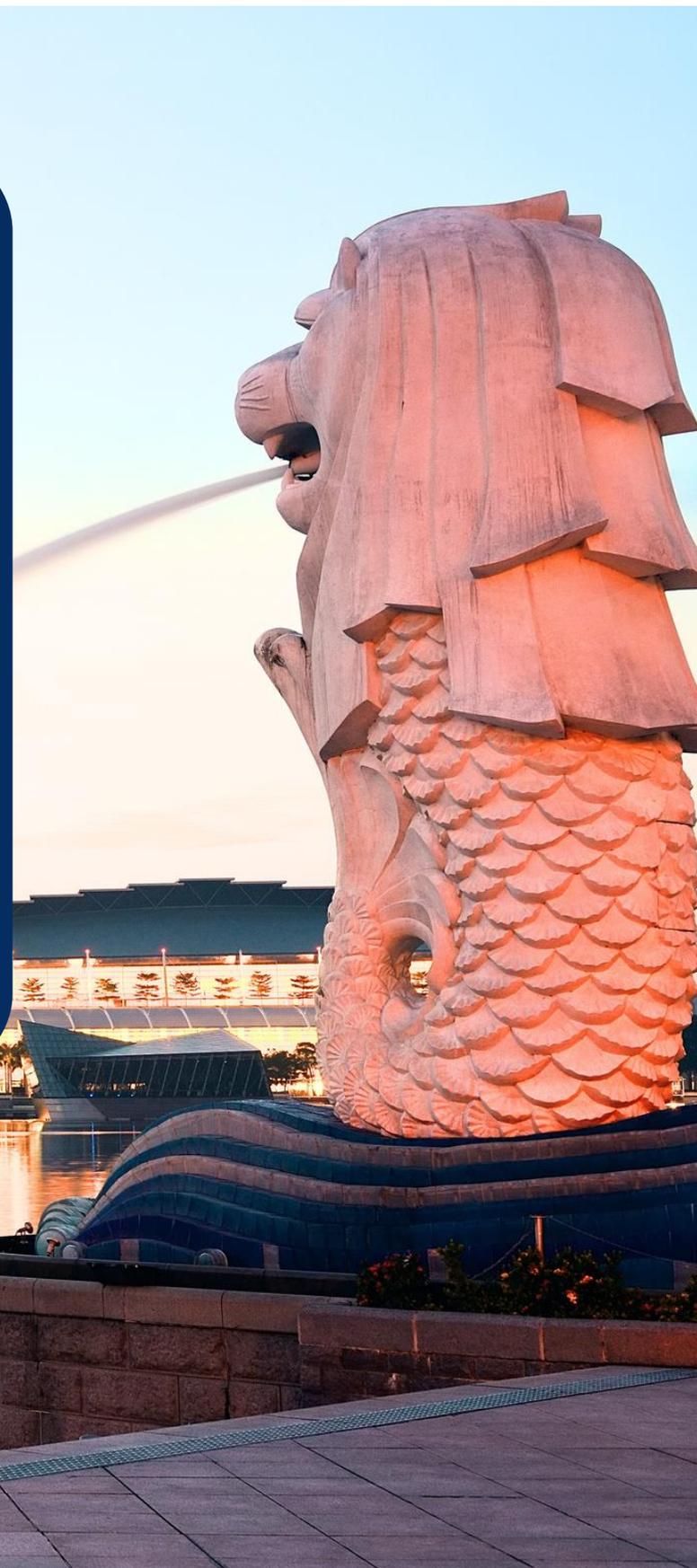


Index Futures

# MSCI SINGAPORE FREE INDEX (SIMSCI)

---



# What is SIMSCI?



SIMCSI is the abbreviation for MSCI Singapore Free Index.



