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UOBKH says financial sector biggest winner from Budget, gives overall top picks

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[SINGAPORE] The financial sector is likely to be the “most identifiable market beneficiary” of this year’s Budget, said UOB Kay Hian (UOBKH), noting that the Finance Minister Lawrence Wong’s speech did not have any “major surprises”.

The brokerage forecast the Straits Times Index (STI) to hit 5,400 points by the end of the year, maintaining a “bullish” outlook on it and the Singapore equities market.

That target implies a 7.6 per cent upside from current levels, UOBKH said in the note, adding that Bloomberg consensus target prices would result in an STI target of 4,900.

“PM Wong outlined several key measures that should bode well for the Singapore stock market,” said UOBKH on Friday (Feb 13). It noted the S\$1.5 billion deployments towards the Financial Sector Development Fund and a second Anchor Fund as positive drivers.

Its top large-cap stock picks were CapitaLand Ascendas Reit, CapitaLand Investment, City Developments, DBS, DFI Retail, First Resources, Genting Singapore, Keppel, and New York Stock Exchange-listed Sea.

Meanwhile, UOBKH’s small and mid-cap stock picks were ASL Marine, Centurion Accommodation Reit, CSE Global, Food Empire Holdings, iFast, UltraGreen.ai and Valuetronics.

Read other brokerages’ top picks: From Sheng Siong to Seatrium, here are some potential winners and losers from Budget 2026

Sectoral analysis

The fund management and high-growth enterprise fundraising injections “bode well for the Singapore financial sector activities”, said UOBKH, adding that these activities are expected to benefit the Singapore Exchange.

In the aviation sector, ST Engineering should “continue to see strong contract win momentum”. This is due to the government’s preparedness to spend more than 3 per cent of GDP on defence if the need arises, said UOBKH.

Singapore’s plans to strengthen its cyberdefence by deepening partnerships with industry players are also expected to boost ST Engineering’s defence and public securities (DPS) segment.

For the consumer market, the continued presence of CDC vouchers – albeit reduced to S\$500 – is set to benefit about 1.5 million households. This should result in a “steady but limited upside” for supermarket operators such as Sheng Siong and DFI Retail through “higher footfall and marginally larger basket sizes”.

However, any earnings impact will only be reflected from January next year, when the vouchers can be claimed.

“As with prior distributions, we expect the uplift to be modest, given that vouchers largely substitute for cash spending on necessities,” said UOBKH.

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