

## STOCK CALLS

### SILVERLAKE AXIS

14 cents | Fully valued

DBS Vickers downgrades the banking software developer from "Hold", cuts target price to 13 cents from 30 cents. Says fiscal Q1 '09 results significantly below expectations as banks postponed IT projects due to uncertain outlook. Cuts FY09, FY10 earnings estimates by 50 and 40 per cent to factor in lower sales assumptions, sees further downside risk if H2 '09 fails to see recovery. New target price assumes multiple of 2 times FY09 book value.

### SWIBER

52 cents | Neutral

DMG downgrades from "Buy", citing difficult operating environment. Notes offshore vessel supplier's venture into deep-water drilling market failed to materialise due to financing difficulties. Cuts target price to 62 cents from \$2.17 after lowering FY09 earnings forecast by 29 per cent. Says firm may not pay dividends for next two years in bid to preserve cash.

### NOBLE

87 cents | Underperform

Merrill Lynch downgrades commodity trader/broker from "Buy", citing potential for more share price weakness as slowdown in global commodity trade expected to stretch into 2009. Expects FY09 earnings to fall by 29 per cent. Cuts target price to 70 cents from \$3.15. But it says Noble has liquid balance sheet, allowing it to weather tight credit market conditions.

#### FROM BROKERAGE RESEARCH AND AGENCY REPORTS

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## MARKET INFO

5-DAY STI CLOSING		
TUES	1,692.55	▼ 3.26%
Monday	1,749.67	▼ 0.54%
Friday	1,759.14	▲ 0.21%
Thursday	1,755.47	▼ 1.60%
Wednesday	1,784.01	▼ 1.27%
MARKETS CLOSE		
Hang Seng	12,915.89	▼ 4.54%
Nikkei	8,328.41	▼ 2.28%
Shanghai	1,902.43	▼ 6.31%
Seoul	1,036.16	▼ 3.91%
Mumbai	8,937.20	▼ 3.81%
KL Comp	893.09	▼ 0.11%
FOREIGN EXCHANGE		
US\$1	\$1.527	¥100 \$1.568
¥1	\$2.290	HK\$100 \$19.71
Euro	\$1.925	RMB100 \$22.39
A\$1	\$0.987	RS100 \$3.076
RM1	\$0.424	RP10,000 \$1.289

## SINGAPORE DOLLAR

# Weakness on the horizon

MAS may allow depreciation as early as this Friday: Pundits

CHRISTIE LOH  
deputy business editor  
christie@mediacorp.com.sg

FOR a country so dependent on customers overseas, the Singapore dollar's muscle against other currencies can mean winning or losing in the fight for trade.

Policymakers are under particular pressure to get the tone right just now, as consumers around the world tighten their belts.

Exporters are waiting on the next move by the Monetary Authority of Singapore (MAS), with some analysts betting on a depreciation of the currency to make Singapore goods cheaper for foreign buyers. It could come as early as this Friday, they predict.

Recent data bore out the urgency: Exports last month fell for a sixth straight month, this time suffering their biggest drop in six years. Abroad, recession has been spreading to a growing number of countries, many of which have cut interest rates to try to stimulate demand.

"The market has been awash with talk of the MAS moving the policy midpoint ahead of its next scheduled meeting in April," UBS currency strategists wrote in a report on Monday.

In plain speak, that means the central bank — which manages the Singapore dollar's value by letting it fluctuate within an undisclosed band against a basket of currencies — is expected to allow the Singapore dollar to weaken. A monetary policy statement is released in April and October each year, but this move would fall outside the usual timing.

Just last month, MAS adopted a "zero-appreciation" stance as the economy slipped into a technical recession in the third quarter.

The UBS analysts said some in the market are speculating that MAS will move this Friday, when the Ministry of Trade and Industry is scheduled to provide fresh data on gross domestic product for the third quarter and some guidance for next year.

The guesswork led traders to push the Singapore dollar to a 14-month low of 1.5253 to the United States dollar on Monday. As it is, the local unit has been falling in recent months, as global investors flee towards the greenback, seen as a haven in rough times.

