BT Explains

China's panda-monium, Singapore's problem

As fears mount over China's financial stability and economic slowdown, *The Business Times* takes a look at how mainland wobbles could affect Singapore's growth, currency, companies, and stock market. ***BY KELLY TAY***

Growth

Trade, investment and tourism would take a hit, since:

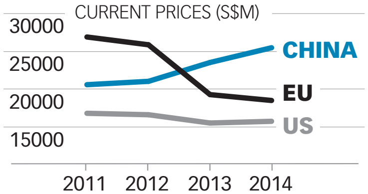
- China is Singapore's largest trading partner
- It is the second-largest source market for inbound tourists
- Singapore became China's largest overseas direct investment destination in Asean in 2014

Companies

- Singapore has been China's largest foreign investor since 2013
- Over 30 SGX-listed stocks with market cap above S$250m reported more than half their revenue or assets in China, as at 2014
- Logistics, marine, property, and consumer stocks included in list
- Slowing China demand may compound pressures on companies and balance sheets

More trade ... bigger fallout

S'pore non-oil exports



Source: IE Singapore

Singapore dollar

- Asian currencies have been dragged lower amid yuan depreciation, with the Singapore dollar among those most impacted
- Still, domestic core inflation is focus for the Monetary Authority of Singapore. Unless massive Chinese recession occurs, economists say China's impact on Singapore's monetary policy will be negligible

Stock market

- Sentiment-driven stock market would suffer alongside bleeding Chinese equities
- IPOs, too, could be put on hold – continuing 2015's poor showing
- Deal slowdown could hurt bankers, lawyers, professional services
- Household wealth could be hit by falling stocks

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