

MORNING AFTER: TARIFFS, INCUMBENT STILL ...

Ongoing US tariff opaque discussion betrays long-drawn / substantial downside market risk; Trump announced 100% tariffs on non-US produced movies, further extension of Tik Tok's forced sale dateline, riled for US Feds to cut rates (ahead of meeting 6-7th May), raised possibility of abandoning Ukraine-Russia ceasefire talks (*fig 2: Airbus*).

George KOH
gk@ssre.ai
Research Analyst

Expect Fed to hold rates at FOMC on May 6-7. Too much uncertainty on tariffs and policy front for Fed to adjust rates. Powell risk losing credibility if the Fed cuts / succumbed to Trump's pressure.

Paul SCHYMYCK
pws@ssre.ai
Economist

Singapore's general election (GE25 3-May) saw a massive win for PM WONG, with 65.57% [vs GE20 61.23%, avg 65.27%, SSRE 63.7% 10 seats], becoming the 1st newly installed PM to record higher popular vote (*fig 1*). With \$1.28/USD in sight, expect SGD testing \$1.25/USD.

Fig 1: SG GE

PM	GE	PAP Seat %	Popular Vote %	Oppo seats #
LKY	1968	100%	84.4%	0
LKY	1972	100%	69.0%	0
LKY	1976	100%	72.4%	0
LKY	1980	100%	75.6%	0
LKY	1984	97.5%	62.9%	2
LKY	1988	98.8%	63.1%	1
GCT	1991	95.1%	↓ 61.0%	4
GCT	1997	97.6%	65.0%	2
GCT	2001	97.6%	75.3%	2
LHL	2006	97.6%	↓ 66.6%	2
LHL	2011	93.1%	60.1%	6
LHL	2015	93.3%	69.9%	6
LHL	2020	89.2%	61.2%	10
LW	2025	89.7%	↑ 65.57%	10
SSRE est		64-90%	56.4 - 63.7%	10-35

Source: NLB, LLMs, SSRE AI est

Rising healthcare costs could precipitate near term GST increase circa 10-12%. 1Q25 Private residential property price index grew 37.4% (*fig 3*) from 2019, we expect current regime to maintain real estate dynamics & hence support similar growth momentum for next 5 years (*fig 2 DBS*).

6Σ AI Research (*fig 2*) recommends exposure in:

- NATO defence spending + Commercial aircraft supplier Airbus
- SG post-election: DBS and LVS as our preferred allocation for SGD-RMB exposure.
- Largest US Prison/rehab processing asset manager GEO Group as Trump urges re-opening of Alcatraz prison isle, San Francisco.

Figure 2: SSRE Recommendations

Equities ^a – exposure	Mkt Cap US bn	Last Price\$
Airbus(AIR:FP) - Defence Commercial Aircraft	110.5 (€125.6)	€156.12
DBS (DBS:SP) - Real Estate derivative inflation	91 (\$\$121)	\$\$42.70
LVS (LVS:NYSE) - SGDRMB exposure	26.9	38.07
GEO Group (GEO:NYSE) - Prison Asset Manager	4.5	31.67