Morgan Stanley last week said it expected an exchange rate of 1.8 against the US unit within the next year.

ForeCast economist Vishnu Varathan hopes the policymakers will act before April "because such moves should be done to keep ahead of the curve".

His counterparts at United Overseas Bank and UBS disagree.

"We suspect the MAS would likely wait to see how Singapore's growth prospects pan out in the Q4 and full year, before it moves to ease monetary policy," UOB economists said in a report yesterday, forecasting the Singapore dollar to trade at 1.52 by the end of the year and 1.55 by end-March next year.

The analysts, however, agree on the two options facing the central bank.

MAS could re-centre downward the trading band, which is like a one-off depreciation. Or, it could widen the trading band to accommodate more volatility in the currency market. The last time MAS widened the band was in October 2001, following the Sept-11 terrorist attacks in America.

## Citibank staff here wait for axe

KELVIN CHOW  
kelvinc@mediacorp.com.sg

IT WILL be a nerve-racking time for the 9,000 employees of Citigroup in Singapore as they wait to find who will be axed.

They woke yesterday to news that the United States bank was planning to cut 50,000 jobs or more, prompted by the US\$20.3 billion (\$31 billion) in losses the bank has racked up in the past year.

One middle-office employee, who asked not to be named, could be speaking for all his colleagues when he said he is fearful; the number of jobs being cut is so huge and his job might end up being one of them.

When asked what are his plans if he does get axed, he replied: "I will most likely try to take a break from work and go back to school to do my masters. I just have to rely on my savings first."

A backroom operations staff member, who also chose not to be named, said: "There is a sense of uncertainty going around in the office, but everyone is just doing their daily routine."

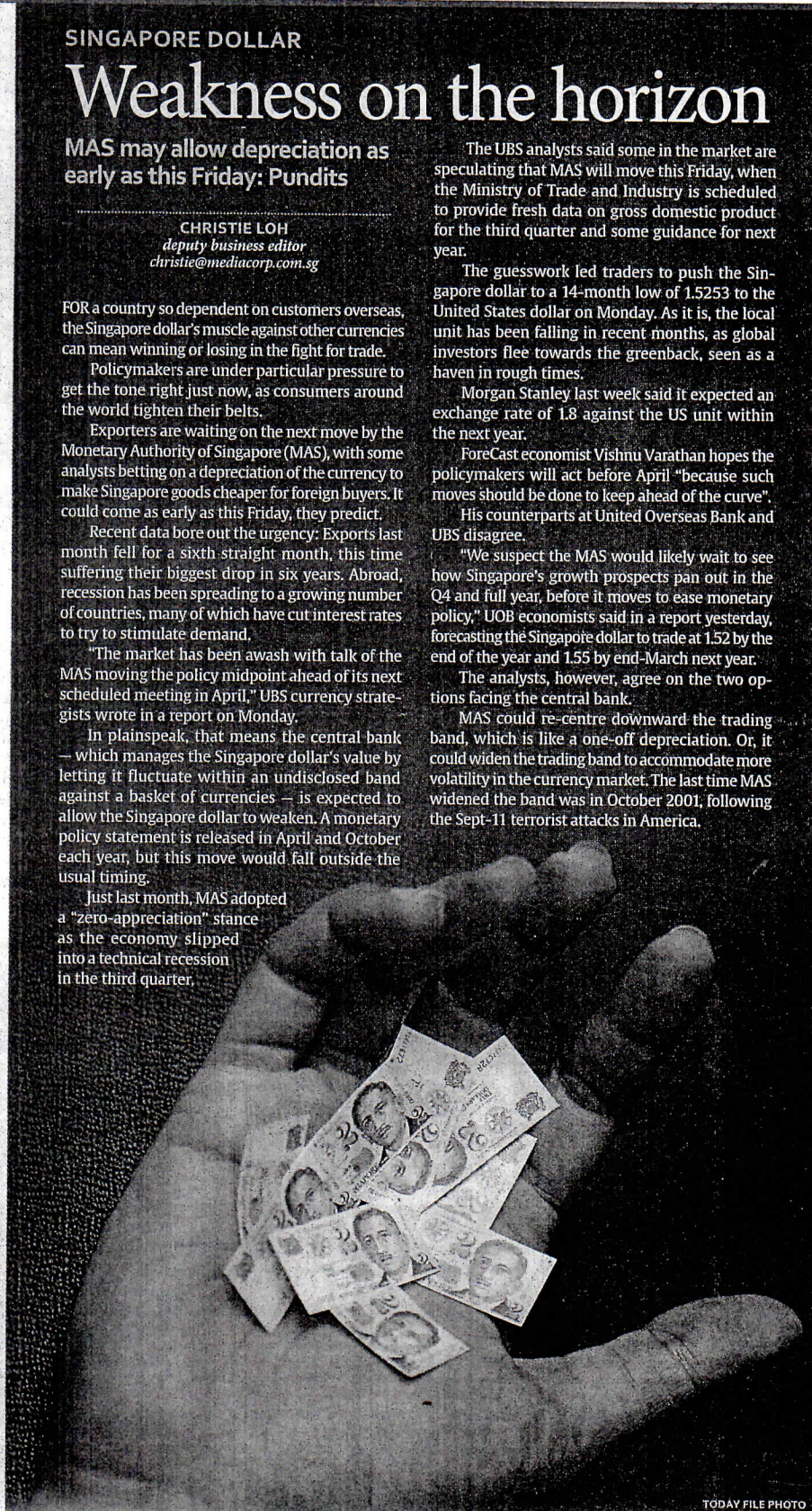
She said there are some discussions with her closer colleagues in the office — mainly about contingent plans if they do get retrenched.

