Sector Update

Singapore Equities – Readying Singapore for the next 50 years

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Summary Points

- Potential beneficiaries span the Industrial (including construction and hospitality), and Information Technology sectors, but earnings accretion could be more of a mid- to long-term story
- Key NDR winners are **Boustead Singapore [BOCS SP; FV: SGD2.67], Hong Leong Asia [HLA SP; FV: SGD4.30]**, and **Genting Singapore [GENS SP; FV: SGD0.77]**
- Maintain Overweight on Singapore equities given defensive qualities, relatively attractive dividend yield, SGD strength, and ongoing equity market reforms

Singapore market impact

Massive investments in the coming years – At the National Day Rally (NDR) 2026 last evening, Prime Minister (PM) Lawrence Wong outlined several major infrastructure and construction projects which will position Singapore for further growth in the next 50 years. These mega long-term projects are likely to require massive investments and will create more opportunities for several sectors. The primary beneficiaries are the infrastructure, construction, utilities and power sectors; while other initiatives announced will likely boost tourism, hospitality, airlines, entertainment, food and beverage and transport companies. Financial institutions may also potentially benefit from stronger loans demand outlook.

Critical re-rating for the construction sector – We believe these developments provide a vital re-rating point for growth within the Singapore market. While details and the total required investments are not available now, based on the scope of these projects, the infrastructure and construction sector is poised to continue to enjoy the long-term uptrend of continuous growth and robust order books.

Overweight on Singapore market – With the excitement generated by the NDR, led by huge investments into readying Singapore for the future, we retain our Overweight rating on the Singapore market. While the Straits Times Index (STI) is trading above historical valuation average, we believe the Singapore market has scope for further re-rating, supported by expected future investments. Key NDR winners include **Boustead Singapore [BOCS SP; FV: SGD2.67], Hong Leong Asia [HLA SP; FV: SGD4.30],** and **Genting Singapore [GENS SP; FV: SGD0.77]**.

Stocks under coverage mentioned in report

Ticker	FV (SGD)	Upside (%)
GENS SP	0.77	18
DBS SP	78.00	3
UOB SP	42.35	4
BOCS SP	2.67	48
CD SP	1.49	16
HLA SP	4.30	50
KEP SP	13.60	20
SATS SP	4.70	15
SCI SP	7.20	19
SIA SP	6.95	0
ITSL SP	1.35	52
CIT SP	10.35	25
CLAS SP	0.95	18
OUEREIT SP	0.41	21
UOL SP	12.92	35

Note: Upside based on last close price as 21 August 2026. Source: Bloomberg, OCBC Group Research

Fiscal Impact

Singapore always prides itself on taking the long view – What was striking at this year's NDR was the massive investments into family support to tackle the total fertility rate which fell to a record low of 0.87 last year. Financial and other incentives still matter as illustrated by the offer to provide around SGD70k in direct assistance for every Singaporean child, starting with a SGD10k cash baby gift, as well as increased paid childcare leave and significantly lower subsidized full-day childcare and infant care services to SGD150 per month and SGD300 per month (from ~SGD600 per month and >SGD1k/month) regardless of income. Another crucial point was that the package was extended to children already born and equalised across birth order. Singaporean parents know acutely that raising a child is expensive in Singapore, but the big NDR policy push is a structural reset of family support. The government will cover the cost of all statutory child related leave, up to the reimbursement limit, to reduce the financial burden on employers (previously cost-shared with employers and capped at SGD1-1.5k). All this will add to recurring operating expenditure and permanently expand the social spending base. Assuming some rough back-of-envelope calculations, this could work out to around SGD2-4b incrementally in a steady state or approximately 0.4-0.6% of GDP – to put these numbers into context, the FY2026 expenditure is estimated at SGD137.3b, so the increased social spending amounts to less than 3% of total FY2026 total expenditure. Moreover, the FY2025 budget surplus was a whopping SGD15.1b and the FY2026 surplus is estimate is SGD8.54b. Therefore, it looks like the family support measures are easily fundable currently.

But that is not the end of the story – The government is raising the income ceiling for Build-To-Order (BTO) flats and executive condominiums (ECs) to SGD16k and SGD18k, respectively, as well as giving preferred access to couples for every child they have or are expecting when applying for their first subsidized public housing. These announcements also suggest the need to ramp up public housing supply in time to come. Not forgetting, the more ambitious decades-long plans to merge several islands south of Jurong Island into a larger Western Island for new industries, including advanced manufacturing, new power-generation infrastructure and defence, as well as building a second road link to Jurong island plus a new link to the Western Island. The government is also studying undersea tunnels to connect Pulau Tekong to the mainland. The question that comes to mind then is how much additional fiscal funding is needed over the medium-term for these capital-intensive projects.

