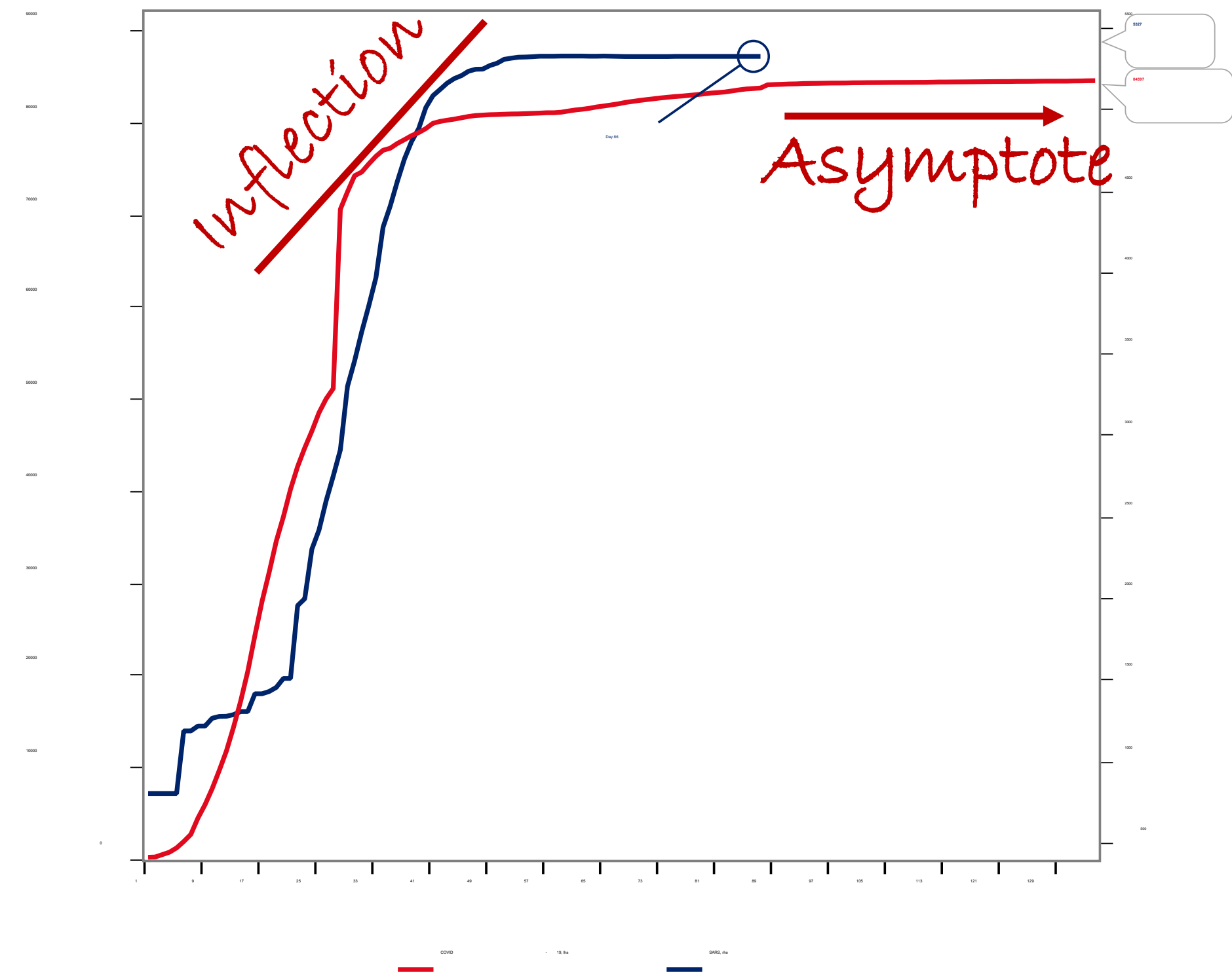
China is a case of “first-in, first-out”