Mr Adam Rahman, country corporate affairs director, Citi Singapore, said: "In line with Citi's global efforts to increase efficiency and productivity in the current difficult market conditions, some jobs will change and others will no longer be necessary. In Singapore, there will be modest headcount reductions."

He said the group's business in Singapore continues to be robust and he expects the headcount to "remain relatively stable overall".

The job cut at Citigroup, the world's largest banking group, comes on top of the 23,000 posts already eliminated between January and September.

This time round, the cuts will be coming from attrition, » CONTINUED ON PAGE B2



TODAY FILE PHOTO



BARCLAYS' SHAREHOLDER REVOLT

# Share sale plan revised

LONDON — Barclays, the United Kingdom's second-largest bank, offered institutional investors as much as £500 million (\$1.14 billion) of stock reserved for Persian Gulf funds and put its board up for re-election.

Sovereign wealth funds in Qatar and Abu Dhabi each agreed to release as much as £250 million, or 17 per cent of the preferred stock they had planned to buy. Barclays's executive directors will waive bonuses, the London-based bank said today in a statement.

Chairman Marcus Agius is trying to placate investors after Barclays agreed to sell about a third of itself to Persian Gulf investors to meet new UK capital requirements.

Shareholders had complained that Barclays, which avoided the government's bailout plan and its restrictions on dividends and executive pay, is paying too much and diluting other stakeholders by selling to Mid-east funds. Singapore's state-owned investment company Temasek Holdings owns

**This is a small concession but it will probably be enough to placate investors.**

Analyst Leigh Goodwin

a stake in the British Bank.

"This is a small concession but it will probably be enough to placate investors," said analyst Leigh Goodwin, with Fox-Pitt Kelton in London. "It has left investors with a bitter taste," said Ms Goodwin, who has an "Outperform" rating on the stock.

The bank will let shareholders vote next Monday on the sale of shares to Qatar Holding; Challenger Universal, which is an investment vehicle set up by Qatar; and Sheikh Mansour Zayed Al Nahyan, a member of the royal family of Abu Dhabi.

