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NODX crash landing in June reverses May surge**Monday, 18 July 2016**

- **Non-oil domestic exports (NODX) contracted 2.3% yoy and 12.9% mom sa in June**, which is a turnaround from the outstanding May surge of +11.6% yoy and +16.8% mom sa that we had earlier suspected was unsustainable. The June NODX performance beat market consensus forecast of -3.0% yoy (-12.8% mom sa) but was a tad worse than our expectation of -1.1% yoy (-10% mom sa).
- **Both electronics and non-electronics NODX fell 1.7% yoy** (milder than -6.0% yoy in May) and -2.5% yoy (which underperformed the +19.0% yoy in May) in June. Notably, electronics NODX still felt the drag from PCs (-29% yoy), disk drives (-26.9% yoy) and PC parts (-8.5% yoy), whilst non-electronics NODX contracted due to petrochemicals (-15.6% yoy), primary chemicals (-30.5% yoy) and electrical machinery (-33.0% yoy).
- **This brought 1H16 NODX growth to a lacklustre -4.5% yoy**, which is within the IESingapore's full-year NODX forecast of -3% to -5% and our house 2016 NODX growth forecast of -3% yoy.
- **There were some green shoots, nevertheless, as 5 of the top 10 NODX markets saw an expansion in NODX in June**, compared to only 3 out of the top 10 in May. NODX gains were led by Taiwan (+23% yoy), South Korea (+6.2% yoy), US (+5.9% yoy), Hong Kong (+3.3% yoy) and Malaysia (+2.1% yoy), whereas the largest decline in NODX growth were registered in Indonesia (-15.% yoy), followed by China (-9.9%), EU28 (-5.8% yoy), Japan (-4.5% yoy) and Thailand (-1.4% yoy).
- **In summary, electronics and biomedical output have been improving of late according to the industrial production data for the January-May period and the 2Q16 GDP growth flash estimates.** While it remains to be seen in the coming months if there could be some knock-on effects and downside risks to NODX growth to the EU28 market in the kneejerk sentiment reaction to the Brexit referendum, still we anticipate that 2H16 NODX growth could improve slightly to -1.6% yoy given a relatively low base in 2H15 (-2.8% yoy).

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