

## S'pore NODX surprised on the downside

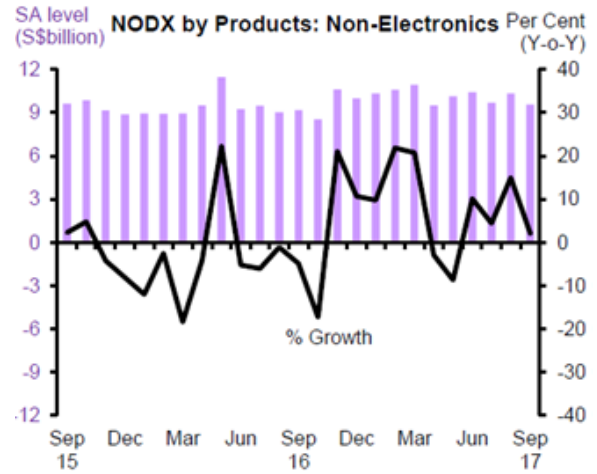
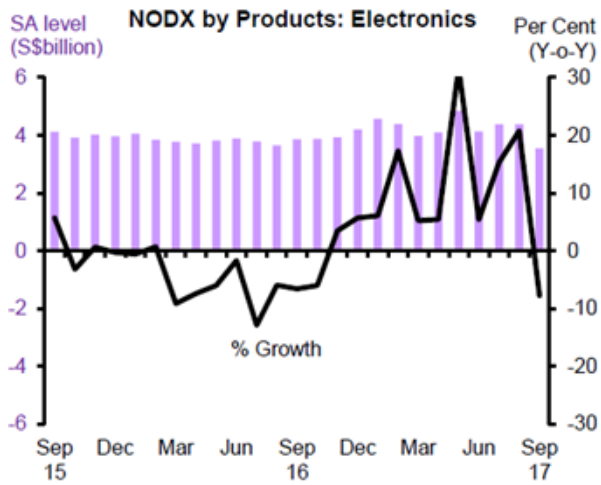
Tuesday, 17 October 2017

### Highlights:

- NODX unexpectedly shrank 1.1% yoy (-11.0% mom sa) in Sep, below our forecast of 12.6% yoy (-3.2% momsa), and versus strong growth of 16.7% yoy (+4.2% mom sa) in Aug. This marked the first yoy contraction since Apr17, and was the lowest since Sep16. While we had expected some NODX retraction in 4Q17 due to the higher base in 4Q16, the drop off in NODX momentum admittedly came slightly earlier than expected.
- The main drag came from electronics exports which declined 7.9% yoy in Sep, a sharp reversal from a revised +20.8% yoy in Aug. This marked the first contraction since Oct16 and the poorest performance since Jul16, and the drag came from PCs, ICs and diodes & transistors. IESingapore suggested that electronics NODX declined off a high base a year ago.
- Non-electronics NODX fared slightly better but also moderated for the fourth straight month from +15.0% yoy in Aug to 1.9% yoy in Sep, led by non-monetary gold, petrochemicals and specialised machinery.
- NODX still rose for 7 of the top 10 NODX markets with the exceptions of HK (-21.1% yoy), Thailand (-9.1% yoy) and EU28 (-8.9% yoy). This does not suggest broad-based weakness across our key NODX markets in Sep either.
- It remains to be seen if the Sep NODX data was an anomaly, especially given that Oct16 base is not challenging at -12% yoy versus -5% in Sep16. For Jan-Sep17, NODX growth averaged 8.3%. While NPDx may flip back into positive yoy growth in Oct17, nevertheless Nov and Dec17 may revert to a yoy contraction again. Full-year NODX growth is likely to average around 5.5%, which is within IESingapore's 5-6% full-year 2017 NODX growth forecast.

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**Non-oil Domestic Exports to Top Markets (% Y-O-Y Growth)**

Top Market <sup>^</sup>	NODX		Electronic NODX		Non-Electronic NODX	
	Aug 2017	Sep 2017	Aug 2017	Sep 2017	Aug 2017	Sep 2017
Malaysia	12.4	21.3	19.2	46.6	8.3	7.8
China	43.2	9.6	26.6	-14.5	50.6	19.2
Japan	27.8	18.1	33.2	-7.5	26.0	29.2
US	3.9	6.4	11.5	-3.6	1.8	9.8
South Korea	62.0	8.4	35.1	-14.8	76.1	20.1
Taiwan	-1.9	2.2	27.2	12.4	-29.0	-6.9
Indonesia	9.3	2.0	20.0	-15.4	8.0	4.8
Thailand	7.2	-9.1	-4.9	-13.3	16.5	-6.4
EU 28	23.1	-8.9	39.6	18.6	20.2	-14.0
Hong Kong	41.9	-21.1	30.2	-33.7	68.4	6.2

<sup>^</sup>: Ranked by percentage contribution to the change in NODX levels over the year.

Source: IE Singapore

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