Singapore eyes more US-listed Chinese firms, as central bank chief warns ‘era of cheap money’ is over

- **Singapore Exchange is attempting to woo Chinese firms at a time of increased regulatory and delisting risks in the United States**
- **It comes as Monetary Authority of Singapore chief Ravi Menon issued a warning on Tuesday about the end of cheap money, labour and energy**

South China Morning Post, 24 August 2022

Singapore’s stock exchange sees more listings in coming months by Chinese issuers that already trade American depository receipts, even as it grapples with delayed deals amid a global valuation slump.

Following Nio Inc.’s technical listing in May, investors can expect others will follow suit, Singapore Exchange Ltd. Chief Executive Officer Loh Boon Chye said in an interview.

If market conditions are supportive for the rest of the exchange’s financial year through June, “there would be fundraising, but if they are not as conducive, it will be a technical secondary listing,” he added.

The bourse’s effort to woo Chinese firms comes as they face greater regulatory and delisting risks in the United States, prompting a hunt for alternative venues including Switzerland. Listing plans globally this year have waned with investors deterred by high inflation and rising interest rates.

Companies that have delayed offerings for units in the Southeast Asian city state include big-ticket names such as Thai Beverage Plc and Olam Group Ltd.

The trading venue last month signed an accord with the New York Stock Exchange that allows for better collaboration on dual listings of companies, among other matters. “It allows companies that are already listed to think of another overseas exchange, if they do want to, and the MOU helps in terms of joint marketing,” Loh said.

There are at least 11 China-domiciled firms that have listings in both the US and Singapore, the data shows. Singapore hasn’t had an IPO in three months, with the haul of about US$385 million so far this year 59 per cent higher than during the same period in 2021, according to the data.

Pol de Win, SGX’s head of global sales and origination, previously said that the exchange was in talks with companies in China and Southeast Asia operating in areas such as financial tech and consumer tech that it would like to attract.

On potential homecoming listings by Grab Holdings Ltd. and Sea Ltd., Loh said “there are other companies listed in the US that we want to talk to.”

Meanwhile, Singapore’s central bank chief has warned that “the era of cheap money, cheap labour and cheap energy is over” as global interest rates are unlikely to return to near zero – joining a chorus of policymakers signalling that inflation is likely to remain high while monetary policy tightening will continue.

“Interest rates are not going back to the zero lower bound that we have seen in the last two decades,” Ravi Menon, managing director of the Monetary Authority of Singapore, said in a speech at the Institute of Policy Studies on Tuesday.

Surging inflation has prompted aggressive increases in rates by central banks including the Federal Reserve and Bank of England. The MAS has tightened monetary policy three times in the last year, including two off-cycle moves.

Core inflation hit a near 14-year high last month in Singapore and the financial hub is also experiencing its worst labour shortage in over two decades.

Menon said that costs of borrowing will be higher and “more reflective of time horizons and risk premiums”.

A shrinking labour force, the extension of progressive wages to more sectors of the economy and an increase in the minimum salary to relocate foreigners to the island meant that Singapore can no longer rely on cheap labour, he added.