

## S'pore's NODX growth contracted for the seventh consecutive month by 8.1% yoy in September

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### Highlights

**NODX growth contracted for the seventh consecutive month by 8.1% yoy (-3.3% mom sa) in September**, slightly underperforming our expectations for -7.9% YoY (-6.1% mom) and the consensus forecast of -7.2% yoy (-5.0% mom sa). Despite broad-based weakness in both electronics and non-electronics exports, this was a milder contraction compared to the August print of -9.0% yoy. However, with the exception of February when NODX expanded by 4.8% yoy, the rest of the year has been mired by weak NODX performance due to the sluggish global demand and trade war tensions.

**Electronics exports slumped again for the 10th straight month by 24.8% yoy, suggesting that the sector has not yet bottomed.** The drags came from ICs, PCs and disk media exports. Notably, electronic export growth to the top 10 NODX markets all shrank by double-digits in September with the exception of Indonesia (+1.5% yoy) and S. Korea (+0.8% yoy). With the recently announced Phase 1 of the US-China trade deal already being peppered with speculation that it would not be signed until the APEC meeting in mid-November, questions arising about the US Congress' Hong Kong bill and China's potential retaliation, as well as how the impasse for Huawei and the other Chinese companies on the US' entity list will play out, the level of uncertainty remains elevated for the global electronics industry and demand.

**Non-electronics exports saw another mild contraction of 2.3% yoy (-3.3% mom sa) in September**, similar to August. The non-electronics export performance was weighed down by pharmaceuticals (-26.7% yoy), petrochemicals (-10.6% yoy) and jewellery (-52.0% yoy). However, the non-electronics exports to North Asia actually outperformed the rest of the top 10 NODX markets, namely for Taiwan (+52.5% yoy), China (+38.0% yoy) and Hong Kong (+20.8% yoy).

**Eight of the top 10 NODX markets also saw a contraction in September**, led by Japan (-19.2% yoy), EU28 (-17.3% yoy) and HK (-11.9% yoy), with the key exception of China which saw its second consecutive month of NODX expansion at 20.8% yoy and Taiwan which saw a modest 2.3% yoy NODX growth (vis-à-vis August: -18.9% yoy). However, economic indicators in China continues to point to a further deceleration, which does not suggest that a near-term demand turnaround story is in store.

**Being a small, open and trade-dependent economy, Singapore remains a bellwether for global trade.** With year-to-date NODX growth contraction already averaging close to 10% yoy, the full-year 2019 NODX growth may potentially mark the worst NODX contraction since 2009 post-GFC. Our view remains that 4Q19 GDP growth is likely to remain anaemic and full-

year 2019 growth may still come in at the lower end of the official 0-1% growth forecast. Note PM Lee has also warned that Singapore economy would be lucky if GDP growth is positive this year due to the pall from the US-China trade disputes.

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

Top Market <sup>^</sup>	NODX		Electronic NODX		Non-Electronic NODX	
	Aug 2019	Sep 2019	Aug 2019	Sep 2019	Aug 2019	Sep 2019
EU 28	-10.8	-17.3	-40.0	-41.1	-5.1	-13.3
US	-15.0	-10.9	-16.4	-20.8	-14.6	-8.2
Japan	-29.7	-19.2	-21.4	-20.5	-31.7	-18.8
Malaysia	-20.0	-10.7	-31.8	-23.6	-11.9	-0.9
Hong Kong	-32.0	-11.9	-27.2	-30.2	-43.8	20.8
Thailand	-16.8	-7.5	-20.1	-10.9	-14.9	-6.3
South Korea	-2.9	-10.3	-27.1	0.8	4.3	-12.7
Indonesia	-21.0	-5.1	12.6	1.5	-24.4	-5.8
Taiwan	-18.9	2.3	-39.2	-31.7	12.1	52.5
China	38.4	20.8	-20.1	-28.8	57.9	38.0

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

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