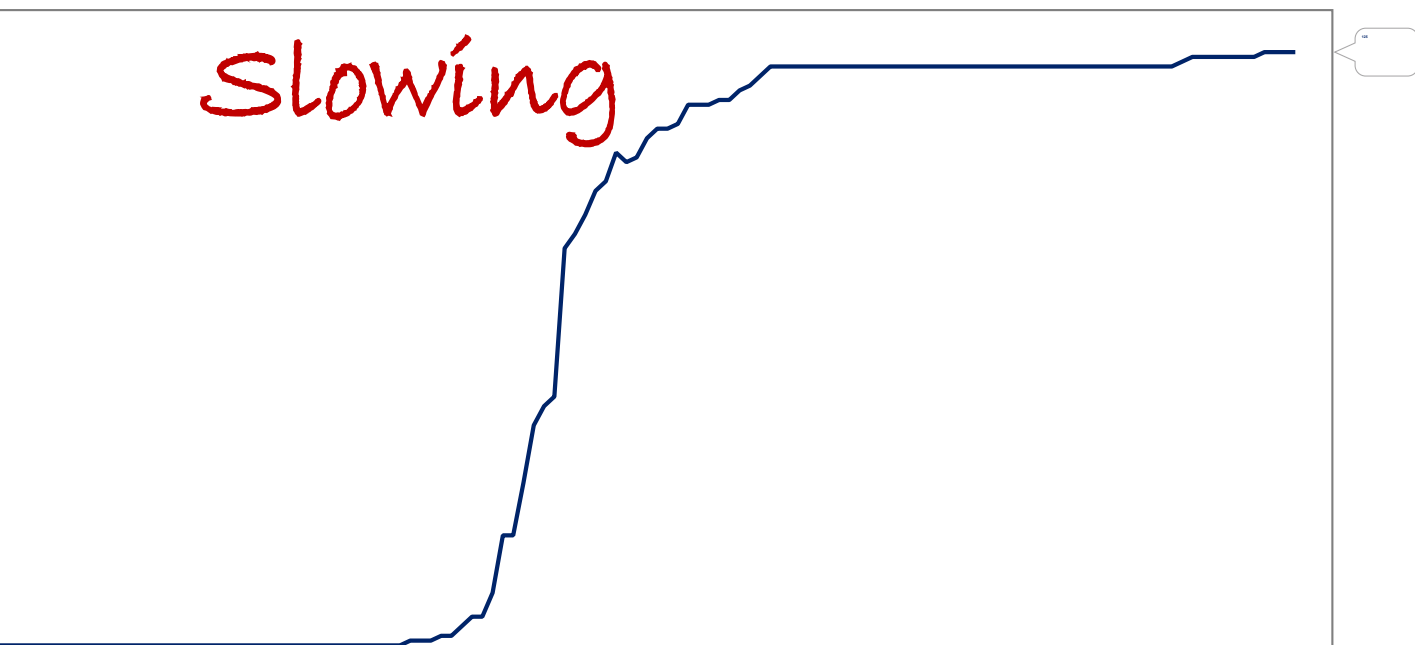
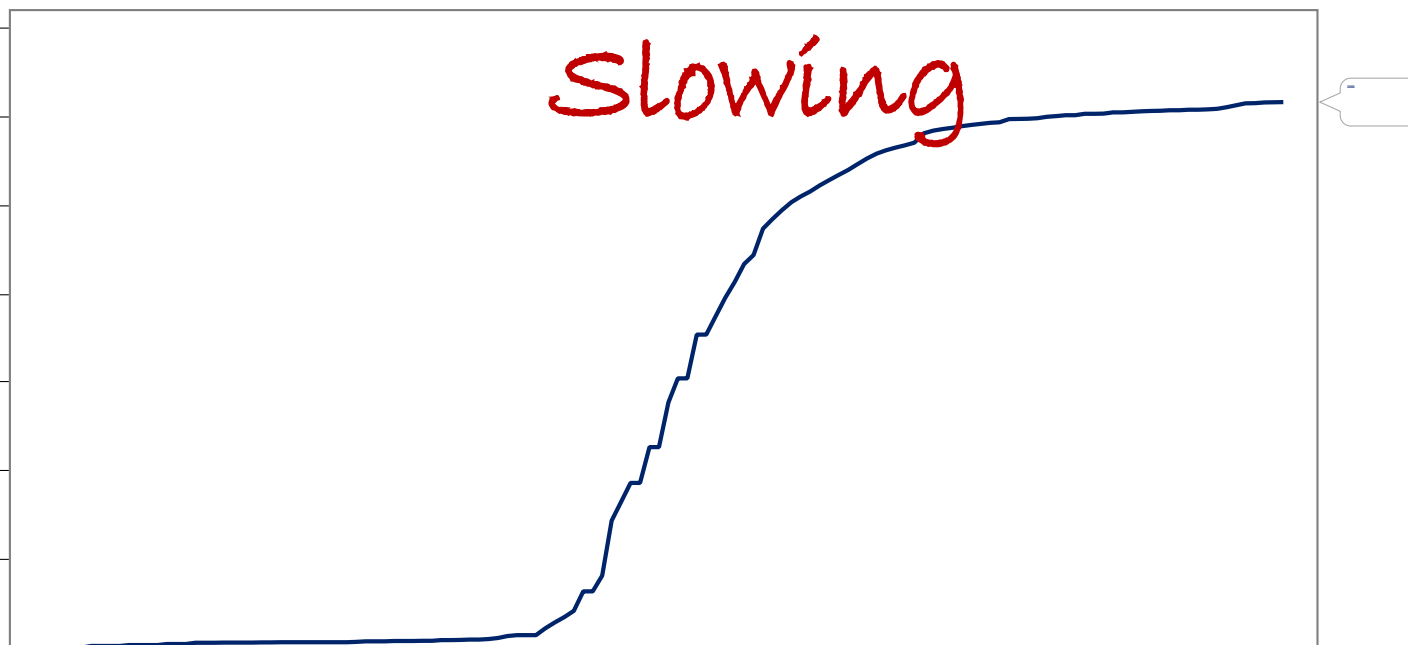
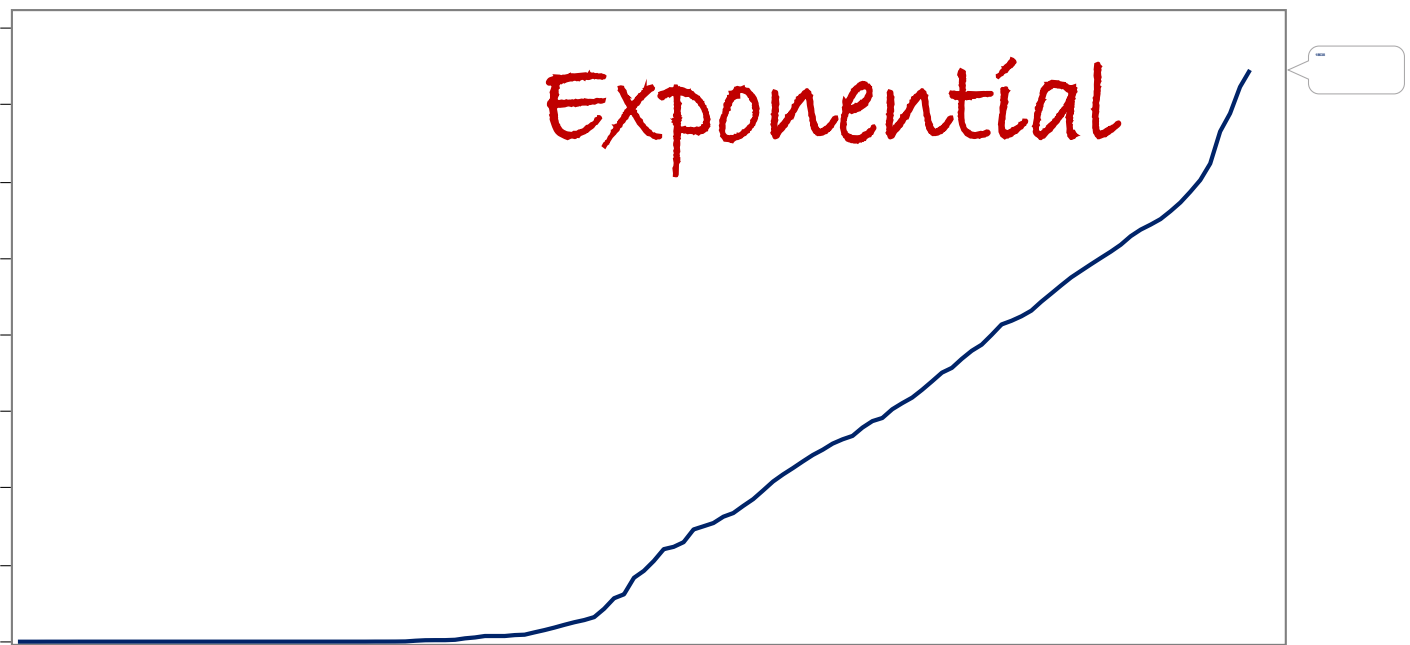
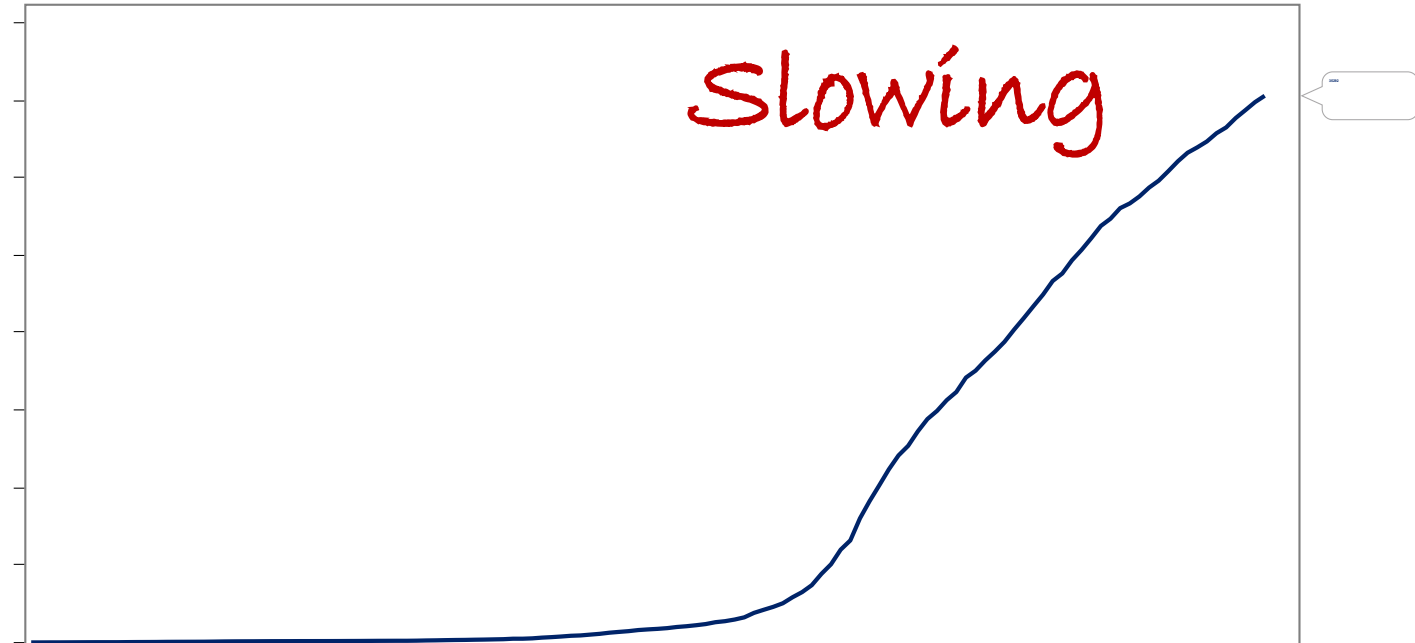
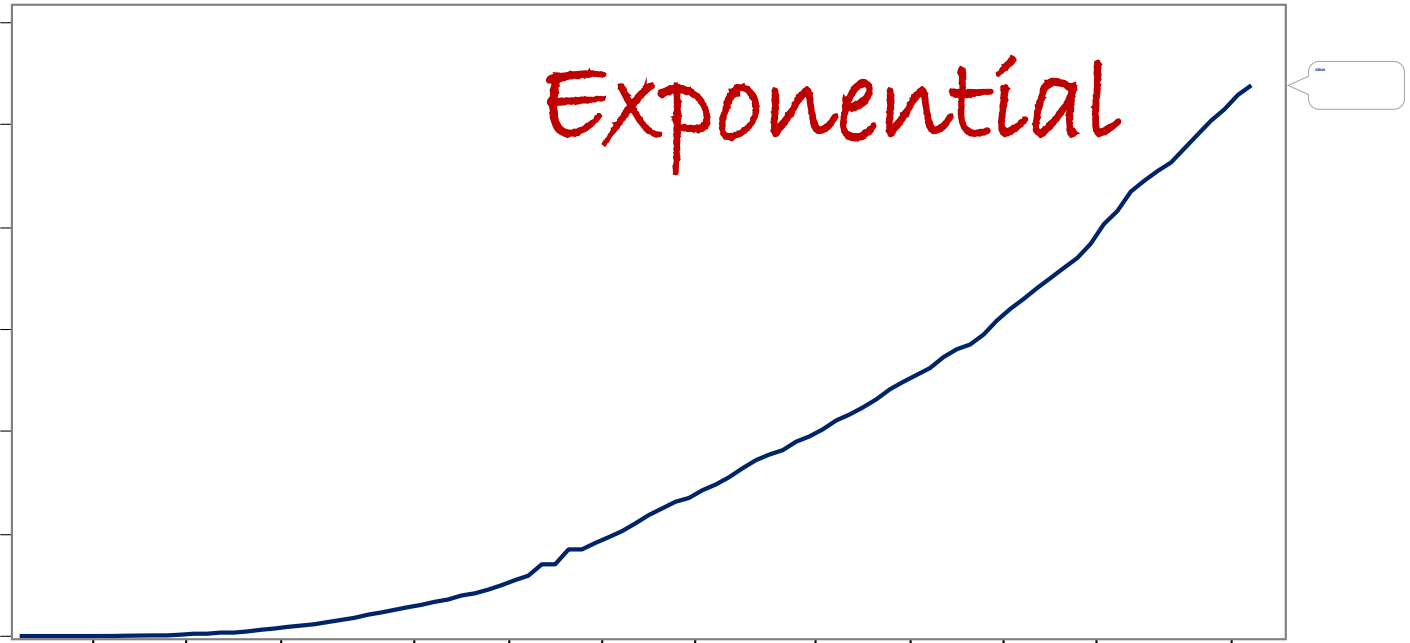
- Global



