Abbott opens US$24m nutrition R&D plant

Pilot plant will be global healthcare group's second R&D hub outside the US

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GLOBAL healthcare firm Abbott has opened its first nutrition pilot plant in Asia here, a US$24 million investment which will also serve as the group's second research and development (R&D) hub outside the US.

Aside from enabling the firm to respond swiftly to the changing healthcare needs of consumers in Asia, its presence in Singapore will also allow Abbott to incorporate local flavours, the company said.

Since it first set up shop in Singapore in 1970, Abbott has invested over US$340 million, which includes a nutrition R&D facility that was launched at the Biopolis Research Park back in 2009.

Located in Tuas, the new US$24 million plant – a smaller version of its Singapore-based manufacturing facility – will be able to carry out R&D and manufacturing. It will also train Abbott staff from across the region.

This comes as the firm plans to ramp up staff strength for its nutrition R&D segment in Asia, as it seeks to have 40 per cent of its global R&D team based in Asia by 2018, up from 25 per cent currently.

Investments by the group towards R&D in recent years have helped fuel product development, with a five-fold increase in the number of new products launched each year since 2010. The new pilot plant is expected to bolster its development efforts further.

"This new facility allows us to more rapidly pair nutrition science innovation with local tastes and texture preferences, delivering products consumers need to live a healthy life," said Dr Robert Miller, divisional vice-president of R&D, scientific and medical affairs at Abbott Nutrition. "We're establishing nutrition centres of excellence around the world to accelerate research and respond quickly to consumers' rapidly evolving lifestyle needs."

Last year, it expanded its footprint in markets such as China and India, with nutrition manufacturing facilities in Jiaxing, China and Jhagadia, India, as well as a nutrition R&D centre in Shanghai.

With a staff strength of some 73,000 worldwide, the global healthcare firm has a portfolio which spans diagnostics, medical devices, nutritionals and branded generic pharmaceuticals. Abbott Nutrition's brands include the Similac range of children's milk formulas, as well as Ensure for adults and Glucerna for diabetics.

"We are excited to see Abbott leveraging Singapore's support ecosystem, for R&D and consumer insights, to accelerate its product innovation and commercialisation for Asia and beyond," said Kevin Lai, executive director of consumer businesses for the Economic Development Board.

From left: Gary Fanjiang, divisional vice-president, Abbott Nutrition Asia Pacific R&D; Dr Robert Miller, divisional vice-president, R&D, scientific and medical affairs, Abbott Nutrition; Kevin Lai, executive director of consumer businesses, Singapore Economic Development Board; and Joe Manning, vice-president, Abbott Nutrition Pacific Asia, at Monday's plant opening

No end in sight for exodus out of commodity funds

Many markets are oversupplied; growth in China and EMs not fast enough to create demand

New York

INVESTORS are bailing out of commodity funds at the fastest pace on record, and the exodus shows no signs of ending.

US exchange-traded funds linked to broad baskets of raw materials saw a net outflow of US$1.23 billion over the first three months of the year, the most of any quarter since the securities were created in 2006, data compiled by Bloomberg show.

Bank of America Corp (BOA) says ample supplies have unleashed price wars, and Goldman Sachs Group Inc predicts a 20 per cent drop for commodities already near a 13-year low. Morgan Stanley and Societe Generale SA also have cut forecasts for a whole range of items.

Rising supplies created bear markets over the past year as drillers unlocked more oil and natural gas, copper mines expanded and farmers harvested record corn and soyabean crops. The strongest US dollar in at least a decade encouraged countries with weaker currencies to export more. While the US economy is strengthening, Europe is still contending with its debt crisis and growth is slowing in China, the top user of everything from iron ore to pork.

"This is not the best time to be making wagers on commodities," Sameer Samana, a global strategist in St Louis for Wells Fargo Investment Institute, which manages US$1.6 trillion, said on March 24. "Base metals and farm commodities are very sensitive to global growth, and most of these markets are oversupplied. China and the emerging markets have been pretty weak and are not growing fast enough to create demand."

The Bloomberg Commodity Index of 22 raw materials is down 5 per cent since the end of December, after slumping on March 18 to the lowest since June 2002. Crude oil, which averaged almost US$96 a barrel in the three years through 2013, touched a six-year low of US$42.03 on March 18. Agriculture led the quarter's retreat, with double-digit declines in the quarter for wheat, coffee and sugar.

The commodity index is heading for a fifth straight annual drop, the longest slide since the data began in 1991. The slump ended a decade-long super-cycle of demand fuelled by double-digit growth in China. After prices surged to records for everything from corn and copper to crude oil and gold, production surged.

Hedge funds are exiting commodities, based on futures and options for 18 US-traded items. Since bullish bets reached the highest ever in April, net-long positions on March 24 are down 98 per cent to 37,708 contracts as of March 24, government data show. The measure tracks the number of contracts, not value, which ranges from about US$120,000 for gold futures to US$13,600 for sugar.

Commodity exporters have boosted shipments as their currencies weakened. The Bloomberg Dollar Spot Index surged 17 per cent in the past year, and on March 13 reached the highest since the measure began in 2004. Coffee exports from Brazil, the world's top grower, are up 10 per cent in the eight months through February and the highest since at least 2011.

Weakening energy and mineral prices led Caterpillar Inc, the largest maker of construction and mining equipment, to forecast in January that sales would drop 9 per cent this year to US$50 billion. The Peoria, Illinois-based company reiterated the forecast on March 17.