The fiscal implications of this new infrastructure has two notable features – first, SINGA (Significant Infrastructure Government Loan Act) which allows the government to issue long-dated bonds to fund major infrastructure and spread the cost across future generations who benefit, while capitalising and depreciating such nationally significant infrastructure rather than fully expense in-year; two, reclamation converts financial reserves into land reserves, which explains why decades of land reclamation does not automatically show up as a deficit.

That said, the FY2026 development expenditure already surged 26.2% to SGD34.1b, partly due to existing projects like Changi Terminal 5, Cross Island Line, Long Island, and the Johor Bahru-Singapore Rapid Transit System (RTS), amongst others, so these new NDR-cited projects will likely imply development spending stays elevated for decades to come. Given the multi-term horizon, the cost is highly uncertain and likely to run into tens of billions of dollars, particularly for undersea tunnels which are unprecedented. Hence the fiscal parameters to watch here is not only potential cost divergence but also an inter-generational commitment. That said, this is where Singapore's strategic fiscal prudence and long-term planning capabilities come into play. Since land is Singapore's binding resource constraint, this is arguably also the highest return on investment (ROI) category of capital expenditure which could support Singapore's economic competitiveness and role as manufacturing and energy node across time.

Real Estate

Improving accessibility and affordability of subsidised public housing – Housing was a key area of focus during PM Wong's NDR speech. There were two broad initiatives announced: (i) an increase in the monthly household income ceiling for subsidised public housing, effective 24 August 2026, and (ii) additional BTO ballot chances for first-timer families with children or who are expecting a child. We believe these measures reflect the Singapore government's ongoing policy calibration to improve Singaporeans' access to and affordability of subsidised public housing amid rising cost pressures, while also strengthening support for families with children and maintaining safeguards against speculative demand.

Monthly income ceiling for BTO and ECs increased to SGD16k and SGD18k respectively – Income ceilings for the purchase of BTO flats and ECs were last adjusted in 2019. Since then, income levels have increased, and with Singaporeans also marrying later, more households have found themselves ineligible due to income thresholds being exceeded. As such, the government has decided to raise the monthly household income ceiling from SGD14,000 to SGD16,000 for eligible families applying for an HDB Flat Eligibility (HFE) letter from 24 August 2026 for the (i) purchase of a new subsidised HDB flat, (ii) buy a resale HDB flat using the Central Provident Fund (CPF) Housing Grant, and (iii) obtain an HDB housing loan to purchase a new or resale HDB flat. Correspondingly, the monthly household income ceiling for eligible singles aged 35 and above purchasing a subsidised HDB flat or obtaining an HDB housing loan will be raised from SGD7,000 to SGD8,000. For ECs sold by developers, the monthly household income ceiling will be raised from SGD16,000 to SGD18,000. This will apply to new units in ECs with land sale tender closing dates on or after 24 August 2026.

Exhibit 1: Income ceilings for housing and mortgage subsidies – families

	New Flat from HDB				Resale HDB Flat with CPF Housing Grant*@	Resale HDB Plus/Prime Flat without CPF Housing Grant	HDB Housing Loan*	New EC Unit from Property Developer
	Community Care Apartment (CCA)*	**2-room Flexi (Short-Lease*)**	**2-room Flexi (99-Year Lease)**	**≥ 3-room**				
Previous	SGD14,000	SGD14,000	SGD7,000	SGD14,000	SGD14,000	SGD14,000	SGD14,000	SGD16,000
Revised	SGD16,000	SGD16,000	SGD8,000	SGD16,000	SGD16,000	SGD16,000	SGD16,000	SGD18,000#

Source: Ministry of National Development (MND)
Notes:
* The revised income ceiling for extended families is SGD24,000 (i.e. 1.5 times of that for typical families), and the income for each family nucleus cannot exceed SGD16,000.
@There is no income ceiling for the purchase of a resale Unclassified or Standard HDB flat without CPF Housing Grant.
#This applies to new units in ECs with land sale tender closing dates on or after 24 August 2026.

Enhanced support for families with children – Besides higher income ceilings, the government will also enhance support for first-timer families with children or those expecting a child. Although first-timer families already receive priority in BTO and Sale of Balance Flats (SBF) exercises, first-timer families with or expecting child will receive an additional ballot chance for each Singapore Citizen child aged 18 and below, starting from the February 2027 BTO and SBF exercises. In view of these changes, the government will defer the next BTO sales exercise to November 2026, instead of October 2026. This will provide prospective flat buyers with additional time to assess and refine their housing plans.

