

# Singapore Exchange Limited (SGX)

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# Agenda

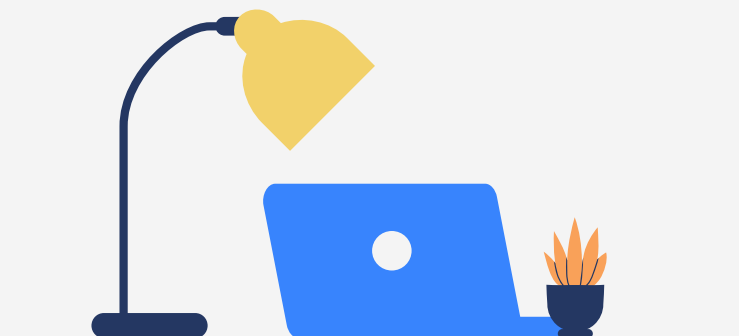
- 1 About the Singapore Exchange Limited
- 2 Most representative futures of SGX
- 3 Impact of Covid-19 on SGX & Futures
- 4 Other Challenges & Recent Developments
- 5 Overall Suggestions and Conclusion

# About the Singapore Exchange Limited (SGX)



# About the SGX

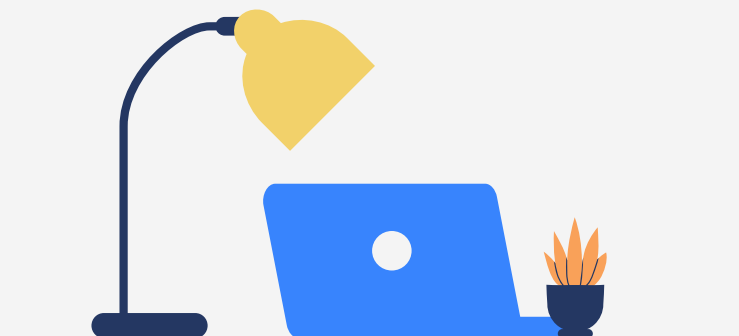
- The third-largest stock exchange in Asia, following Tokyo and Hong Kong
- Was formed in 1999 through the merger of the Stock Exchange of Singapore (SES) and the Singapore International Monetary Exchange (SIMEX)
- Singapore's strong banks, minimal foreign investment restrictions by the government, and strategic location contribute to its advantages.



# The SGX Group

Providing listing, trading, clearing, settlement, custody, and data services

1. Singapore Exchange Limited (SGX)
2. SGX Derivatives Clearing
3. SGX RegCo (Regulation)
4. SGX Securities Financing
5. SGX Bond Trading
6. SGX Index Edge
7. SGX DC (Depository & Client Services)



