

VIRUS OUTBREAK

Positive vaccine news a shot in arm for aviation, tourism stocks

Gainers during pandemic – such as medical supply makers – take a tumble

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AVIATION and tourism stocks in Singapore posted strong gains on Tuesday as investors received a dose of optimism from positive news of Covid-19 vaccines.

The Straits Times Index climbed

3.67 per cent or 95.64 points to close at 2705 on Tuesday, with big gains coming from aviation and tourism-related stocks, while previous beneficiaries of the pandemic, such as glove and medical supply makers, were sharply down.

“Significant rotation was observed yesterday with turnover above S\$3 billion, and clear measured moves that saw investors sell this year’s advancers and buy this year’s decliners,” said SGX market strategist Geoff Howie.

Singapore Airlines, SATS and SIA Engineering which had averaged over 40 per cent decline for the year to Nov 9, averaged 12 per cent gains on Tuesday. Medtecs, Riverstone and Top Glove, which have generated exponential gains this year, averaged 13 per cent declines, he noted.

It was reported on Monday evening that a vaccine being developed by Pfizer and BioNTech was shown to be highly effective.

On Tuesday, news also broke that Singapore could receive first shipments of a Covid-19 vaccine by the

first quarter of 2021, after early-stage clinical trials for a vaccine co-developed by Duke-NUS and Arcturus Therapeutics yielded positive preliminary results.

Yeo Kee Yan, analyst at DBS Group Research said the vaccine news and a victory by Joe Biden in the US elections have lifted market sentiment. He added that it was already known that several vaccines were undergoing late-stage clinical trials, but the news from Pfizer has given investors more confidence in the timeline

“Investors latched on to the Biden

victory rally, and found a reason to switch into the laggards,” he said. Some of the share price increases in aviation-related stocks may also be due to short sellers covering their position, Mr Yeo added.

Shares of SIA soared, rising 14 per cent or S\$0.48 to close at S\$3.91 on Tuesday. The counter had traded as high as S\$4.15 during the day, more than 20 per cent above its previous close.

DBS aviation analyst Paul Yong said the vaccine developments are welcome news for the sector, but ad-

ded much lies ahead.

He said governments worldwide may still remain cautious in reopening borders for international travel and noted that airlines in Europe and US, which have larger domestic markets, are more likely beneficiaries in the near term. He said the inflection point for SIA will be when borders reopen for international travel in an unrestricted manner, especially with larger markets such as China, Australia and Japan.

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Meanwhile, integrated resort operator Genting Singapore also posted strong gains, rising 6.5 per cent to close at 73.5 Singapore cents. It was one of the most heavily traded stocks on the bourse, with over 100 million shares changing hands.

The trio of Singapore banks also made solid advances, with DBS jumping 6.32 per cent to close at S\$24.40. OCBC and UOB also closed higher, up 3.63 per cent and 2.95 per cent respectively.

On the other hand, previous beneficiaries of the Covid-19 pandemic, such as glove and medical supply makers, were sharply down.

Property developer and soon-to-be glove maker Aspen Holdings dropped 4.5 Singapore cents or 14.75 per cent to 26 cents. Glove manufacturer UG Healthcare was down 17 per cent, closing at 80.5 Singapore cents per share, while Thai-based rubber producer Sri Trang Agro-Industry was down 16.8 per cent.

Elsewhere in the Asia-Pacific, airlines shares also climbed sharply on Tuesday. Hong Kong's Cathay Pacific Airways closed 14.1 per cent higher at HK\$6.41. Australia's Qantas Airways increased by 8.3 per cent to A\$5.07, while ANA in Japan surged 18 per cent to 2,660 yen.

Overall, markets across the region mostly rallied on Tuesday, sustaining their gains from Monday.