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TODAY

Monday November 30, 2009 www.todayonline.com we set you thinking



ONE BRICK AT A TIME ...

The We Are One island of Singapore, painstakingly built by thousands of Singaporeans over the last four weeks, will be unveiled at 5pm today by Senior Minister S Jayakumar. Join in the celebration at ION Orchard, Basement 4. The island will be on display for just one day, Dec 1. » [Young PAP joins in Page 8](#)



DUBAI: AN EMIRATE IN CRISIS

Ripples to reach S'pore shores

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SINGAPORE — With investors, here and around the world, united in wondering “what does Dubai mean for me?”, analysts interviewed yesterday expected the Singapore stock market, which re-opens for trade today after the Hari Raya Haji or Eid holiday on Friday, to be buffeted by concerns over exposure for banking stocks, downside risk by association for property counters and a strong profit-taking sentiment across the board.

The stocks most likely to bear the brunt of the widely-anticipated sell-down, said analysts, are those from the finance, property, and perhaps oil and gas sectors. Market watchers forecast that the Singapore market may lose about 2 to 3 per cent in Monday trade, less than the 4.8-per-cent drop on Hong Kong's Hang Seng Index or the 3.2-per-cent retreat on Japan's Nikkei 225 Stock Average on the last trading day of the week past.

The sell-offs were triggered by news last Thursday that Dubai World, a Dubai government-owned investment company with interests ranging from ports to property, had asked for a six-month extension to repay its debt of US\$60 billion (\$83.2 billion). Singapore is expected to play “catch up” today.

Late yesterday, the central bank of the United Arab Emirates (UAE) said it would provide banks with extra liquidity. It said it “stands behind” both local and foreign banks operating in the UAE and was “making available to them special additional liquidity facility linked to their accounts at the central bank” in a sign the Gulf Arab nation's federal government was racing to curtail investor fears over the beleaguered emirate's crushing debt. Despite this, investors are still likely to be concerned about the exposure the banking system has to Dubai.

Credit Suisse economist Joseph Tan said: “There is a general fear that — similar to what happened during the sub-prime crisis — if another



The bursting of the Dubai debt bubble sent shockwaves around the world. AFP

PAGE 2 » DUBAI 'WILL NEVER RAISE A PENNY AGAIN': INVESTORS
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UK or European bank with significant exposure to Dubai starts to take a big hit, the credit crunch might come back again.”

Of Singapore's three big banks, Fundsupermart general manager Wong Sui Jau said DBS has the largest exposure. DBS has a flagship branch offering wholesale banking services in Dubai, which opened in 2006, marking its foray into Islamic finance.

But over the weekend, Second Finance Minister Lim Hwee Hua said that she does not expect Singapore banks to have a large exposure, if any, to the Dubai debt crisis due to their diversified risk-taking.

Noting that Dubai World's woes are largely due to its overstretched property investments, Fundsupermart's Mr Wong said this could impact local property counters “by association”.

“We are not sure what are the potential property developers that might have their projects delayed or stopped by Dubai World,” he said. In Singapore, City Developments Limited (CDL) has a partnership with Dubai World

in the South Beach development on Beach Road. The billion-dollar project, featuring offices, luxury hotels and homes, is expected to be completed by 2016.

With Dubai World holding a one-third stake in the project, CDL has said it does not expect any impact on the project and Dubai World's shareholdings will be diluted should it decide not to contribute its proportionate share.

Analysts believe Singapore developers are not as exposed and any contagion would more likely come through the financial route.

“Property is not like global finance where everything is linked, it's geography specific,” said DMG and Partners Securities' head of retail research Terence Wong.

But beyond the knee-jerk effect, analysts expect the longer-term trend for Singapore stocks to be positive. “In the longer term, the market needs to see a bit of a correction before moving to newer heights, so I don't think it's a bad thing to see a correction,” said DMG's Mr Wong.

Dubai fallout to hit bonuses in Singapore?

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SINGAPORE — With financial markets affected by Dubai's struggle to repay its US\$60-billion (\$83.2-billion) debt and, closer to home, civil servants not getting their annual variable component, should workers here expect wage payments, such as year-end bonuses, to take a hit?

Bonuses will depend on companies' business outlook and how well their employees have been performing, Manpower Minister Gan Kim Yong said yesterday.

Although Dubai's admission that it needs more time to repay its debt has come recently, Mr Gan noted that Singapore's tripartite partners had expected next year's economic outlook to “remain uncertain”.

That was why the joint advisory from Government, employers and unions, released earlier this month, encouraged companies to consider their business outlook when thinking of how to reward employees, he said.

Companies with “a very positive business outlook” should consider giving employees a “one-time payment”, as the civil service did with its payment of 0.25 months, capped at \$750, Mr Gan told reporters on the sidelines of a community event.

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