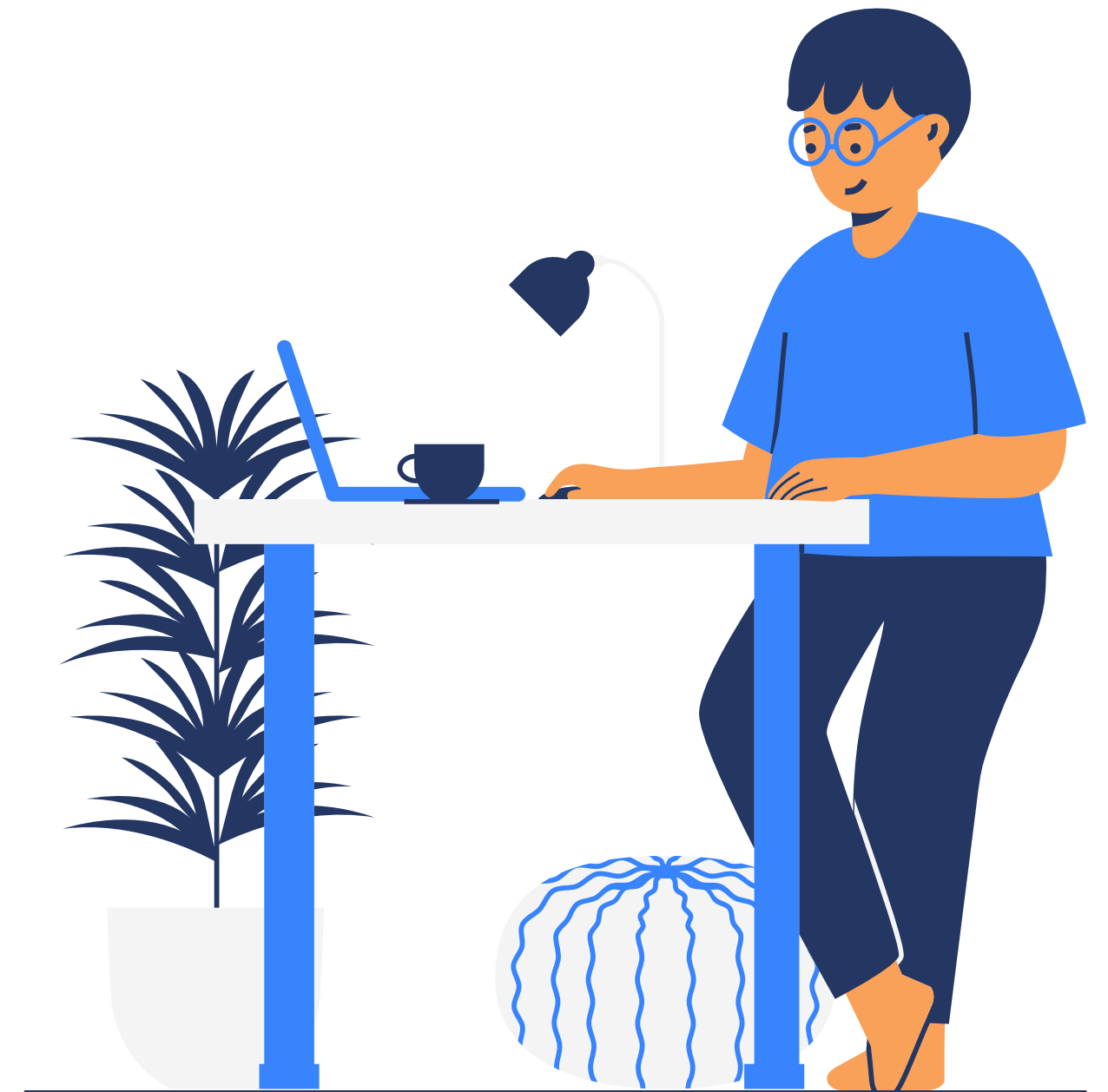


# Most representative futures of SGX



# Types of Futures

- 01 SGX Single Stock Futures
- 02 SGX Equity Index Futures
- 03 SGX Commodity Futures
- 04 SGX Interest Rate Futures
- 05 SGX Forex Futures





# Straits Times Index (STI)



- used to reflect the overall performance of the Singapore stock market
- compiled by FTSE Russell
- one of the most representative stock indexes in the Singapore market.

Inception Date	12 Feb 1987
Base Value	42.000
Open	3,127.730
Prev Close	3,122.950
52 Week High ⓘ	3,394.210
52 Week Low ⓘ	3,053.360
Day High	3,128.640
Day Low	3,106.730

# Straits Times Index Futures



- **Versatile and Cost-Effective** : STI futures helps you protect against, or profit from, stock market fluctuations without changing your actual dollar investment in stocks
- **Efficient Trading** : STI futures allows the investor to trade a portfolio of 30 stocks at a mere fraction (about 5-10%) of its value
- **Diversification** : Market risk is diversified over 30 stocks instead of a single stock
- **Competitive Contract Size** : With a multiplier of \$10, it has a competitive contract size of approximately \$28,600, designed with affordability as a key consideration

# Impact of Covid-19 on SGX & Futures



# Main Factor

1

Global Economic Uncertainty

3

Decreased Demand

2

Supply Chain Disruptions

4

Currency Volatility

# Mini Brent Crude Oil Futures

Lockdown, home isolation, remote work

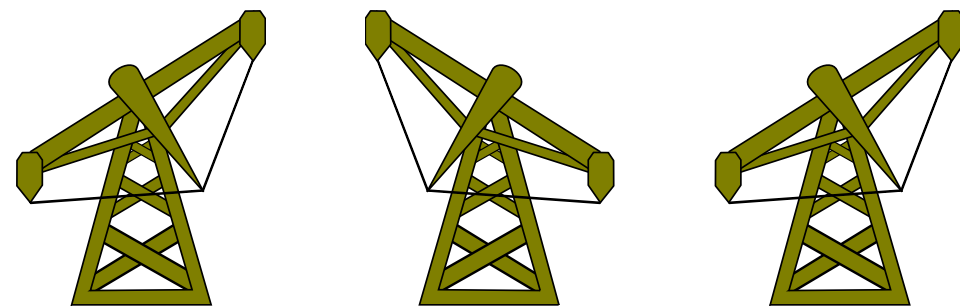
Reducing aviation, shipping, travel

Oil demand decreasing

Futures prices



However, following the signing of **production-cut agreements** by major oil-producing countries in May 2020, there is evidence of futures prices gradually rebounding, moving away from the bottoming-out scenario.