The MND has also been tasked to consider additional support measures for larger families, which suggests that further policy support could be announced in the coming months.

Potential dampening impact on HDB resale and private residential properties markets – The higher income thresholds and additional ballot chances for BTO and SBF exercises are expected to expand the pool of eligible buyers for subsidised public housing and ECs, which could moderate demand for HDB resale flats and private residential properties, particularly in the Outside Central Region (OCR), or mass market segment. However, the impact on the HDB resale market is likely to be partially mitigated by the removal of the 15-month wait-out period for private residential property owners buying non-subsidised HDB resale flats, as announced on 28 July 2026 (refer to our report, *Singapore property sector – Policy recalibration to enhance housing market flexibility* (28 July 2026)).

Looking at household income trends from the Singapore Department of Statistics, monthly household employment income among resident employed households stood at SGD14,714 at the 60th percentile and SGD18,175 at the 70th percentile in 2025. We estimate that the revised income ceiling could increase the proportion of households eligible for subsidised public housing by approximately four to six percentile points.

The uplift in income ceiling for ECs could also act as a counterbalance to the recent tightening measures affecting the segment. To recap, The MND announced three main measures on 8 May 2026: (i) lengthening of the minimum occupation period (MOP) for ECs from five years to 10 years, (ii) removal of the Deferred Payment Scheme (DPS) for ECs, and (iii) enhancement in priority access for first-time buyers (refer to our report, *Singapore property sector – Cooling measures on Executive Condominiums (ECs)* (8 May 2026)). First-time buyers considering ECs are clear beneficiaries of both sets of policy changes. We also believe developers with solid track records in the EC market will stand to benefit from a larger pool of eligible buyers, but expect developers to remain prudent in their bids for EC land sites.

Overall, although there could be a marginal negative impact on the private residential property market, we believe recent policy changes reflect the government's calibrated efforts to enhance flexibility and improve accessibility and affordability in the housing market. As such, we do not expect a material shift in underlying market demand and supply dynamics. Consequently, we maintain our forecast for private home prices to increase by 1%-3% in 2026, which we view as a healthy and sustainable pace of growth. We reiterate our BUY ratings on **UOL Group** and **City Developments Limited** and look forward to further details on their upcoming rejuvenation projects and strategic review exercise, respectively.

Exhibit 2: Valuation metrics of Singapore-listed property developers under coverage

	Ticker	Last Close (SGD)	Fair Value (SGD)	Dividend Yield FY1	Dividend Yield FY2	P/B FY1 (x)	P/B FY2 (x)	Potential Upside	Rating
City Developments Limited	CIT SP	8.25	10.35	2.8%	3.0%	0.7	0.7	25%	**BUY**
UOL Group	UOL SP	9.57	12.92	1.9%	1.9%	0.7	0.6	35%	**BUY**

Source: Bloomberg consensus, OCBC Group Research, as at 21 August 2026 closing prices

Industrials

Construction – PM Wong also laid out a wave of large-scale land reclamation and infrastructure plans, including: (i) the merger of several southern islands (Semakau, Bukom, and Pulau Sudong) into a new western island to support "a new generation of industries"; (ii) land reclamation to combined Sentosa and Pulau Brani into an integrated destination; (iii) further reclamation on Pulau Tekong's southern flank; (iv) the development of the Long Island project off East Coast Park into a major new waterfront area; and (v) a feasibility study for an undersea tunnel to Pulau Tekong.

We view these developments as positive for the construction and building materials industry, as they reduce the perceived risk of a demand cliff by extending the pipeline of large public sector civil works into the next decade. Building materials suppliers like **Hong Leong Asia [HLA SP; FV: SGD4.30]**, **BRC Asia (unrated)**, and **Pan-United Corporation (unrated)** will likely be early-stage beneficiaries as land reclamation works are being carried out, given their exposure to concrete/cement and steel rebars, alongside **ASL Marine Holdings (unrated)** which operates a fleet of over 180 vessels specifically chartered to support marine infrastructure, dredging, and land reclamation projects. These suppliers, as well as downstream builders like **Boustead Singapore [BOCS SP; FV: SGD2.67], Huationg Global (unrated), Soilbuild Construction (unrated), Reclaims Global (unrated), Tiong Woon Corporation (unrated), OKP Holdings (unrated),** and **Tiong Seng Holdings (unrated)** may eventually benefit from an enlarged pipeline of public sector infrastructure tenders, but these will likely take time to convert into order books and revenue visibility, given time taken to carry out feasibility studies and reclaim land.