- China



COVID-19 Situation In ASEAN

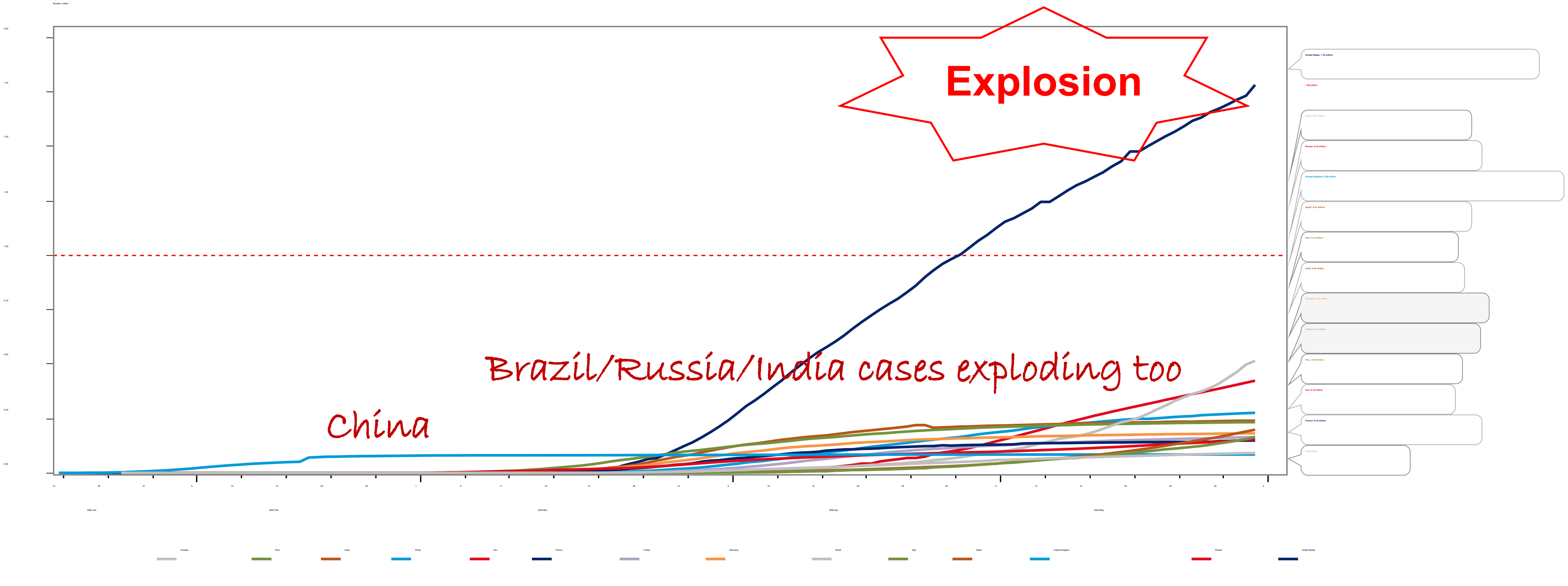


Most Countries Experiencing Slowdown

But will relax from lockdowns in phases



- **Top 13 COVID-19 Infected Economies**

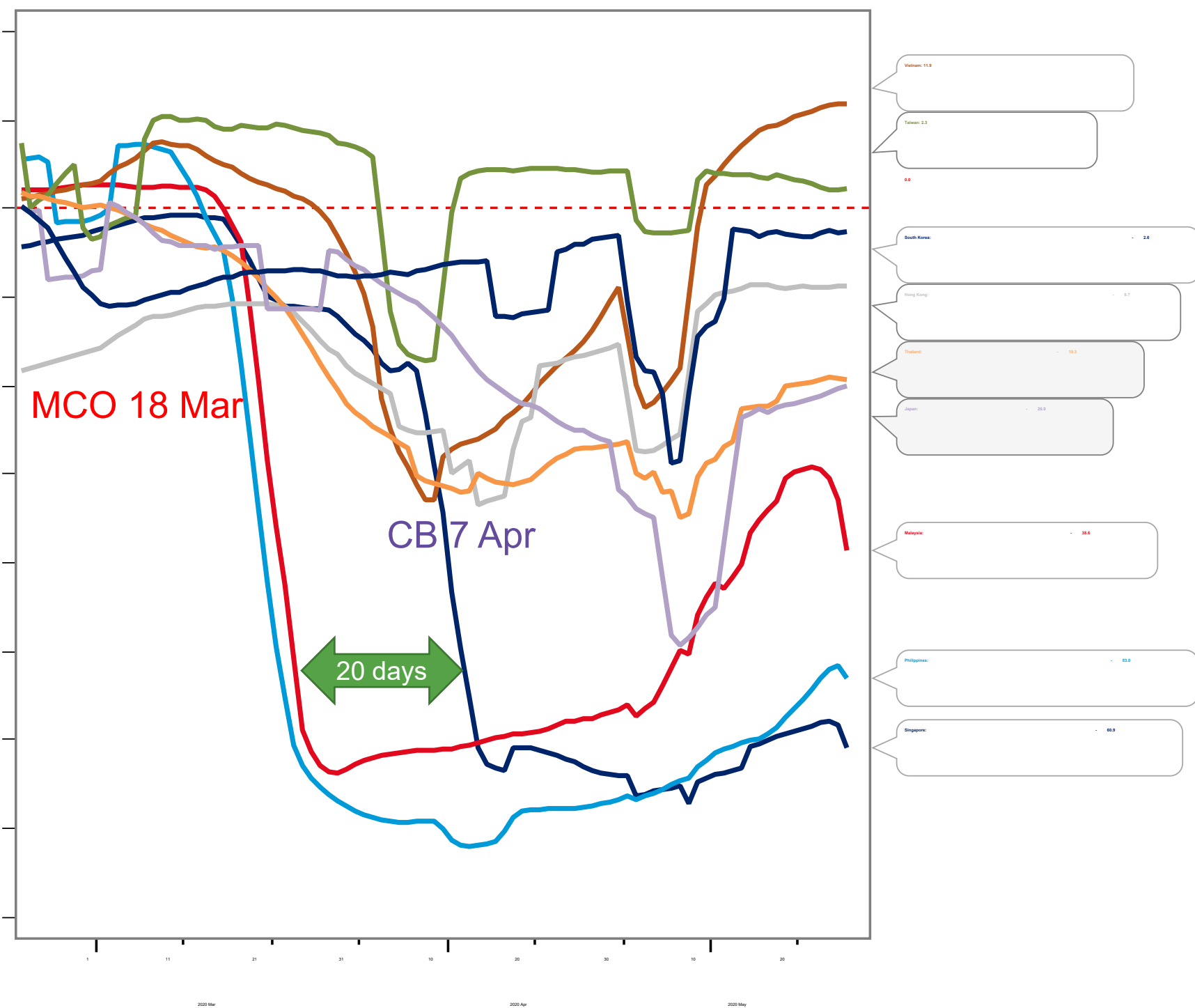


Asian Economies Are Opening Up Faster

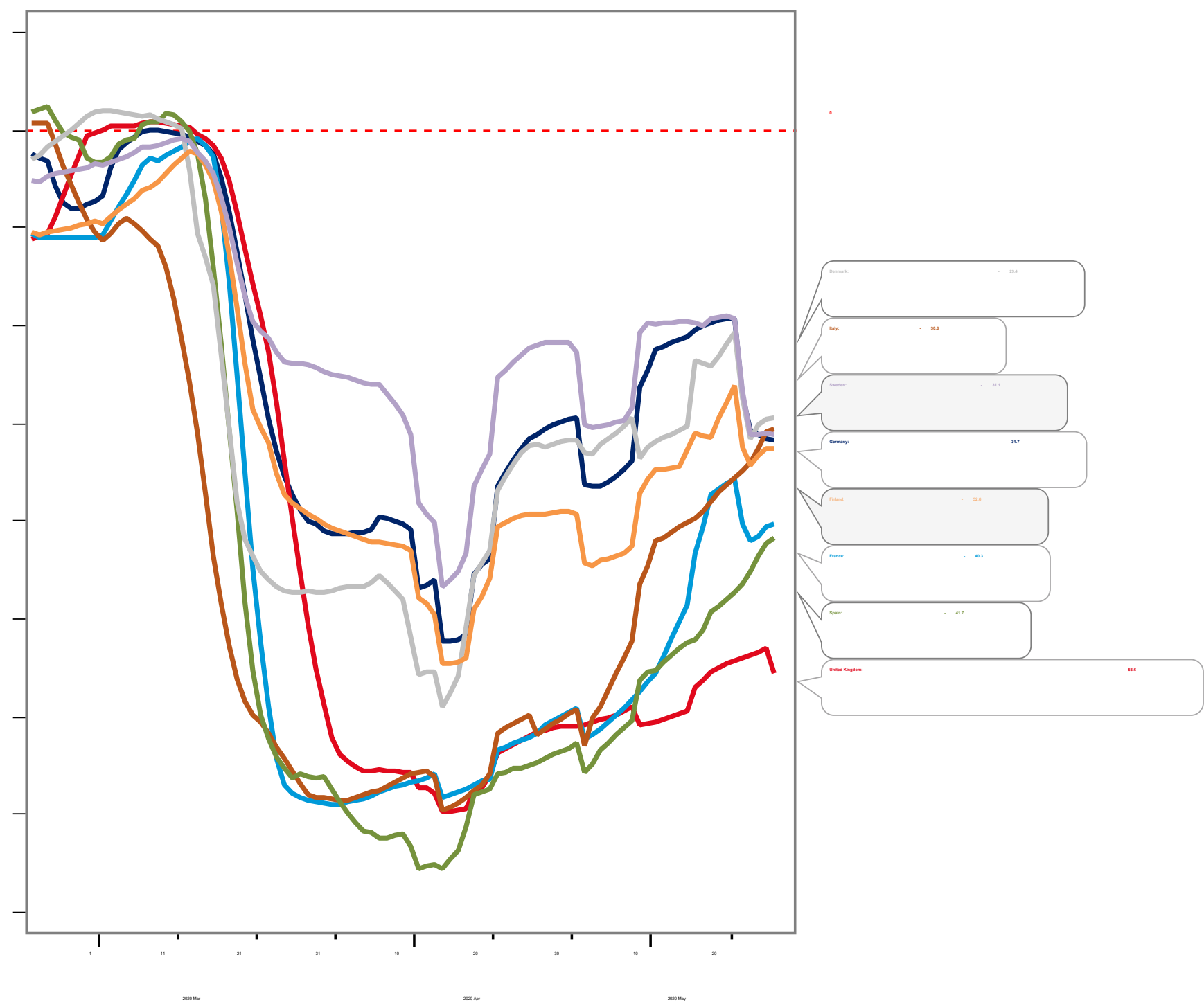
Gleaning from **Google** Community Mobility Datasets



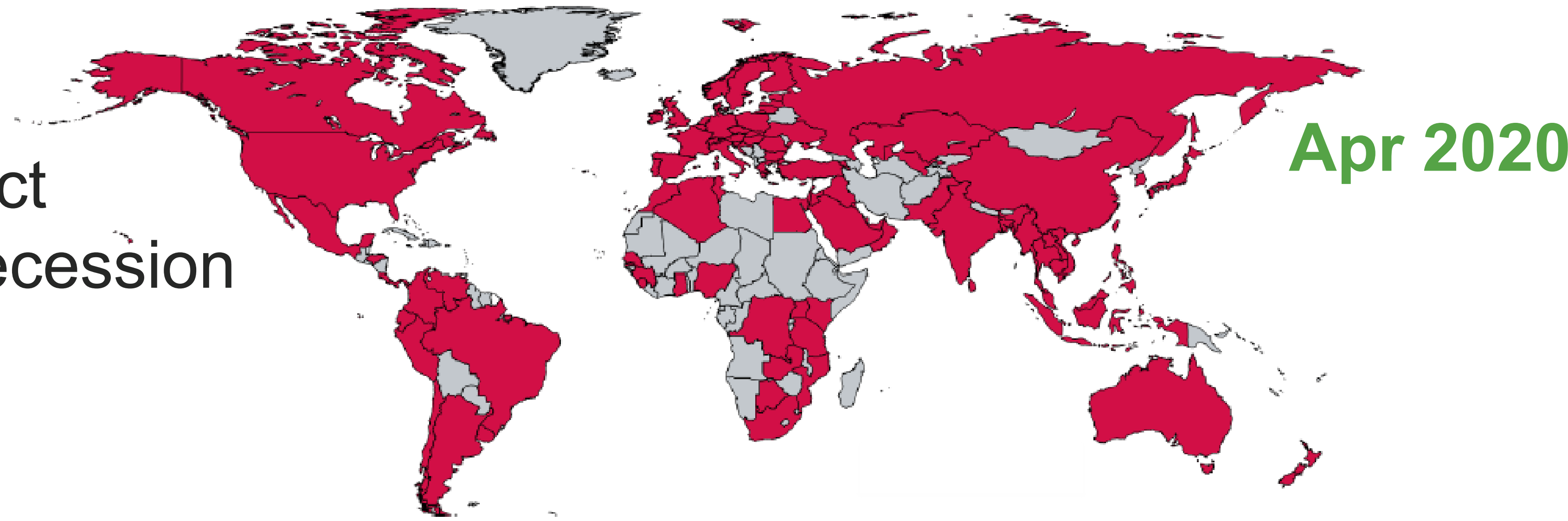
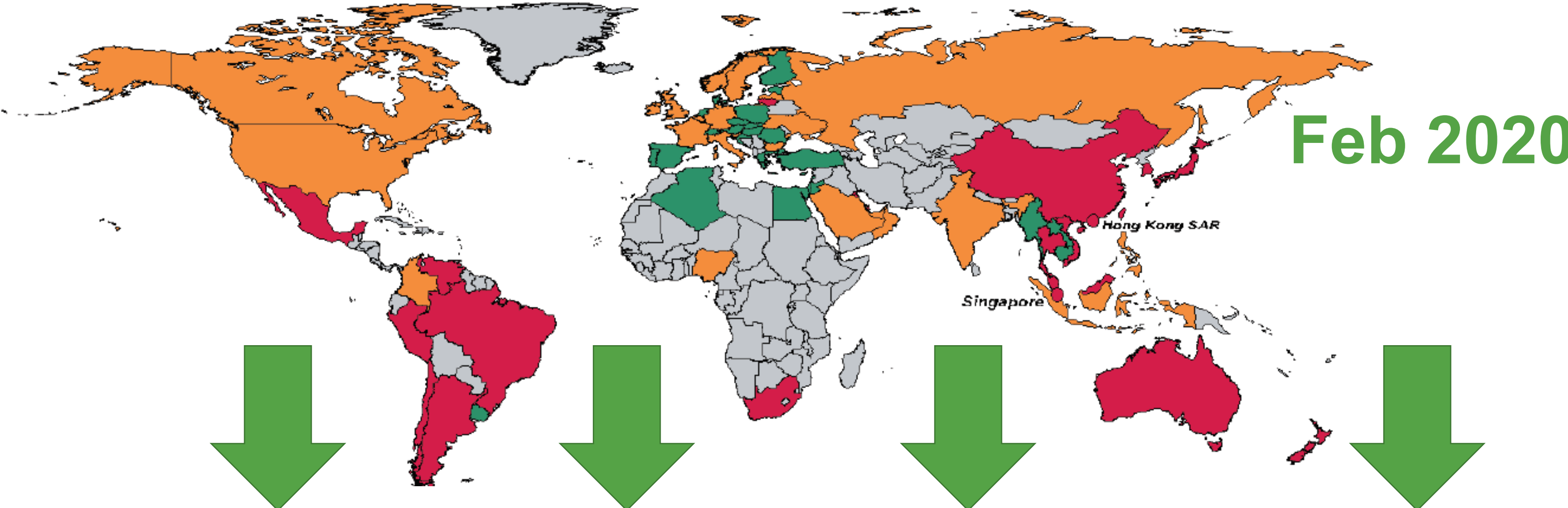
• Asia