# Singapore MSCI Futures

COVID-19



Global Economic Recession



As a **highly open economy**, Singapore is sensitive to global trade and economic health. Therefore, there may be unfavorable effects on Singapore's exports and business activities, which contribute to the **decline** in index futures.



# Other Challenges & Recent Developments



# Energy Metals

Demand for battery minerals is expanding rapidly as the global auto industry accelerates a push toward electric vehicles, triggering big price swings.



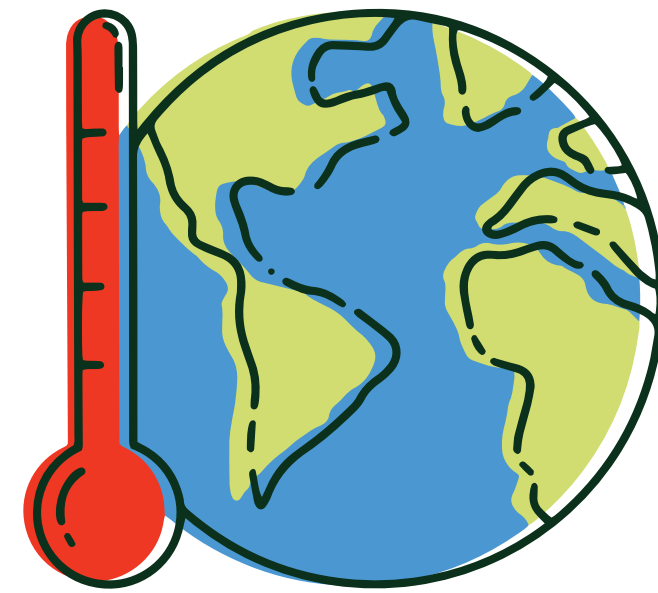
- ✕ SGX announced the launch of 4 energy metal's/battery metal derivatives contracts on 9/26, 2022.
- ✕ Cobalt(鈷)  
Cobalt Hydroxide(氫氧化鈷)  
Lithium Carbonate(碳酸鋰)  
Lithium Hydroxide(氫氧化鋰)
- ✕ Open interest on both the CME and LME lithium hydroxide contracts was at zero as of 9/26, 2022.



# Futures on Climate Index

**01** SGX Nikkei 225 Climate PAB Futures (1986.09.)

**02** Nikkei 225 Climate Change 1.5°C Target Index



# Other challenges and recent developments

- Marex becoming a trading and clearing member of the SGX.
  - offer direct trading and clearing services to its clients via SGX.
- Provides infrastructure services to a varied clientele, including banks, hedge funds, asset managers, and trading groups.
- Marex offers on-exchange liquidity through market making and agency and execution services.
  - help deepen and diversify the derivatives ecosystem in the SGX.



# Other challenges and recent developments

- The recent report reflects a notable increase in derivative trading activity.
  - driven by central bank meetings and subsequent global equity market sell-offs.
  - surging oil prices and expanding rate differentials.
  - hedge their portfolios -> SGX Group's diverse offerings.
- The unprecedented cycle of interest-rate hikes by global central banks.
  - place Asian currencies under pressure.
  - driving institutional hedging on SGX FX.
  - speculation had fueled volatility on Asian currencies driving risk-management demand.



# Overall Suggestions and Conclusion



# Suggestion



## Strategic Collaboration and Partnership

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- Work closely with other institutions,
- share information
- Collaboratively respond to market changes.



## Product Innovation and Market Diversification

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- Diversifying the market by introducing new energy sources and climate indices
- meet the market's demand for sustainable finance
- enhance SGX's competitiveness.



## Enhanced Risk Management Tools and Education

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- Strengthening risk management tools
- Providing relevant education resources

# Conclusion

In response to changing market conditions, SGX has taken **a multifaceted approach towards adaptation**. This includes expanding **direct trading, diversifying its offerings, and innovating in areas** such as battery minerals and climate indices. Additionally, SGX has bolstered its risk management tools and educational resources, enabling it to navigate economic fluctuations and market volatility with greater agility. By approaching these changes holistically, SGX is well-positioned to address current challenges while capitalizing on emerging financial trends.



# Thanks for Listening!

