

## S'pore's NODX shows further signs of stabilisation in Nov, setting an optimistic platform for 2020

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### Highlights

**NODX fell 5.9% yoy (+5.8% mom sa) in Nov, coming in close to our expectations of a 5.5% yoy decline (+5.7% mom sa) and better than Bloomberg's consensus forecast of -6.4% yoy (+5.8% mom sa).** On a nominal basis, NODX levels held largely steady from the month before, but the high base from a year ago resulted in a yoy change that is less flattering than it looks.

**Electronics NODX remained in contraction territory for the third straight month at -23.3% yoy,** a run stretching back from Dec 2018. The global slowdown in smartphone and PC demand, in addition to the ongoing trade war, has had a negative impact on domestic electronic shipments and industrial production. There are emerging signs that the electronics sector is beginning to turn the tide, however, with both disk media and diodes posting yoy growth after at least twelve months of contraction. The nominal value of electronics exports in November was also largely unchanged from October and is the highest since January 2019, lending support to the hypothesis that the sector might have bottomed out since the mid-2019.

**Non-electronics exports expanded 1.3% yoy in November, the first expansion since Feb 2019.** This was largely aided by exports of non-monetary gold (+249.3% yoy), specialised machinery (+15.5%) and non-electric engines & motors (+40.1%).

**For the top 10 NODX markets, exports to the US (7.3% yoy), Indonesia (0.3% yoy) and Thailand (7.6% yoy) recorded yoy expansions in November,** although the other markets continued to dwell in negative territory. The return to expansion in exports to the Indonesian and Thai markets are particularly encouraging, given that growth rates for both hovered in the red for 12 and 8 months respectively. Trade in the region has largely taken a hit in 2019 due to the slowdown in demand for goods globally; a return to trade growth with neighbouring economies suggests a turning of tide in global goods demand.

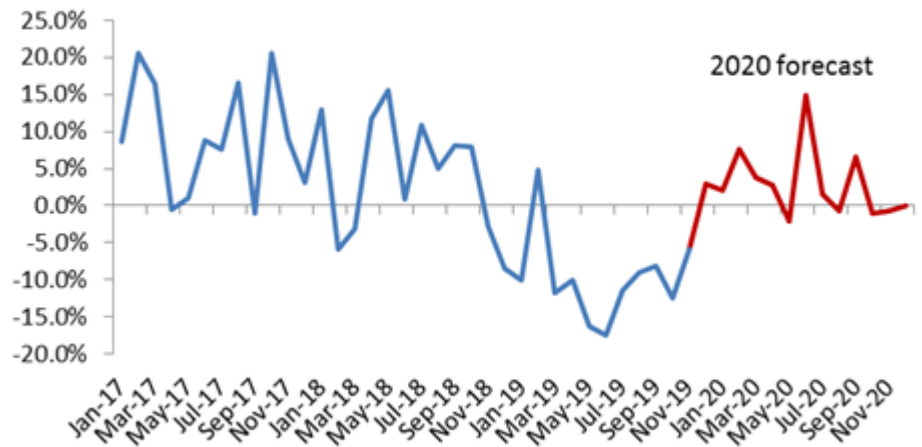
**NODX growth for 2019 is expected at -9.1% yoy; we forecast NODX in 2020 to return an expansion of 2-4%.** The low base beginning last December suggests that November's contraction of 5.9% yoy might possibly be the last in a run stretching back from Mar 2019; we are hopeful of a return to expansion from Dec 2019 onwards, although ebbs and flows are to be expected given the continued volatility in world trade. Consistent with our earlier views, the possible yoy rebound in shipments in 2020 is likely largely due to the low base from this year, but there remains room for higher growth, especially if US-China trade relations can maintain its

## Singapore

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current status quo or even reach a more comprehensive phase two trade deal in the months ahead.

### S'pore NODX YoY Growth Forecast



Source: CEIC, OCBC Bank Estimates

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