• Europe



How Quickly The World Changed



-  Little Impact
-  Close to recession
-  Recession

Real GDP growth, annualized % change

MOODY'S

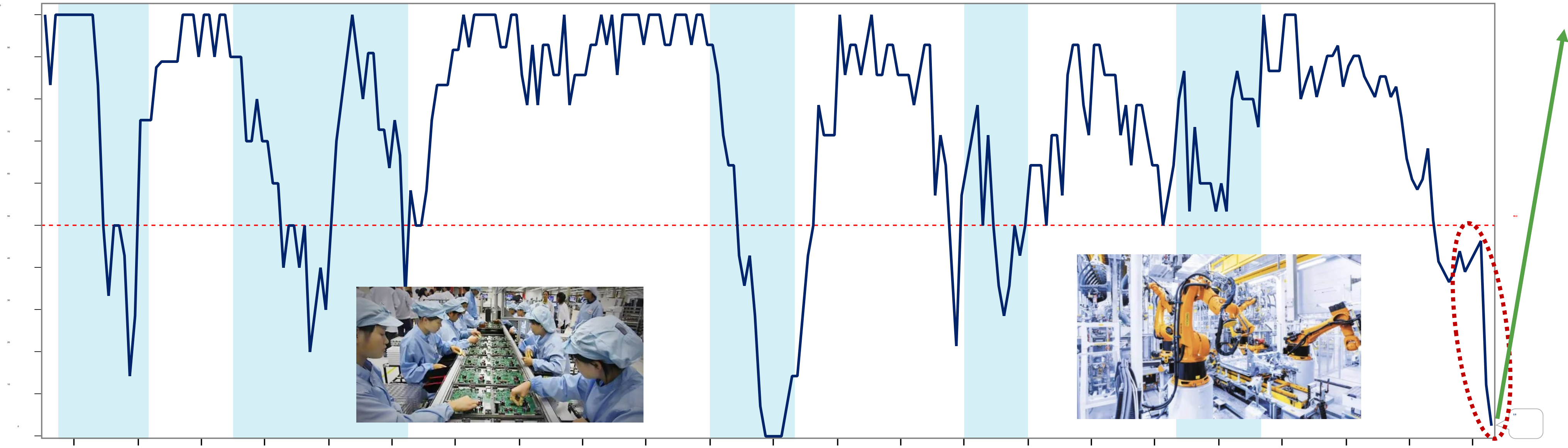
	Forecast Month	1Q 2020	2Q 2020	3Q 2020	4Q 2020	2019	2020
Global	January	2.7	2.9	2.7	2.6	2.5	2.6
	March	0.7	1.6	3.5	2.8	2.4	1.9
	April	-10.9	-22.1	19.9	4.5	2.4	-4.2
US	January	1.5	2.2	1.5	1.2	2.3	1.8
	March	1.1	-0.4	1.7	2.4	2.3	1.3
	April	-8	-30.2	16.7	1.1	2.3	-5.8
China	January	7.2	6.6	5.5	5.8	6.1	6.2
	March	-0.9	5.1	11.4	5.8	6.1	4.4
	April	-29	10.3	27.7	12.1	6.1	-1
Brazil	January	2	2.4	2.5	2.6	1.1	2.2
	March	1.3	2	2.5	2.6	1.1	2
	April	-8.8	-24.3	0.4	7	1.1	-6
UK	January	1.2	1.1	1.1	1.1	1.3	1
	March	0.6	0.5	1.2	1.1	1.4	0.7
	April	-3.1	-36.7	25.8	5.8	1.4	-5.7
Euro Area	January	1.4	1.5	1.8	1.4	1.2	1.3
	March	0.7	0.8	1.2	1.3	1.2	0.8
	April	-14.8	-40	59.3	1.6	1.2	-7

Global Manufacturing Recession

But when it gets this worse, be prepared for a strong revival



- **Global Manufacturing PMI Market Breadth**

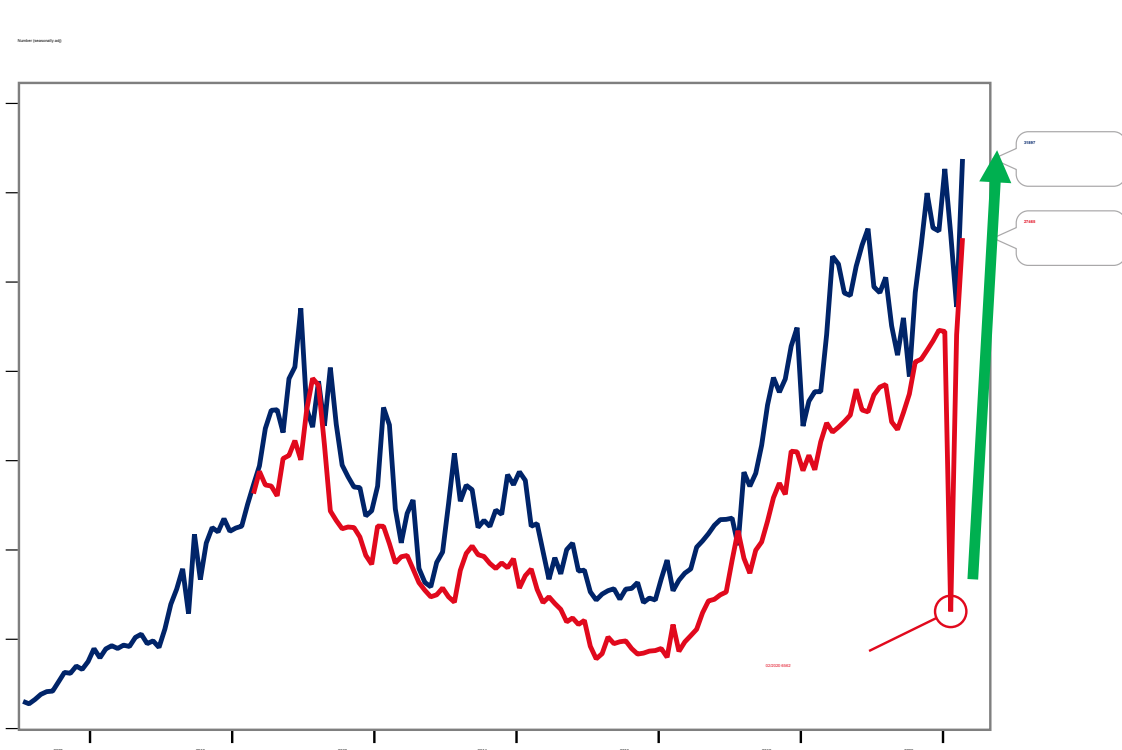
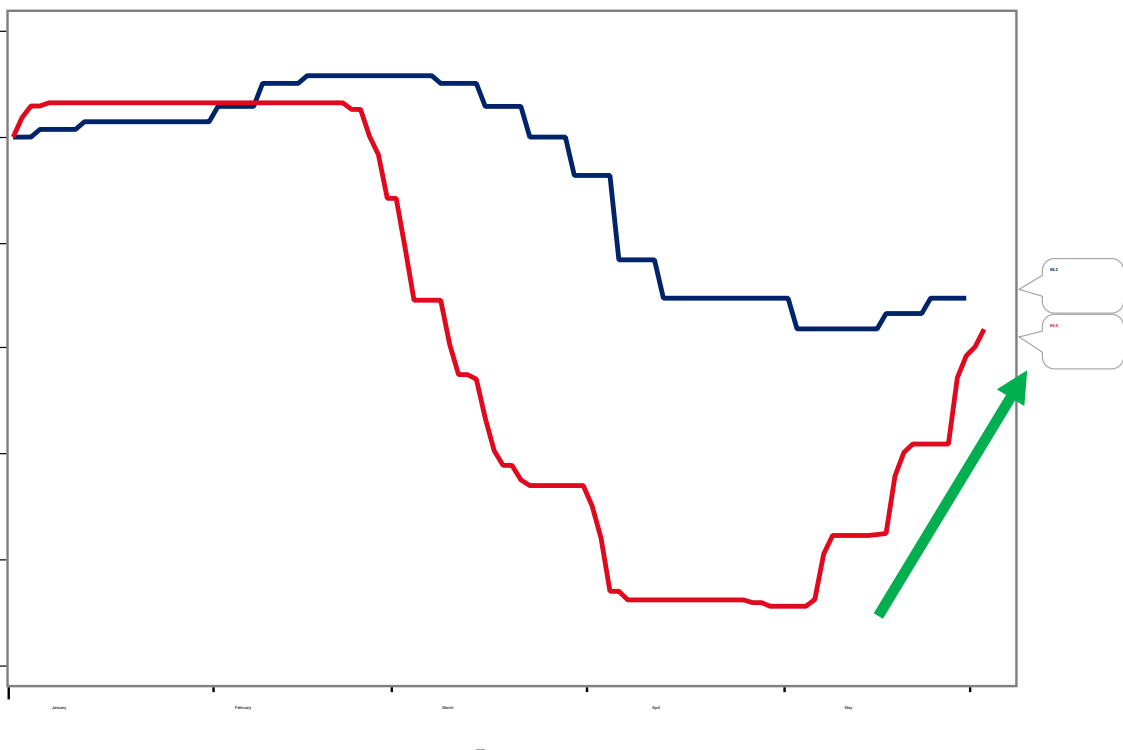
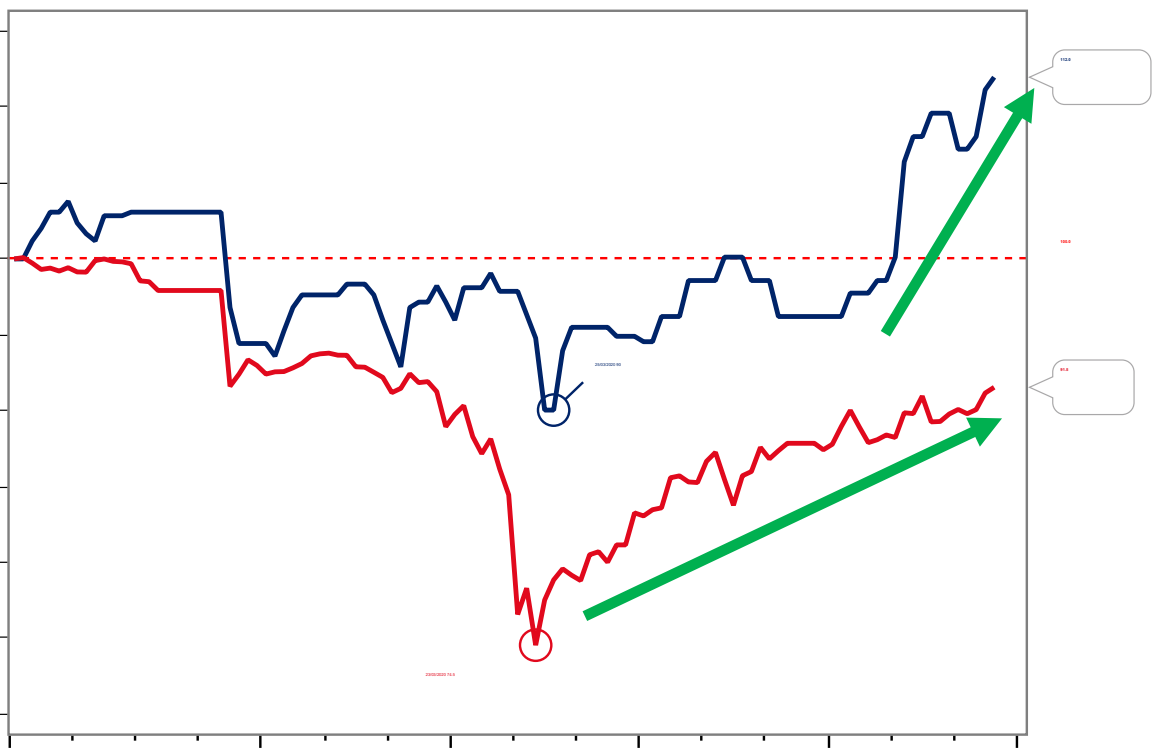