Energy/Utilities – Plans to merge Semakau, Bukom, and Pulau Sudong into a new, larger Western Island earmarked for industrial and power needs, comparable to Jurong Island, may benefit Industrial incumbents **Keppel Ltd [KEP SP; FV: SGD13.60]** and **Sembcorp Industries [SCI SP; FV: SGD7.20]**, as their existing infrastructure, utilities, and clean energy portfolios sit squarely in the government's push to consolidate strategic energy and industrial capabilities. However, we note that the Western Island plans are long-term feasibility proposals and not committed projects with timelines and budgets; hence, any earnings accretion to these companies will likely be a mid- to long-term narrative.

Hospitality

Besides merging Pulau Brani and Sentosa into a single leisure destination, PM Wong also unveiled plans to improve access to part of Sentosa's western coastline, and to construct a Downtown South resort on Pulau Brani with new attractions and experiences. Supporting infrastructure such as a people mover system connecting mainland Singapore to the two islands will be built, and a water taxi service is also under consideration. We view the government's continued commitment to refreshing Singapore's tourism offerings as a key structural driver of its hospitality industry over the medium to long-term, supporting the nation's Tourism 2040 ambitions.

We think there are three broad groups of potential beneficiaries. Within the aviation industry, **Singapore Airlines [SIA SP; FV: SGD6.95]** may benefit from stronger international passenger traffic through Changi Airport, particularly after the commencement of Terminal 5 operations, given its dominant position there as Singapore's national carrier. **SATS Ltd [SATS SP; FV: SGD4.70]** may also enjoy higher baggage handling and inflight catering volumes as the leading ground handler and inflight caterer at Changi Airport.

Secondly, S-REITs with exposure to Singapore hotels such as **CapitaLand Ascott Trust [CLAS SP; FV: SGD 0.95]** and **OUE REIT [OUEREIT SP; FV: SGD0.41]** may benefit from sustained revenue per available room (RevPAR) growth driven by rising visitor arrivals. In particular, **Far East Hospitality Trust (unrated)** is best positioned to capture incremental demand arising from Sentosa's rejuvenation, through its joint venture ownership of Village Hotel Sentosa, The Outpost Hotel, and The Barracks Hotel. Last but not least, **Genting Singapore [GENS SP; FV: SGD0.77]**, which operates Resorts World Sentosa, will likely benefit from increased visitor traffic and spending as the expanded Sentosa-Pulau Brani precinct evolves into a more compelling tourist destination.

Information technology

At the NDR, PM Wong reaffirmed the government's commitment to supporting productivity enhancements and artificial intelligence (AI) adoption through co-funding schemes and grants. This could provide additional tailwinds to **Info-Tech Systems [ITSL SP; FV: SGD1.35]** by encouraging stronger uptake of its AI-related training programmes, while further support for small and medium enterprises (SMEs) to go digital may drive wider adoption of its human resource management software (HRMS).

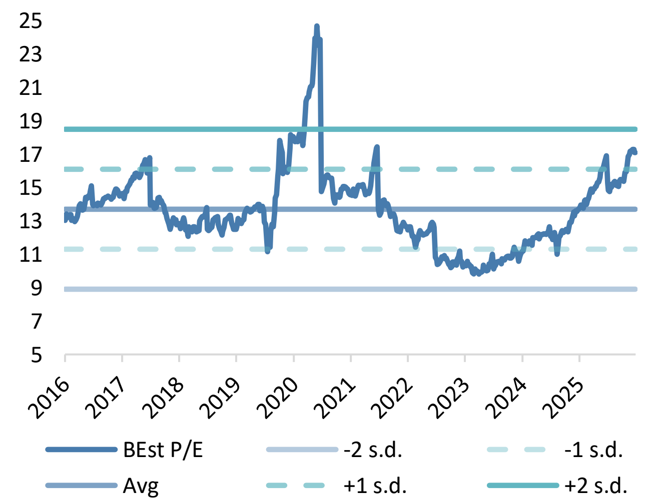
Separately, PM Wong's emphasis on accelerating the deployment of autonomous vehicles (AVs) provides positive policy tailwinds for **ComfortDelGro [CD SP; FV: SGD1.49]** and **Grab (unrated)**, which are already conducting AV pilots in the Punggol district. ComfortDelGro has is targeting to replace 10% of its point-to-point fleet with AVs by 2030, and we believe it is well positioned to scale its AV operations over time, leveraging experience from its partnership with Pony.ai in China.

