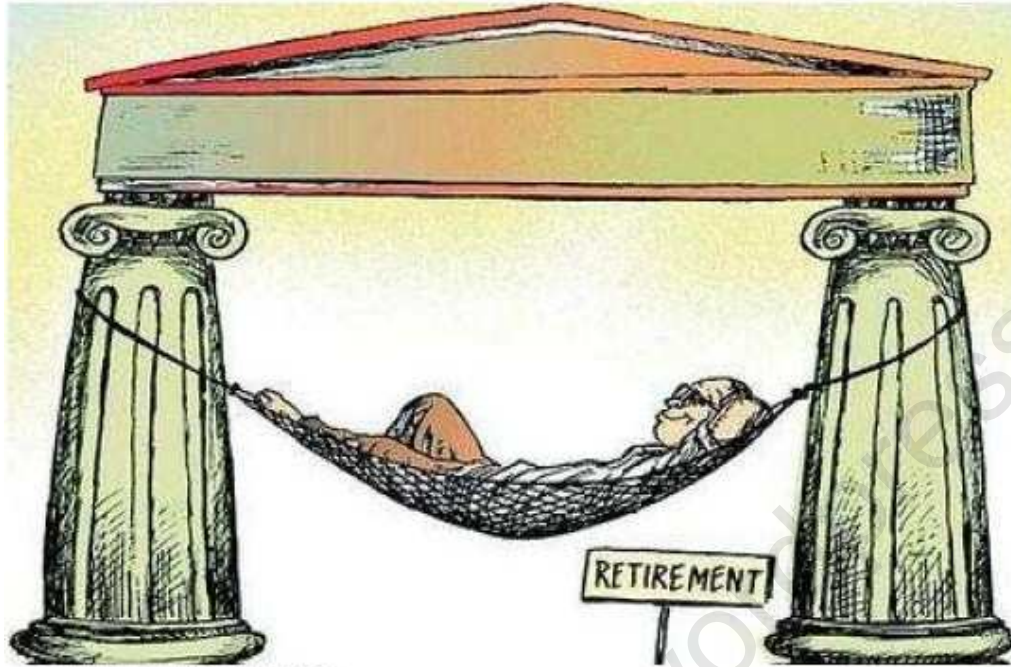


IS S\$1M ENOUGH TO RETIRE?



- ST FILE ILLUSTRATION

Business times reporter Mr Cai in an article published early last year, asked if S\$1m is sufficient for retirement? He then estimated that if you are the sole breadwinner of a family of four staying in a HDB, that S\$1m will last you for 30 years taking into account only a moderate 2% annual inflation rate.

More is needed if you stay in a private property? To last for the same period, you will need \$2m to \$2.5m ranging from a private apartment to a landed property.

He expressed poignantly that "Many Singaporeans in their 50s and 60s are still paying off their HDB mortgages and might not even have \$100,000 in retirement savings."

So how do you prepare for the imminent eventuality of retirement or sudden out of job? Especially those fall outside the definition of the pioneer generation.

What are the various investment instruments available in 2014? Let's go through them next...

REAL ESTATE PROPERTY

For 2014, property investment seems not a good idea. Some suburban condos have a take up rate of as low as only 12-25% (ref: ST news report above).

Home launches and sales in suburbs shrink dramatically

Figures at their lowest since 2008 as loan curbs cool market sentiment

Suburban condos with lowest take-up rates

Project	Location	Number of units	Cumulative units launched*	Cumulative units sold*	Take-up rate*
The Quinn	Bartley Road	139	139	17	12%
The Skywoods	Dairy Farm Heights	420	420	59	14%
E Maison	Braddell Road	130	130	29	22%
Berkeley Residences	Lorong N Telok Kurau	22	22	5	23%
Hills TwoOne	Hillview Terrace	71	71	18	25%

Note: * As at Dec 31, 2013

Source: URA

Besides DBS chief predicting a 10-15% drop in property price this year, headline news about Wheelock Property's impairment loss write-down of S\$110m in its Panorama condominium project adds more gloom to the sector. CDL boss also called for the review of current QC (Qualified Cert) restriction imposed on developers and said that he will not encourage the CDL board for company shares buy-back ... (more detail from CNA)

GOLD, BONDS AND MAJOR SAFE HAVEN CURRENCIES

Gold has suffered a sell down since US FOMC announced its intention of QE tapering in May2013. Although it has somewhat recovered recently, its long term prospective is still uncertain due to the improved US economy forecast and an expectation of a stronger US dollar and the interest rate hike when QE3 ends.

Bond yields is in the region of 3 to 4% (such as CMT retail bond, BOC Yuan bond, Manulife AP investment grade bond fund) which could barely be used to hedge against the CPI inflation

S\$ against other major foreign currencies especially US\$ has been volatile last year due to multiple factors. The currency of the world largest economy (US\$) suffered the uncertainty over Ben Bernanke's forward guidance in the QE tapering schedule, the US gov debt ceiling, the repercussion over the government's shut down, and the possibility of default payment to its Treasury bond yield.

Aussie\$ is affected by the Australia's RBA interest rate policy. Its commodity industry is a proxy to the China economy growth largely measured by its PMI. Uncertain over the China economy transformation, impact of its liquidity tightening after its shadow banking borrowing in the last few years ballooned, and the prospective of China's ability to maintain its 7% annual GDP grow target.

Investment analysts continue to underweight the above financial instruments.

STOCK AND SHARES

Three Penny stocks, ABL (Asiason, Blumont, Liongold) has a combined lost of \$8b market capitalization within that fateful few days. At least one of them continues to wipe out its share values after more force-selling from their collateralized creditor.

This has led SGX to act to suspend their trading and subsequently put them into designated stocks before normalizing their trading status thereafter.

SGX has since announced the implementation of the circuit breaker safeguard and it is now seeking feedbacks to consider imposing some restriction on contra trading.

Overall market sentiment was badly affected and the trading volume has since dwindled.

STI then struggles to rally despite US positive economic outlook and US stock indexes (S&P500, DJI, and NASDAQ) crossing new highs (S&P500 rose 32.4% versus Warren Buffet's Berkshire performance of 18.2% in 2013).

US market is in a continuous up-trend for more than 57 months (since Mar 2009)¹. Will it continue the Bull Run in 2014? Or is it time for other Emerging Markets and STI to catch up?

Which SGX stocks have registered a respectable 7% gains in 2013 despite STI ending below flat last year? Among these stocks, which is having a warning sign of a bearish down turn?

¹ In the week ending 24Jan2014, US stocks has some correction after a poor report on the Chinese economy sparked broader anxiety about emerging economies and whether equities are overvalued. The deepest decline came in the Dow Jones Industrial Average, which fell 579.45 points (3.52 per cent) to 15,879.11 in the biggest weekly loss in per cent terms since November 2011. The broad-based S&P 500 fell 48.41 (2.63 per cent) to 1,790.20, while the tech-rich Nasdaq Composite Index declined 69.41 (1.65 per cent) to 4,128.17. But again, they have since rebounded and breaking new high...

CHARTING EXERCISES

Did you see the warning sign of a head and shoulder?



Is technical analysis reliable?

Is fundamental analysis more trust-worthy?

What did you see from the chart below? What is Wilmar's next movement?



Tell you the answer during the IT Show. Visit our booth 314 (MBS basement 2) on 2 Mar 2014 (Sunday) to "see" the IRRESISTIBLE LTS OFFER. The booth is located in between Singtel and Starhub/ HSBC

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Thank you to all my visitors and those who signed up². 發!

² Inserted after the successful closure of IT Show 2014