Normalisation in Chinese Consumption

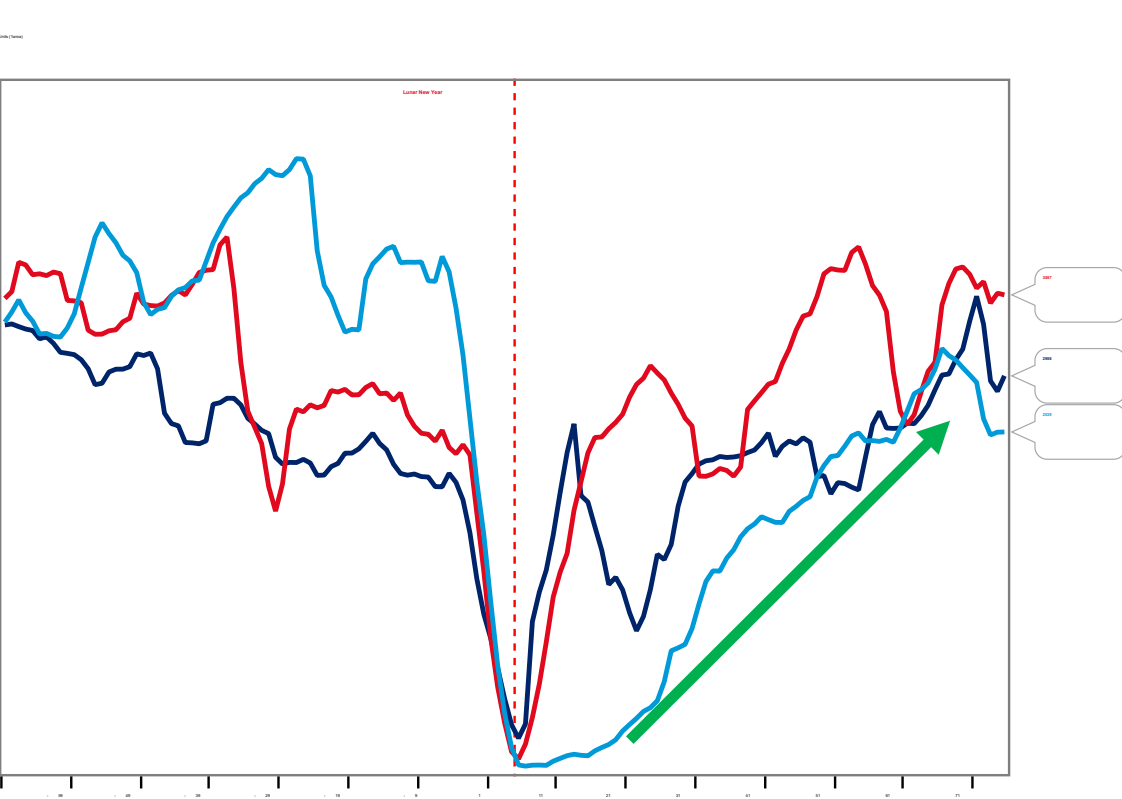
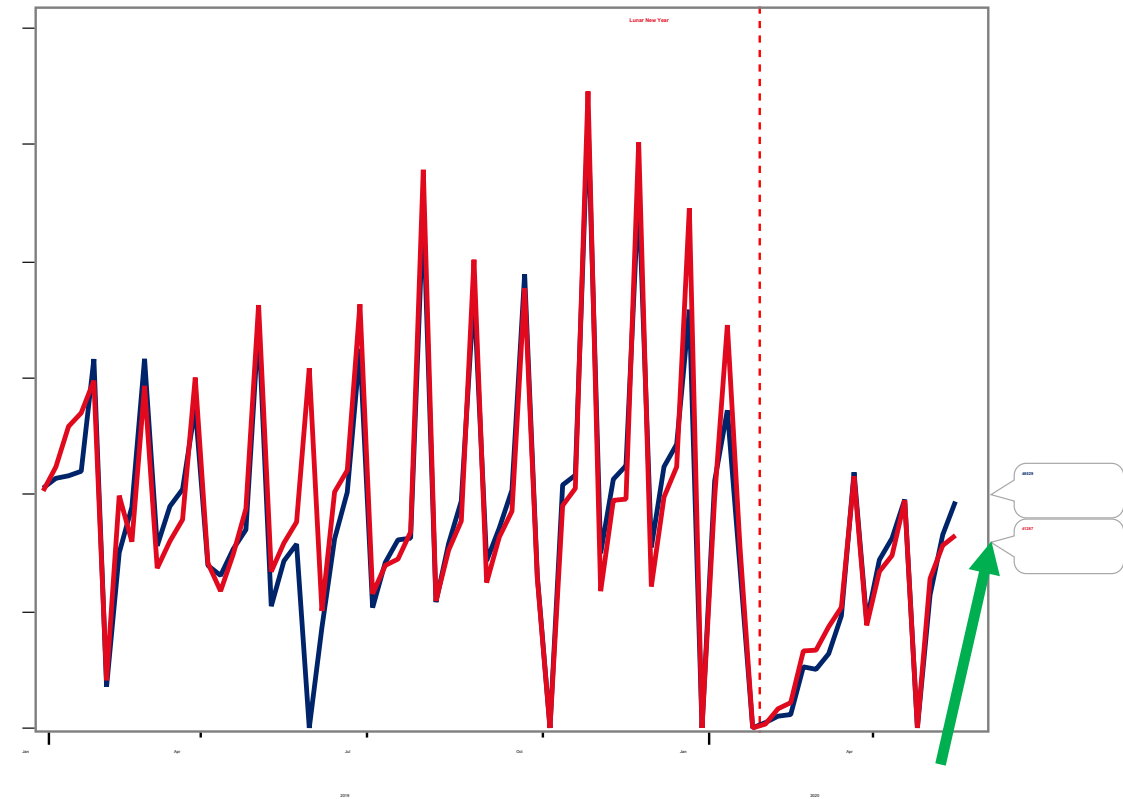
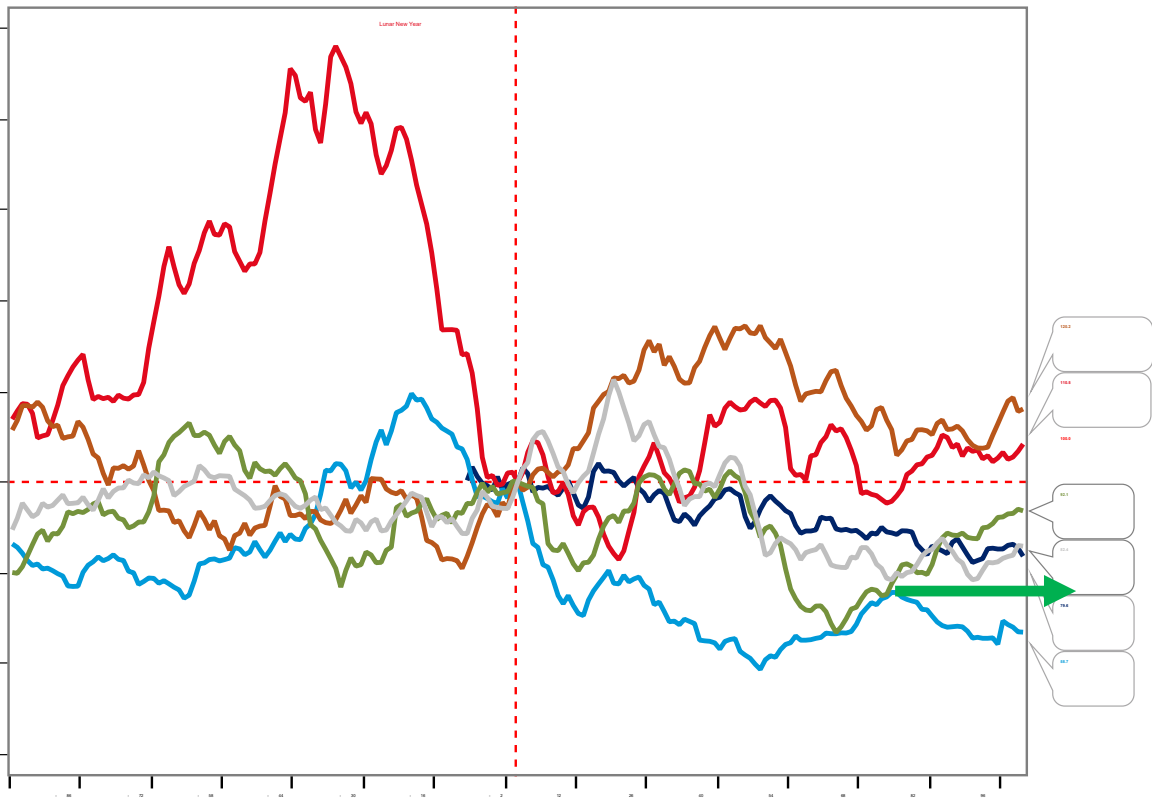
Not just Manufacturing recovery, but Consumption too



