

## **NODX flatlined yoy in August**

**Friday, 16 September 2016**

- NODX flatlined yoy in August and fell 1.9% mom sa, which beat both market and our expectations. Non-electronics NODX rose 2.7% yoy (previously -9.5% yoy) and electronics exports declined by a less severe 6.0% yoy (previously -12.9% yoy). This marked an improvement from July NODX which had contracted 10.6% yoy (-1.9% mom sa).
- Within non-electronics, higher exports of non-electric engines & motors (+80.7% yoy), specialized machinery (+23.0%) and structural parts made of iron, steel & aluminium (+809.6% yoy) offset the slump in pharmaceuticals exports (-17.9% yoy) and petrochemicals (-15.9% yoy). Within electronics, PCs (-21.6%), disk drives (-31.2%) and ICs (-1.9%) exports continued to contract, with the exception of exports of disk media products which grew by 1.7% yoy. Broad-based weakness continues to persist in many of the electronics industries.
- Six of the top ten NODX markets saw NODX growth in August, led by Taiwan (+22.2% yoy), Hong Kong (+10.6% yoy) and the US (+4.8% yoy) due to improving non-electronics NODX. Leading the declining NODX by market was the EU28 which reverted back to negative territory (-31.5% yoy) after eking out positive growth (+3.0% yoy) in July, as both electronics and non-electronics demand fell, reaffirming our view that July was a blip. Other top NODX markets which registered a contraction in August were Japan (-8.9% yoy), Indonesia (-8.4% yoy), and China (-5.4%).
- Looking ahead, NODX performance is likely to stabilize but remain choppy in the months ahead. The modest pickup in US economy, mitigated by sluggish growth in the Eurozone and Japan, and continued deceleration in China, point to a greater reliance on regional trade momentum driven by domestic demand at this juncture. We tip 2016 NODX growth to be -4% yoy, with the year-to-date currently running at -4.1% yoy.

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