Conclusion: Maintain Overweight on Singapore Equities

August has seasonally been the weakest month for the STI over the past 20 years, with average price returns of -2.81% from 2006 to 2025. August 2026, however, looks set to buck the trend, with month-to-date (MTD) price returns tracking at 1.07% (as at 21 August 2026). A large part of the STI's performance has been driven by the Financials sector, with the FTSE ST All-Share Financials Index (FSTFN) rising 2.1% MTD after **DBS Group [DBS SP; FV: SGD78]** and **United Overseas Bank [UOB SP; FV: SGD42.35]** delivered earnings beats for 2Q26. Besides being potential beneficiaries of a higher-for-longer interest rate environment, both banks flagged wealth management as a key growth driver, demonstrating strong increases in assets under management and wealth management fees, while asset quality remained broadly healthy.

Given its strong year-to-date (YTD) performance, valuations for the STI no longer look undemanding on a historical basis. At the time of writing, the STI is trading at a forward 12-month price-to-earnings (P/E) ratio of 17.1x, which is approximately 1.4 standard deviations (s.d.) above its 10-year mean. Its forward 12-month dividend yield has also compressed to 4.0%, which is around 0.5 s.d. below its 10-year historical average – though this remains attractive relative to major market indices such as the S&P 500 (1.1%), MSCI Europe (3.2%), TOPIX (2.2%), and Hang Seng Index (3.2%).

Exhibit 3: Forward 12-month P/E multiple of the STI (x)



Source: Bloomberg, OCBC Group Research; Data based on last close as at 21 August 2026

Exhibit 4: Forward 12-month dividend yield of the STI (%)

Source: Bloomberg, OCBC Group Research; Data based on last close as at 21 August 2026

However, we believe that Singapore equities will continue to stand out for their defensive qualities and SGD strength amid ongoing macroeconomic uncertainties. Singapore's 2026 NDR speech underscores its well-developed infrastructure and strong governance, which contribute to the city state's perceived safe haven status. While the small/mid-cap (SMID) renaissance has lost momentum in recent months – likely as investors shift their focus to earnings quality at the 1H26 results season following the initial wave of valuation and liquidity improvement – we believe the re-rating may have further legs as further deployment of Equity Market Development Programme (EQDP) funds drive price discovery and improved liquidity. Moreover, the pipeline of initial public offerings (IPOs) remains robust for the rest of the year, potentially boosted by the launch of the Global Listing Board (GLB) by the Singapore Exchange (SGX) and Nasdaq, adding to the breadth and depth of the market. All things considered, we remain positive on the outlook for the Singapore market, and reiterate our **Overweight** stance on Singapore equities.

Exhibit 5: Potential beneficiaries of policy developments announced at the NDR

Name	Ticker	Currency	Sector	Market Cap (USD b)	Last Price	Fair Value	Potential Upside (%)	Rating
GENTING SINGAPORE LTD	GENS SP	SGD	Consumer Discretionary	6.2	0.66	0.77	18	**Buy**
DBS GROUP HOLDINGS LTD	DBS SP	SGD	Financials	170.2	76.00	78.00	3	**Hold**
UNITED OVERSEAS BANK LTD	UOB SP	SGD	Financials	52.7	40.53	42.35	4	**Hold**
BOUSTEAD SINGAPORE LTD	BOCS SP	SGD	Industrials	0.7	1.81	2.67	48	**Buy**
COMFORTDELGRO CORP LTD	CD SP	SGD	Industrials	2.2	1.29	1.49	16	**Buy**
HONG LEONG ASIA LTD	HLA SP	SGD	Industrials	1.8	2.86	4.30	50	**Buy**
KEPPEL LTD	KEP SP	SGD	Industrials	16.0	11.32	13.60	20	**Buy**
SATS LTD	SATS SP	SGD	Industrials	4.8	4.07	4.70	15	**Buy**
SEMBCORP INDUSTRIES LTD	SCI SP	SGD	Industrials	8.5	6.04	7.20	19	**Buy**
SINGAPORE AIRLINES LTD	SIA SP	SGD	Industrials	17.2	6.94	6.95	0	**Hold**
INFO-TECH SYSTEMS INTEGRATOR	ITSL SP	SGD	Information Technology	0.2	0.89	1.35	52	**Buy**
CITY DEVELOPMENTS LTD	CIT SP	SGD	Real Estate	5.8	8.25	10.35	25	**Buy**
CAPITALAND ASCOTT TRUST	CLAS SP	SGD	Real Estate	2.6	0.86	0.95	18	**Buy**
OUE REIT	OUEREIT SP	SGD	Real Estate	1.6	0.36	0.41	21	**Buy**
UOL GROUP LTD	UOL SP	SGD	Real Estate	6.4	9.57	12.92	35	**Buy**

Source: Bloomberg, OCBC Group Research; Upside based on last close price as of 21 August 2026.

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