Industry



Consumer



Revenge spending?

Hermes store in China hauls in S\$3.8m a day after reopening



LIFESTYLE

Luxury handbags jump in price as brands make up for coronavirus hit

SILVIA ALOISI AND SOPHIE YU
REUTERS

Chanel, Louis Vuitton raise handbag prices. Will other brands follow?

MAY 17, 2020 PUBLISHED AT 12:25 PM
REUTERS

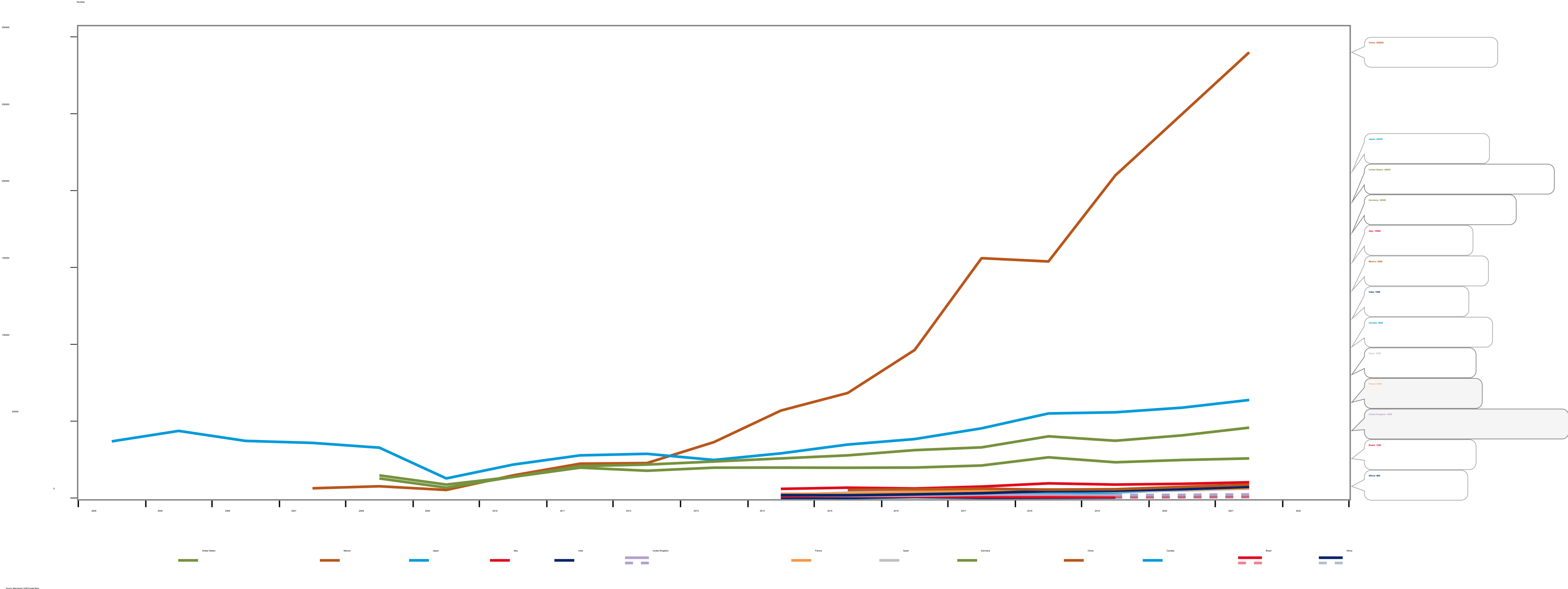
The figure is believed to be the highest daily haul for a single luxury boutique in China.

