

## Christmas came early in the form of a NODX growth rebound to 2.4% yoy (1.1% mom sa), marking an end to a 9-month slump as non-electronics outperformed.

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### Highlights

**NODX rebounded a stronger than expected 2.4% yoy (1.1% mom sa) in December**, better than our forecast for 1.2% yoy (0.7% mom sa) and far exceeding the Bloomberg consensus forecast of -1.0% yoy (-1.5% mom sa). This was also a significant improvement compared to November's -5.9% yoy (5.8% mom sa) and marked an end to a nine month slump. This is a positive close to an eventful and volatile 2019 where headwinds like the US-China trade war and geopolitical uncertainties loomed large.

**Electronics exports remained weak at -21.3% in December, close to the 23.3% seen in November, but non-electronics exports saved the day.** Non-electronics exports accelerated to 11.5% yoy in December, up from 1.2% in November, and was largely driven by mainly pharmaceuticals exports (+34.7% yoy). Non-monetary gold exports also surged 127.8% yoy in December, mainly to China (+228.2%).

**Notably, exports to 8 of our top 10 NODX markets also rose in December**, led by S. Korea (19.4% yoy), Taiwan (16.2%), EU28 (9.9%), China (9.8%) and US (8.5%), whereas the two laggards were Hong Kong (-26.6%) and Indonesia (-6.2%). This is also a turnaround from November where only 3 of the top 10 NODX markets actually saw positive NODX growth.

**Our 2020 NODX growth forecast is for an improvement to 2-4% yoy, predicated on a macroeconomic stabilization in the global and regional economies, and that US-China trade tensions will not escalate further.** This will be significantly better than the 9.2% yoy contraction seen in NODX in 2019, which in turn was the worst annual NODX performance since 2009 at -10.5% yoy. With the US-China Phase 1 deal signed, market hopes are growing that existing green economic shoots will blossom and mature into a more broad-based and convincing global recovery story in 2020 and this could provide a more conducive macro-environment for global trade and growth to stabilize and recover from the 2019 trade slump.

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