In China, the government on March 5 forecast 7 per cent growth this year, the slowest since 1990. While the US is forecast to grow 3 per cent in 2015, the most in a decade, signs are emerging that a global slowdown may weigh on manufacturers as a strong US dollar slows exports. Orders for goods meant to last at least three years fell 1.4 per cent in February, the government said on March 25.

Not all commodities face surpluses. Standard Chartered says global demand for aluminium, zinc, nickel and tin will exceed output in 2015. Macquarie Group Inc predicts the metals will rally.

Low interest rates and cheap supply may boost demand. To spur their economies, the European Central Bank pledged 1.1 trillion euros (S$1.6 trillion) in bond buying and Japan bought assets. Canada, Singapore, Denmark, Russia and Switzerland all eased monetary policy in January. In China, policy makers will take action if growth drifts too low, Premier Li Keqiang said this month.

"Demand for commodities in the US has stayed pretty strong, and if the stimulus works on the other side of the Atlantic, that could certainly help demand conditions," Christopher Burton, a fund manager at Credit Suisse Asset Management in New York who helps oversee US$10.1 billion in commodity related assets, said on March 25.

Most commodities remain in a "structural bear market", and with the macro recovery still under way, equities are more appealing than raw materials, Goldman analysts led by Jeffrey Currie wrote in a March 13 report. The S&P GSCI Enhanced Total Returns commodity index will slide 18 per cent over three months and 20 per cent over six months, the bank said. The gauge is down 4.1 per cent this year, after a 33 per cent plunge in 2014.

In markets like coal, iron ore, copper and oil, surging output has put commodity producers in price wars that show now signs of easing, BOA analysts led by Francisco Blanch said in a March 19 report.

Compounding the problem is the US dollar, which may "compress" global growth by US$2 trillion this year, they added. BLOOMBERG

New board members at CRA and bodies under MTI and MOF

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A NUMBER of government and regulatory agencies have announced changes to their boards.

The Casino Regulatory Authority (CRA) has named former Shell executive Lee Tzu Yang as its chairman.

Currently on the board as deputy chairman, he will assume his new role on Thursday, taking over from Richard Magnus, who has served as chairman for seven years.

Meanwhile, the Ministry of Trade and Industry (MTI) has announced several changes to the boards in five of its statutory boards, namely the Energy Market Authority (EMA), Sentosa Development Corporation (SDC), Spring Singapore, Agency for Science, Technology and Research (A*Star) and JTC Corporation (JTC).

The EMA will have four new appointments:

- Ng Wai Choong, chief executive of EMA;
- Andre Yeap Poh Leong, SC, senior partner at Rajah and Tann;
- Russell Tham Min Yew, regional president and corporate vice-president of Applied Materials Inc; and
- Phang Sock Yong, Celia Moh Professor and professor of economics at Singapore Management University.

They replace three members who will step down.

Loh Khum Yean will be re-appointed chairman of the board; Chang Meng Teng, chairman of Squire Mech, will also be re-appointed as board member for another term.

Over at SDC, two new board members will be appointed – Rita Soh Siow Lan, director of RDC Architects, and Eugene Leong Chee Gin, senior director of strategic planning at the Ministry of National Development.

Ms Soh is a Nominated Member of Parliament, and the president of the Board of Architects Singapore.

Mr Leong has previously served in MTI, the Ministry of Community, Youth and Sports and the Ministry of Defence.

Four existing board members will be re-appointed:

- Kwa Kim Li, managing partner at Lee & Lee;
- Keith Yu-Jene Magnus, CEO and executive director at Evercore Asia (Singapore);
- Chaly Mah, CEO of Deloitte Asia-Pacific;
- Ngiam Shih Chun, Deputy Secretary (Industry) at MTI.

Moses Lee will be re-appointed as chairman of the board.

At Spring, Christopher Wong, assurance partner at Ernst & Young, will be appointed to the board.

He replaces his colleague Mak Keat Meng, partner and head of assurance at Ernst & Young, who steps down on Tuesday.

Six board members will be re-appointed:

- Andrew Kwan, group managing director of Commonwealth Capital;
- Satvinder Singh, assistant CEO of International Enterprise Singapore;
- Lim Kok Kiang, assistant managing director of cluster group engineering at Economic Development Board;
- Renny Yeo, independent director at OEL (Holdings);
- Saktiandi Supaat, head of global markets FX research at Maybank;
- Mike Booker, partner in Bain & Company's South-east Asia practice;

Two new members have been appointed to the board of A*Star – Tan Li San and Yee Ping Yi.

Ms Tan is the deputy secretary (Industry and Information) at the Ministry of Communications and Information; Mr Yee will be made deputy secretary (Policy) at the Ministry of Finance (MOF) this week. He was previously chief executive of the Central Provident Fund (CPF) Board.

Board appointments at EMA, SDC, Spring and A*Star take effect on Wednesday.

At JTC, Moh Chong Tau, president and CEO of of Makino Asia, was appointed to the board on March 1. He is also a Fellow of CPA Australia, and received Singapore's Public Service Medal in 2010.

MOF has appointed Deloitte CEO Chaly Mah as deputy chairman of the board of the Singapore Accountancy Commission (SAC).

Two new members also appointed to the SAC board are Mr Yee Ping Yi, and Sim Guan Seng, managing partner at Baker Tilly TFW.

Michael Lim, chairman of the Land Transport Authority and Nomura Singapore, has been re-appointed chairman of SAC.

Eleven members have also been re-appointed to the SAC, including Singapore Exchange chief financial officer Chng Lay Chew, Temasek Holdings chief financial officer Leong Wai Leng and chief executive of SAC Uantchern Loh.

Mr Lee Tzu Yang moves from deputy chairman to board chairman at the Casino Regulatory Authority.