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

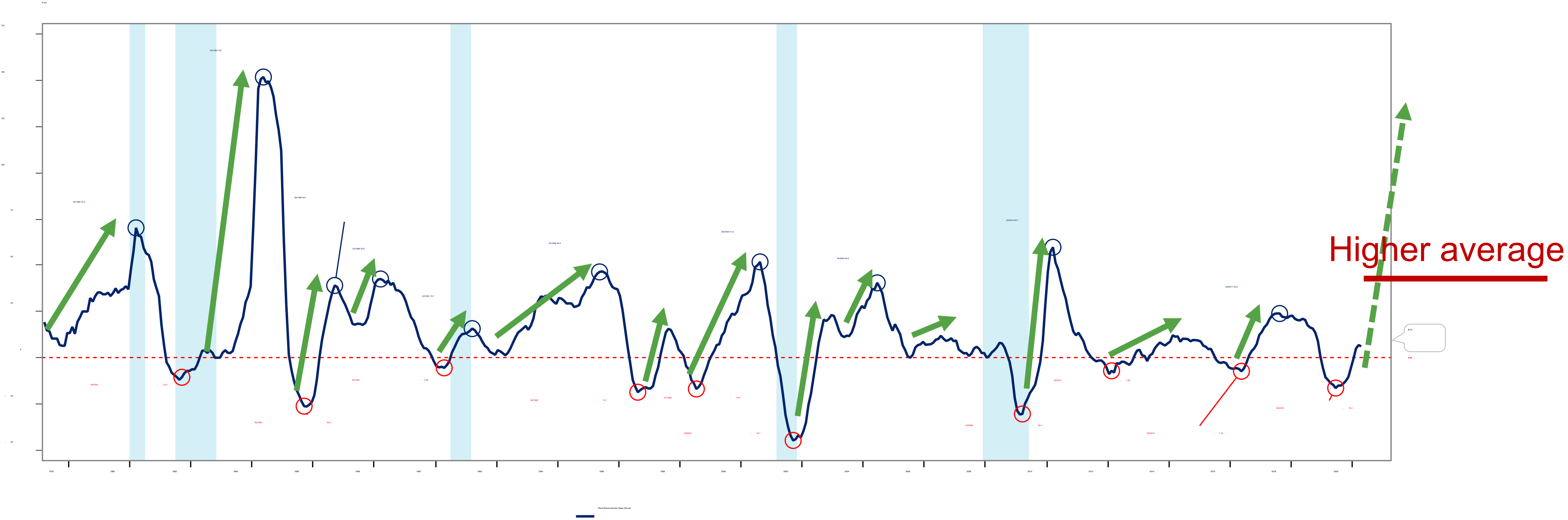


Confident in World Semiconductor Sales



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

- World Semiconductor Sales

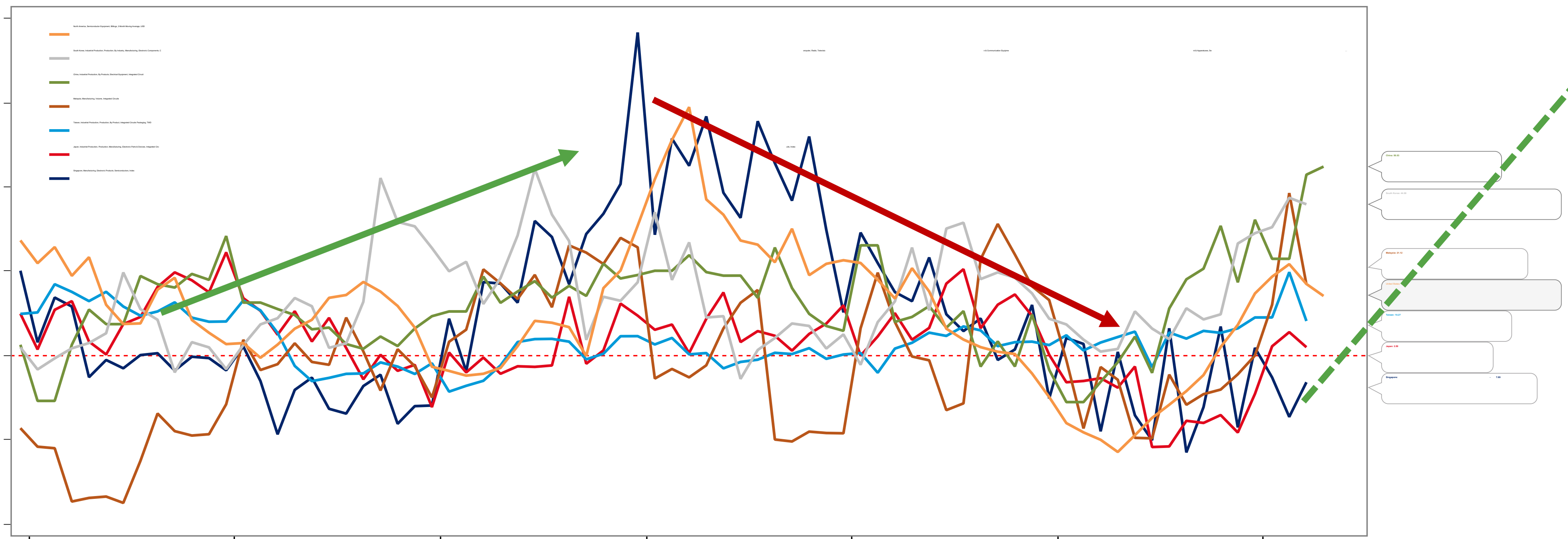


Semiconductor IP Already Expanding

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



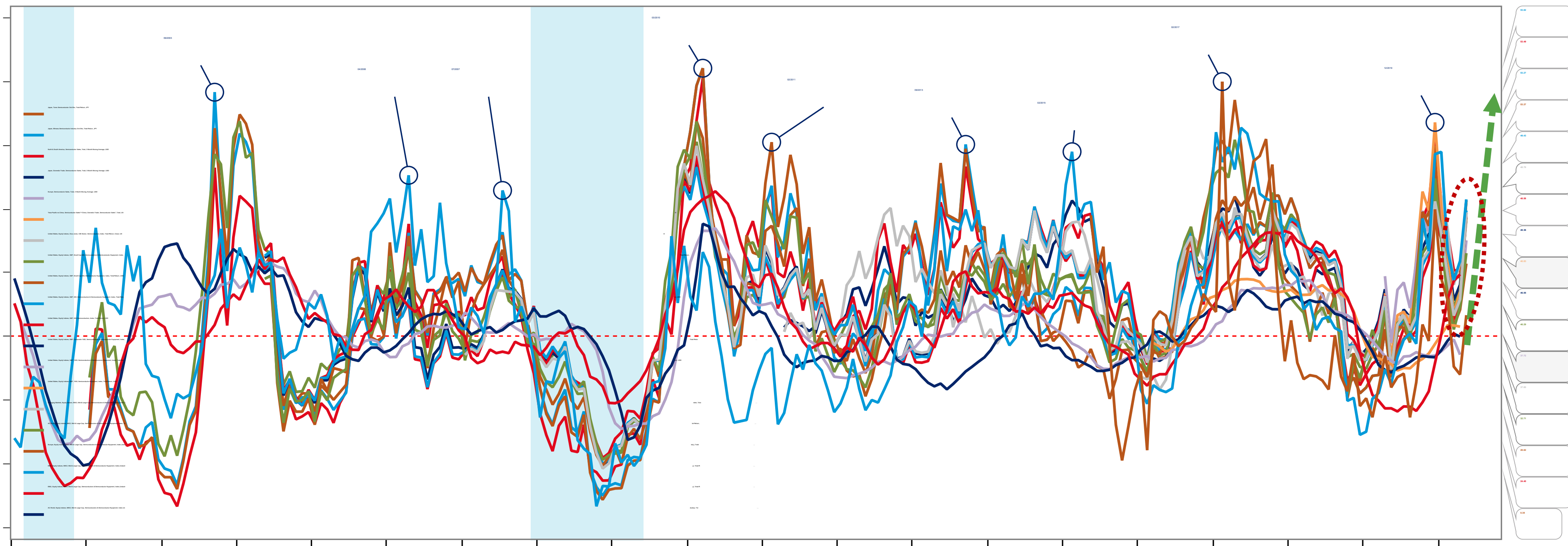
- Semiconductor Industrial Production



Higher Semiconductor Stock Prices

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

- Semiconductor Sales & Stock Market

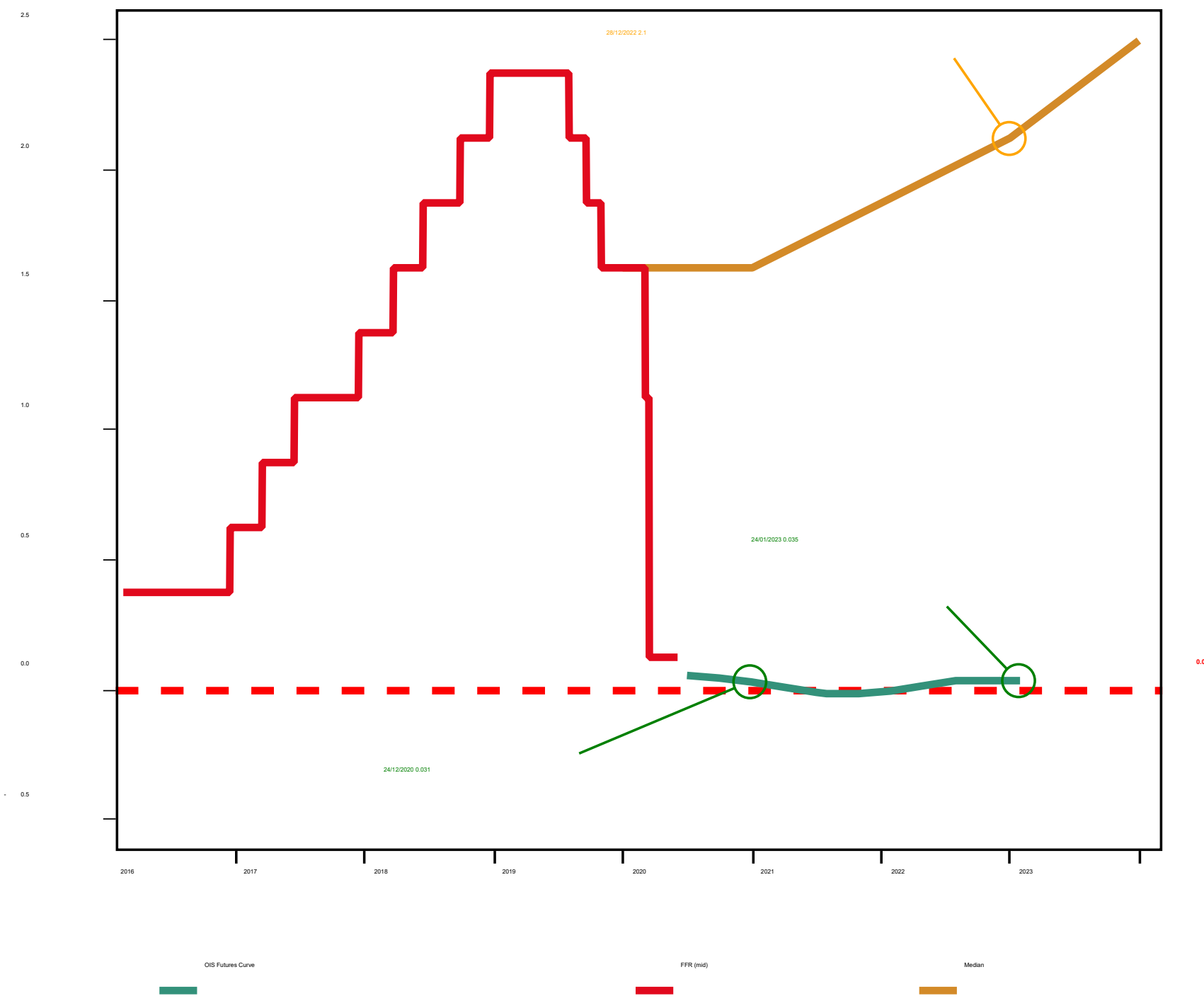


Low Interest Environment To Remain

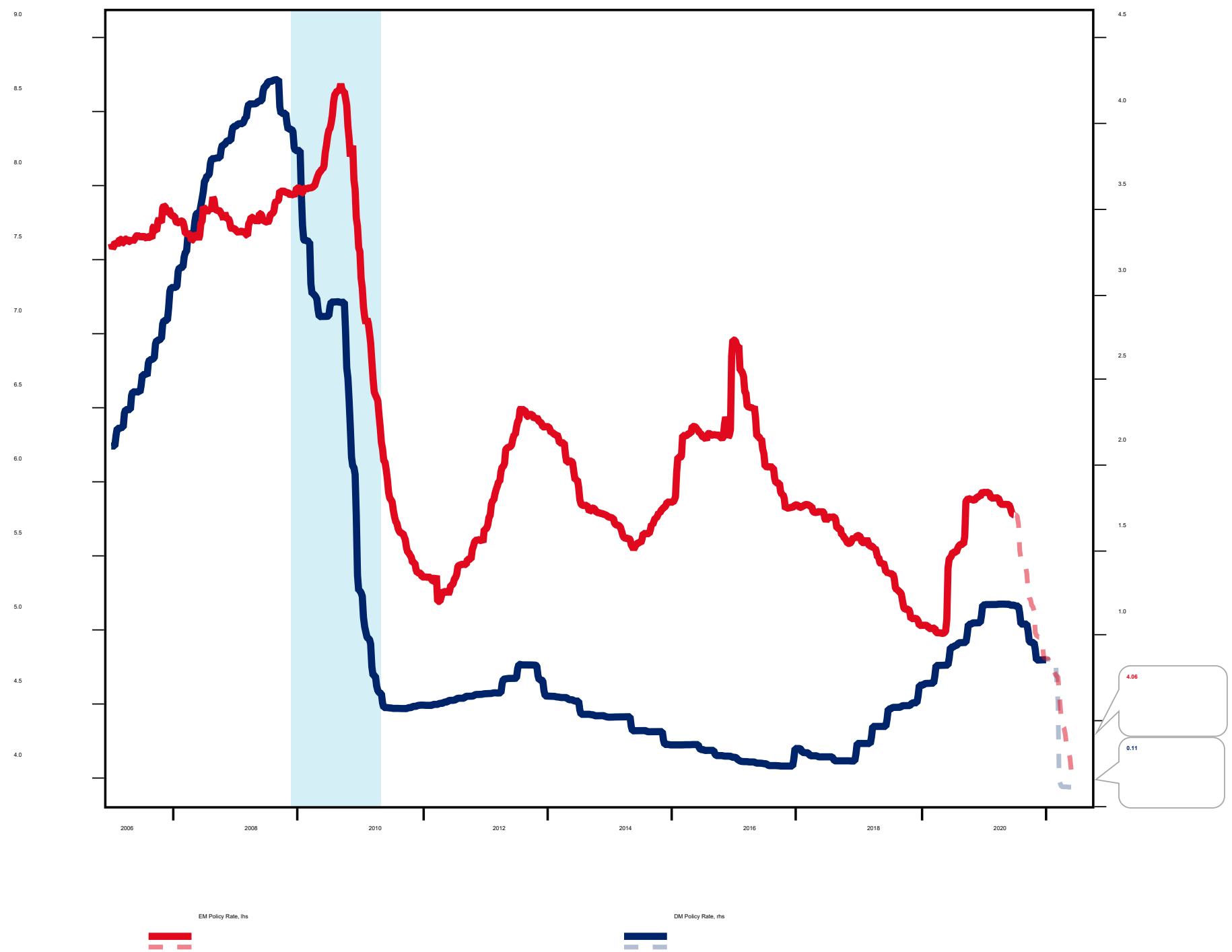
Supporting investment and consumption



- Fed's Interest Rate (Dot Plot)