Entry & Exit Strategies / Valuation^a only available for clients

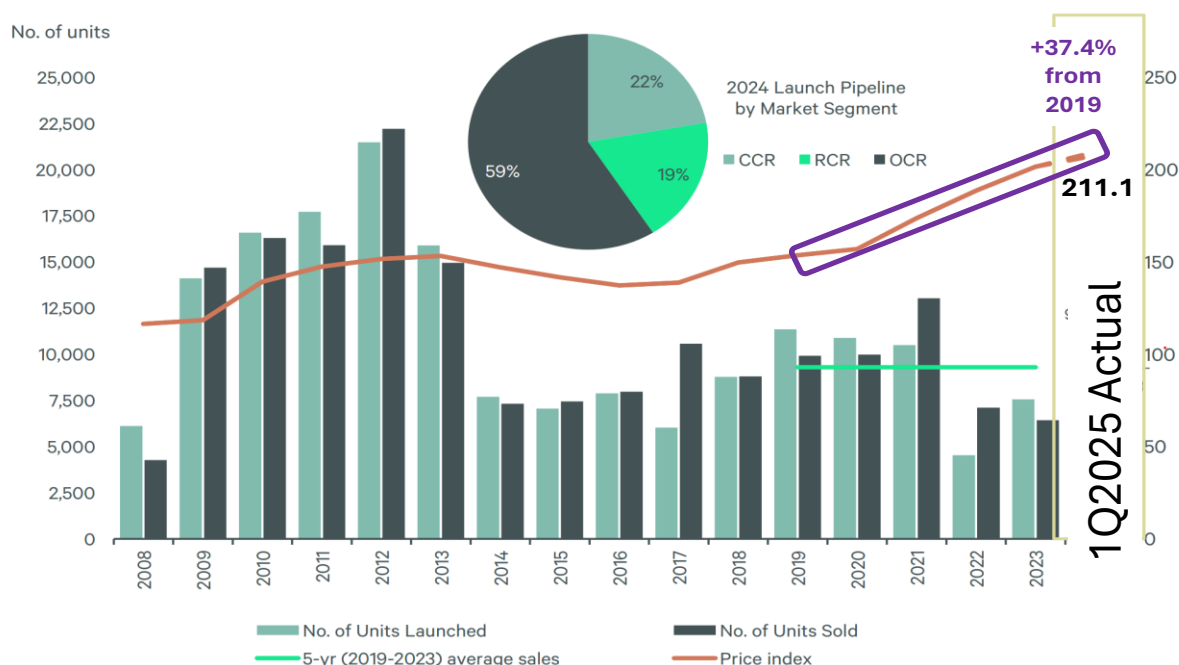
Source: 6Σ Research, CNBC

Macro comments – structural inflationary SG economy remains on track

- ❖ PM LW's strong mandate for the next 5 years could pave the way for a **further increase in GST to 10-12% to tackle rising healthcare & other expenditures.**
- ❖ **Private residential property grew 37.4% (to 1Q25) since 2019 and we expect this growth momentum to remain intact** under current regime (*fig 3: Price index*).
- ❖ On the back of expected Private residential growth, upside risk of new HDB Build-To-Order (BTOs) could test \$1mil level and resale to \$3mil level over the next few years. At

potential \$3mil resale transaction level for HDB, we think this might trigger risk of estate duties reintroduction (removed on 15-Feb 2008) or re-calibration of residential real estate stamp duties.

Figure 3: URA Private Property Price Index & volume



Source: URA, CBRE Research, Jan 2024. CCR: Core Central Region; RCR: Rest of Central Region; OCR: Outside Central Region

- ❖ Singapore banks will be key beneficiaries of sustained property & inflation cycle. **DBS** remains a favourite Singapore market proxy amongst institutional investors. For medium term outlook, SSRE recommends **LVS** as viable alternative (considering SG-China portfolio exposure DBS 80+% vs LVS 100%).
- ❖ However, growth concerns will remain given that Asia, including many of Singapore's major export markets ie China, Indonesia, Japan and Malaysia, was hit harder than other regions by Trump's Apr 2 tariffs (SG at 10% despite having trade surplus). GDP growth will not match the healthy 4.4% seen in 2024. Hence limiting our **upside risk to SGD1.25/USD**.

Feedback from SINGAPORE GE25 – neutral ST impact on Capital Mkts

- Minority (circa 5% of our readers) projected stable/increasing incumbent PAP margins.
- Workers' Party (WP) momentum appears to have plateaued with 50.04% vs 50.49% (GE20) in head-to-head competition with PAP. Its elected representation stands at 10 parliamentary seats (or 2 GRCs), unchanged since GE20 (fig 1). **Barring a radical change in electoral strategy, WP will remain a fringe figure** in Singapore's Parliament.