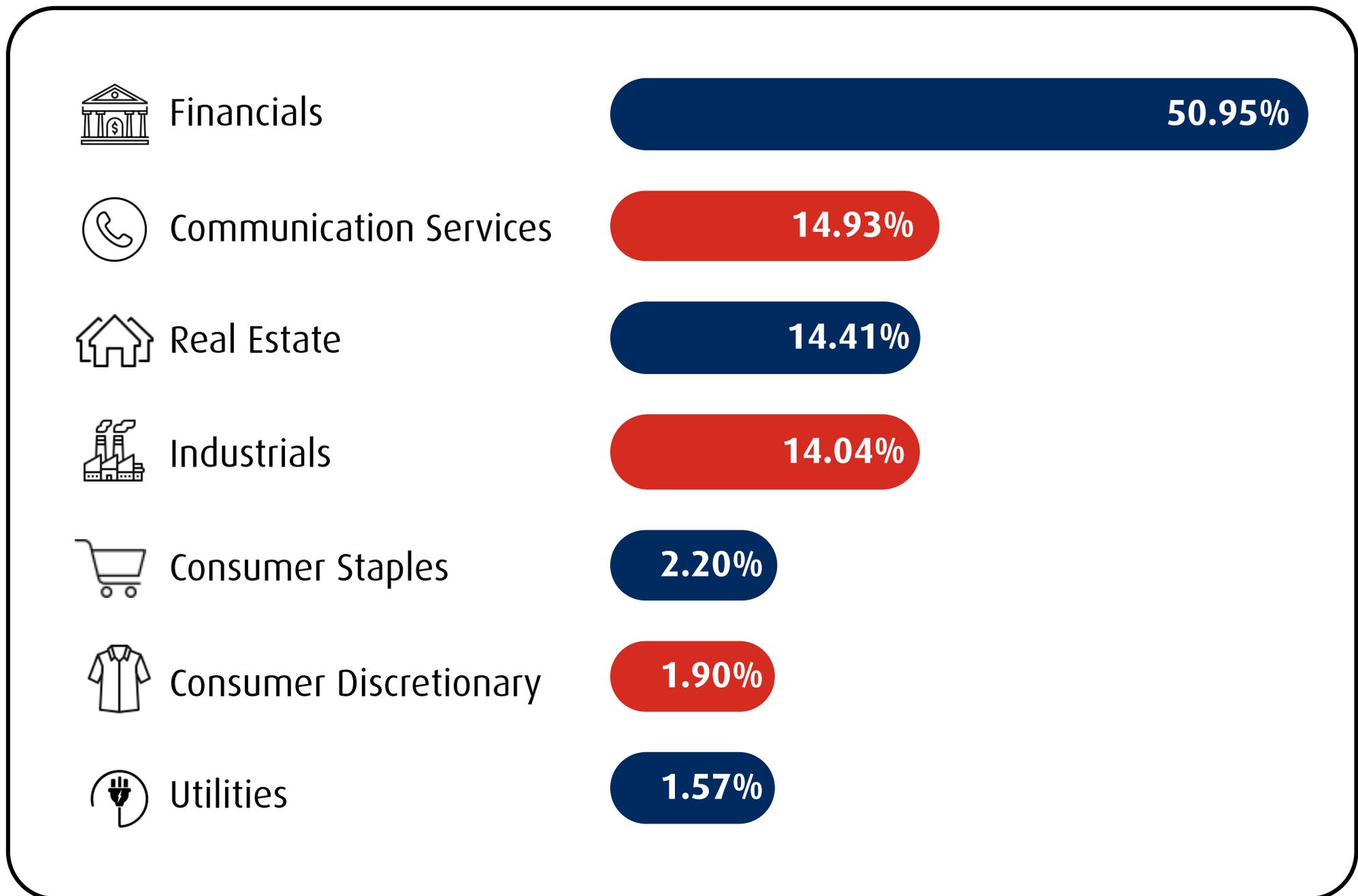
Launched in 1993 and is used to measure the performance of large and mid-cap companies in **Singapore**.



Comprises **20** constituents that make up 85% of the Singapore equity:

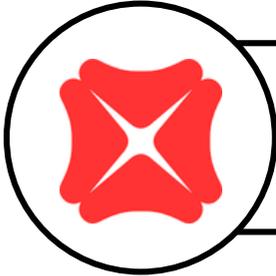
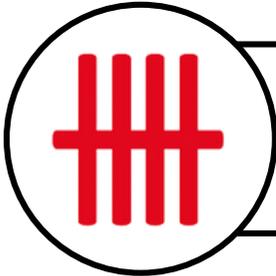
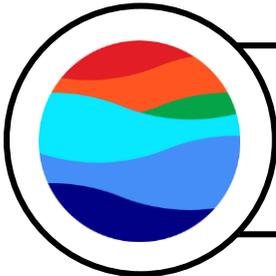
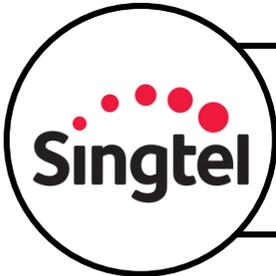
- 70% Large cap-companies
- 15% Mid-cap companies

# Industries in SIMSCI\*



\*As of 29 Feb 2024

# Top 5 Companies in SIMSCI\*

	<u>Company</u>	<u>Net MCap (USD Billions)</u>
	<b>DBS Group Holdings</b> Financials	44.90
	<b>OCBC Bank</b> Financials	32.69
	<b>United Overseas Bank</b> Financials	26.28
	<b>Sea A Adr</b> Communication Services	17.77
	<b>Singapore Telecom</b> Communication Services	14.43

\*As of 29 Feb 2024

# WHAT IS SIMSCI FUTURES?

**01**

A futures contract traded on Singapore Exchange (SGX) which underlying is the MSCI Singapore Free Index.