- DM & EM Policy Rates

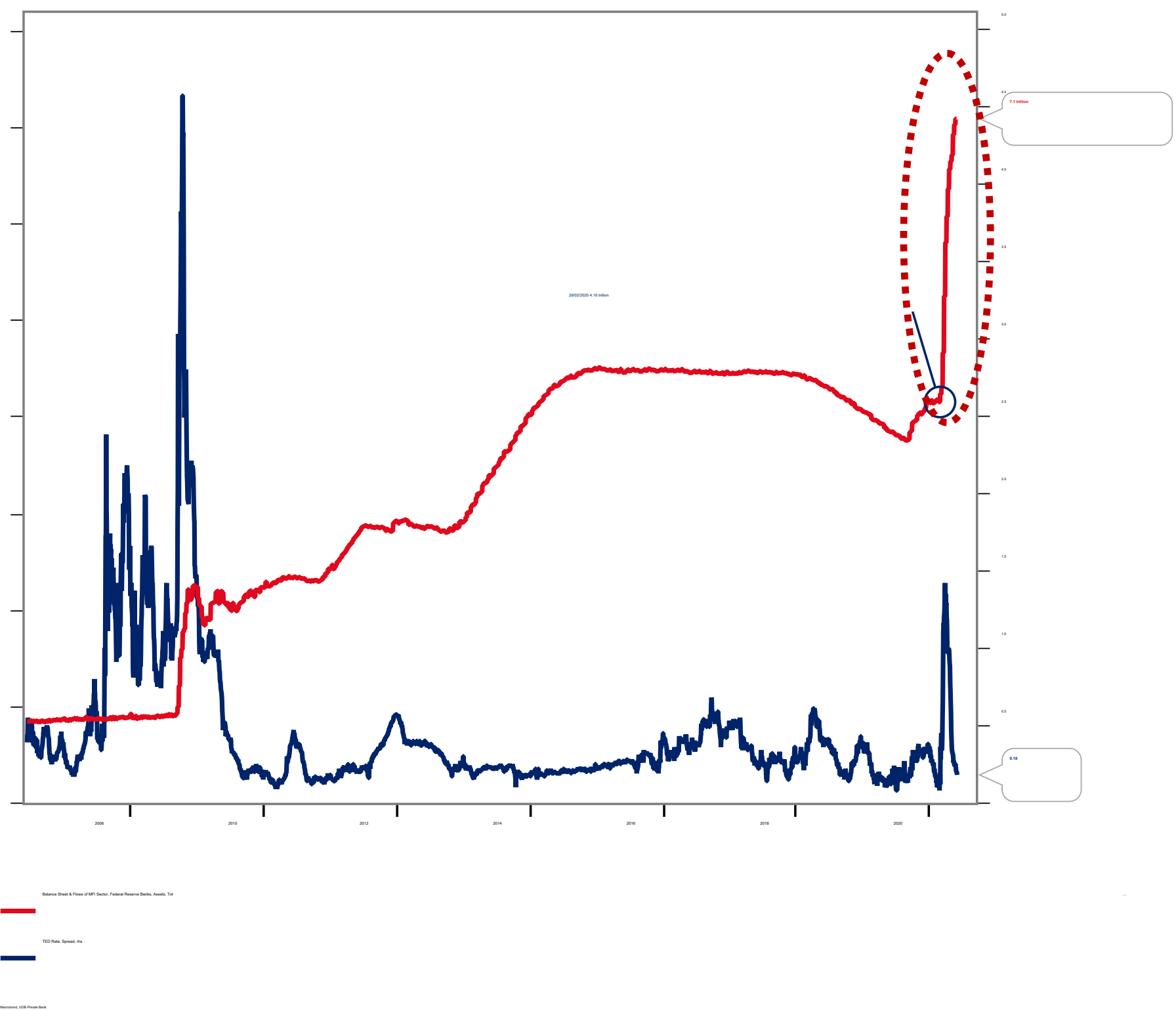


Massive Liquidity Injection By Fed

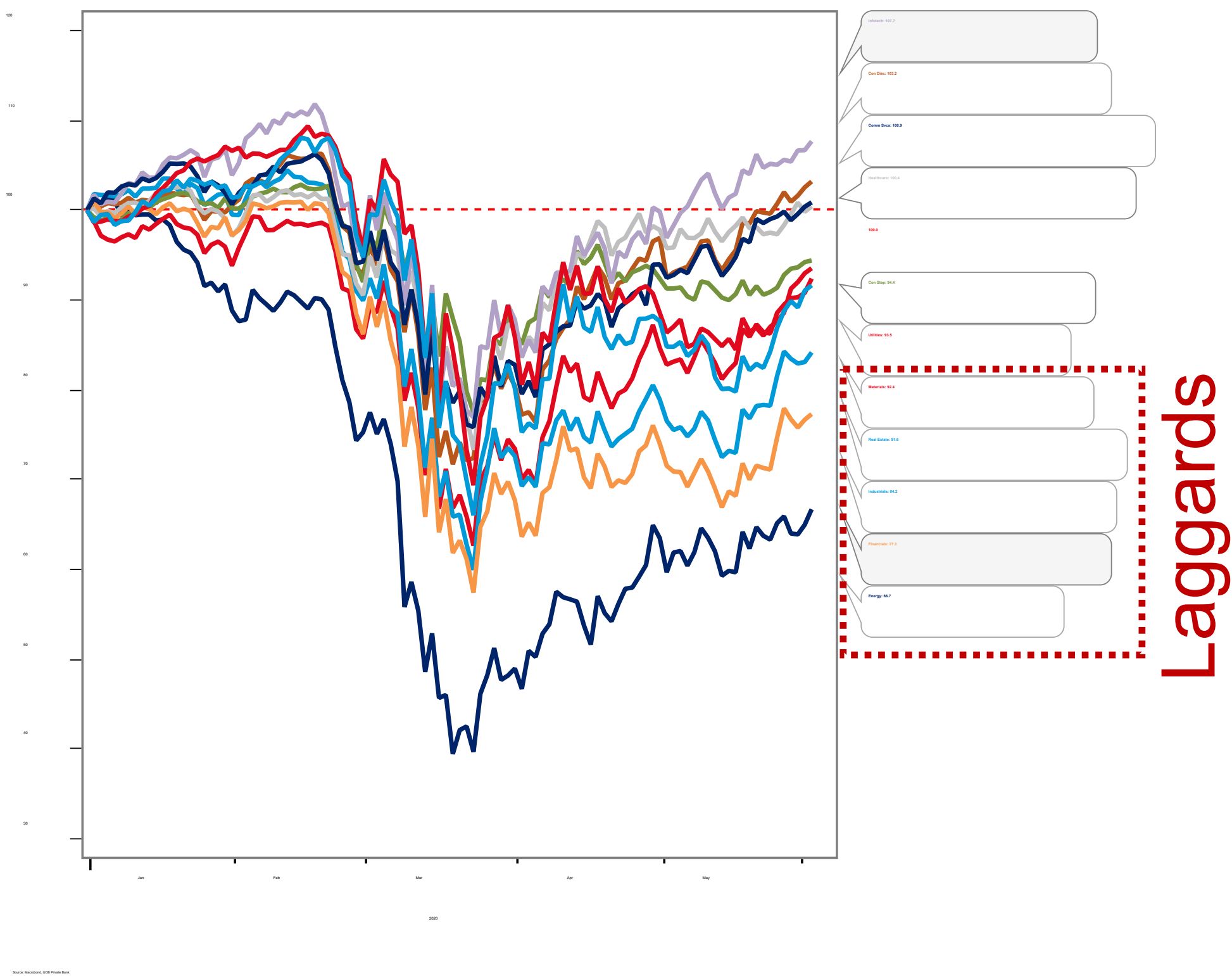
Eased credit and liquidity fears in the market



- Fed's Balance Sheet & Ted Spread



- S&P 500 Sector Performance

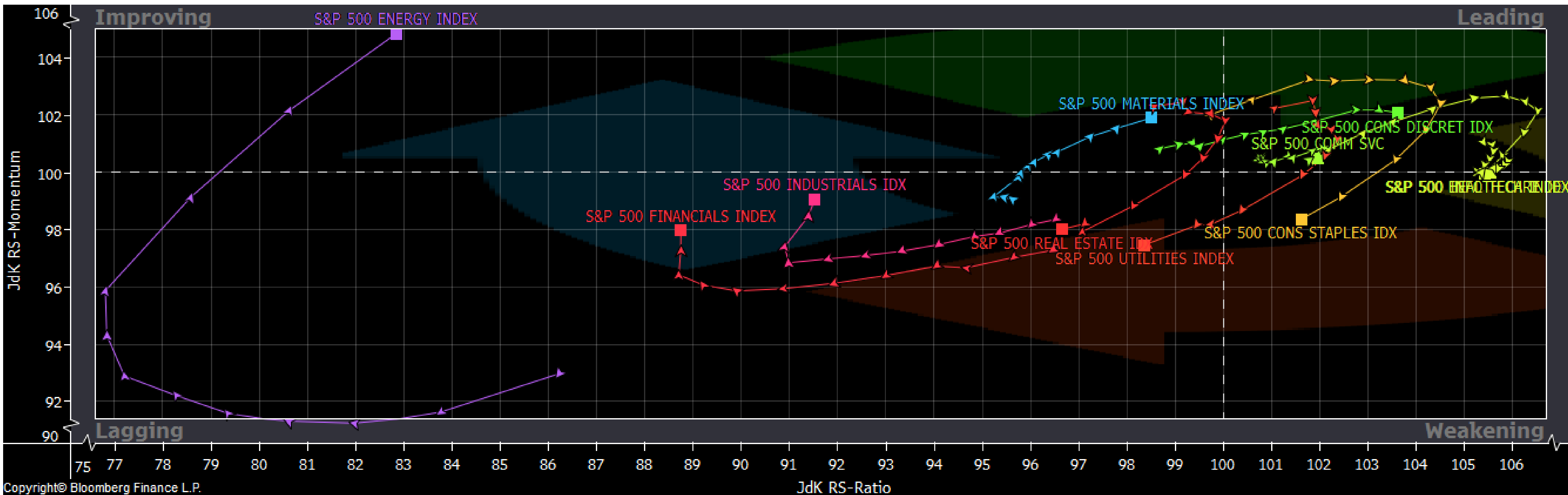


Unloved, Laggard Sectors Are Gaining




Lagging but Improving

Leading & Improving



Lagging and Weakening

Leading but Weakening

A dark, arched tunnel with a bright light at the end, symbolizing hope and goals. The light is so bright that it creates a lens flare effect. The tunnel walls are rough and textured.

**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).