The sovereign funds offered to let shareholders buy some of the preferred stock they agreed to purchase after talks with the

bank in the last few days, Barclays said. The stock pays 14 per cent annual interest until 2019, a higher rate than the one that the UK will charge Edinburgh-based Royal Bank of Scotland Group and HBOS and London-based Lloyds TSB Group. Britain will get annual interest of 12 per cent on its preferred stock.

Mr Agius met the bank's biggest investors last week after they complained about not getting stock on the same terms as the sovereign funds. "The discussions have been constructive and the board of Barclays has listened carefully to shareholders' views," the bank said in the statement.

Barclays chief executive officer John Varley, investment banking chief Robert Diamond, consumer bank head Frits Seegers and finance director Chris Lucas will forgo their 2008 bonuses, the bank said. Mr Diamond, the bank's top-paid director, was paid a £6.5 million bonus last year as well as his £250,000 salary. **BLOOMBERG**

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## BUSINESS ROUNDUP

### LIMITED PARTNERSHIPS NOW POSSIBLE

Parliament yesterday passed legislation to allow the creation of limited partnerships. Limited partnerships (LP) are useful in "labour-capital" partnerships, where one or more financial backers prefer to contribute money or resources while the other partner performs the actual work.

Senior Minister of State of Finance Lim Hwee Hua said such partnerships will enable Singapore to better meet diverse business needs and offer entrepreneurs and investors an additional form of business structure to choose from.

Every LP will have at least one general partner, as well as one limited partner at the point of registration. The general partners of an LP are in the same legal position as partners in a conventional partnership. They have management control and have joint and several liabilities for the debts of the LP. The limited partners' liability is limited to the extent of their investment in the LP. They cannot participate in management; otherwise, they would lose their limited liability protection. **CHANNEL NEWSASIA**

### PROPERTY TAX AMENDMENT PASSES

Parliament has passed the Property Tax Amendment Bill. One of the changes seeks to provide clearer rules under which structural networks of pipelines, cables, ducts and railway lines are taxed. This will bring Singapore in line with the practice in the United Kingdom and Hong Kong.

While machinery is excluded from property tax, these structural networks — if they extend beyond the buildings which house the machinery — will be subject to property tax. The changes take effect from January. **CHANNEL NEWSASIA**

### CAAS SUBSIDIARY WINS CONTRACT TO MANAGE SAUDI ARABIA AIRPORT

Changi Airports International (CAI) has won a \$65-million contract to manage the King Fahd International Airport (KFIA) in Damman in Saudi Arabia. The six-year management contract is CAI's largest to date in terms of size and length of contract. CAI is the overseas investment arm of the Civil Aviation Authority of Singapore, which owns, operates and manages Singapore Changi Airport.

KFIA has a current passenger capacity of 11 million a year, expandable to 16 million under its Phase 2 Master Plan. Under the terms of the six-year contract, a team of Changi personnel will be stationed in Damman to assist in the management and development of KFIA. The areas covered by the team would include passenger and cargo terminal operations, commercial and airport network developments and staff training.

## Citibank staff here wait for axe

» CONTINUED FROM PAGE B1  
retrenchment, and divestment of business units, such as Citi's German retail banking business. It was reported that these steps will be made by early next year.

A Reuters report yesterday said Citigroup plans to cut 150 jobs from its wealth management unit in Asia excluding Japan. Citing an unnamed source, it indicated that about 60 per cent of these cuts will be coming from Singapore and Hong Kong.

Another big bank, HSBC, is also cutting staff — in its case, about 450 jobs in Hong

Kong and 50 from the rest of Asia.

When asked how many out of the 50 jobs will be from Singapore, a HSBC spokesperson said that "it is a very small number". The new job losses follow 1,100 announced in September.

If you are one of the jobs to go, what are the chances of another financial-sector post? Not strong at the moment, says Mr Christopher Leong, a partner with Chris-Allen Executive Search.

If banks do hire, they will be very selective for quite awhile, he said.

**SMALL FIRMS IN CHINA STILL STARVED OF CASH.**

\$893b stimulus package favours public works. B5

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