**02**

A SGD-denominated futures allowing traders to trade the performance of Singapore financial market.

**03**

Trade 20 large and mid-cap companies in Singapore under one basket.

# CONTRACT SPECIFICATIONS

## SIMSCI Futures

<b>Contract Code</b>	SGP
<b>Underlying Instrument</b>	MSCI Singapore Free Index
<b>Contract Size</b>	SGD100 x SIMSCI Futures Price
<b>Minimum Fluctuation</b>	0.05 pt = SGD 5 (1 pt = SGD 100)
<b>Settlement Method</b>	Cash
<b>Contract Month</b>	2 nearest serial months and 4 quarterly months on March, June, September and December cycle.
<b>Trading Hours</b>	08:30 - 17:25 17:50 - 05:15 (T+1 Session)

# TRADING EXAMPLES [BULLISH]



You think the price of SGP will go up and  
**BUY 1 lot@300.75**



The market is bullish and  
you close position and  
**SELL 1 lot@327.45**

## Gross Profit

$$\begin{aligned} &= \text{Price difference} \times \text{Contract size} \\ &= (327.45 - 300.75) \times \text{SGD } 100 \\ &= \text{SGD } 2,670 \end{aligned}$$

# TRADING EXAMPLES [BEARISH]



You think the price of SGP will go down and  
**SELL 1 lot@300.75**



The market is bearish.  
You close position and  
**BUY 1 lot@281.05**

## Gross Profit

$$\begin{aligned} &= \text{Price difference} \times \text{Contract size} \\ &= (300.75 - 281.05) \times \text{SGD } 100 \\ &= \text{SGD } 1,970 \end{aligned}$$

# FACTORS AFFECTING PRICES OF SIMSCI FUTURES

## Government Monetary Policy



Any changes of policy made by the Monetary Authority of Singapore (MAS) will impact the financial market.

E.g. When MAS keeps the Singapore dollar nominal effective exchange (S\$NEER) policy band unchanged, the Singapore dollar will remain strong and improve the country's stability.

# FACTORS AFFECTING PRICES OF SIMSCI FUTURES

## Corporate Earnings



The price of shares will surge when the Singapore companies report strong corporate earnings.

# FACTORS AFFECTING PRICES OF SIMSCI FUTURES

## Economic Data



Economic data including Gross Domestic Product (GDP), inflation rate, employment rate and industrial production will impact the stock prices.

E.g. A strong GDP growth is usually followed by increased stock market returns.

# FACTORS AFFECTING PRICES OF SIMSCI FUTURES

## Global Event



Out of fears of wider financial contagion, Singapore bank stocks slumped after the massive deposit outflows of Switzerland's second-largest bank, Credit Suisse.

# FACTORS AFFECTING PRICES OF SIMSCI FUTURES

## Geopolitical Tension



In 2022, the rise of market concern when Singapore joined the ranks of Western nations to impose unilateral sanctions on Russia made the stock market decline.

# FACTORS AFFECTING PRICES OF SIMSCI FUTURES

## Currency Movement



A stronger currency signals economic stability and boosts confidence of foreign investors, thus leading to increased investment in the stock market.

# OVERVIEW IN 2023

## MSCI Singapore Free Index Futures



### **A** Mar - Apr 2023 (+9.82%)

As the international air travel and inbound tourism recovered, Singapore's economy showed resilience and the market rallied.

### **B** Jul 2023 (+9.83%)

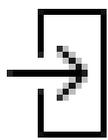
The market surged when the construction sector flourished as a result of expansions in both public and private sector construction output.

### **C** Jul - Nov 2023 (-13.08%)

The U.S. increased its interest rate, resulting in tighter global financial conditions and rising Singapore inflation. This caused the market to decline.

The war in Ukraine also added to the risk of renewed supply disruptions, thus further bringing the Singapore market down.

# WHY TRADE SIMSCI FUTURES?



## Gateway to Singapore

Streamlined and seamless access to stock markets in Singapore.



## All-in-one

An all-in-one solution to trade 20 large and mid-cap companies in one transaction.



## Liquidity

A liquid index futures in Singapore that allows fast and cost-efficient trading.



## Round-the-clock

Extended trading hours up to 21 hours per day for global participants.