

## S'pore's NODX surprised on the upside at 16.1% yoy in June, aided by the re-opening of the S'pore economy after the two months of Circuit Breaker period.

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### Highlights:

**NODX surged 16.1% yoy in June, beating our and market expectations and heralds well for the re-starting of the economic engine after the Circuit Breaker period in April and May, albeit a low NODX base last year was also a contributing factor.** The main drivers were non-electronics (+14.5% yoy) as well as electronics (+22.2% yoy) exports. For non-electronics exports, the main contributors were non-monetary gold (which saw a volatile +238.0% yoy, amid a low base a year ago and also rising gold prices with the flight to safety), specialised machinery (+45.9%) and pharmaceuticals (again a key beneficiary of the ongoing Covid-19 pandemic with the step-up in Covid-19 test kits production for example). For the improvement in electronics exports growth, it was mainly led by ICs (+29.1% yoy but due to a low base a year ago amid the global electronics downturn), disk media products (59.8% yoy) and telcom equipment (+37.8% yoy).

**Some improvement also seen in our top NODX markets performance.** NODX to 7 of our top 10 NODX markets also rose in June, except for HK, Indonesia and Thailand. This was also an improvement from 6 NODX markets that grew in May. The NODX markets that performed well were the North Asian economies of Japan, South Korea and Taiwan, possibly due to the earlier re-opening of their economic activities, although the recent uptick of Covid-19 cases in Japan may dampen expectations of consumer spending snapback and in turn the economic recovery prospects going out.

**1H20 NODX growth is actually off to a positive start with 6% yoy growth notwithstanding the global Covid-19 pandemic and the domestic Circuit Breaker period.** The June NODX data suggests that the worst may be over, but do not expect the double-digit NODX growth momentum to be sustained into 2H 20. The road ahead is yet to be completely smooth sailing as external risks remain, namely with the second Covid-19 waves of infections seen to be slowing down the pace of re-openings in Hong Kong and some US states for example, and the need for continued generous life-support from major central banks and policymakers to keep business and consumer confidence on a more stable footing.

## Singapore

17 July 2020

**Pharmaceuticals exports remain the silver lining for NODX this year and its share of total NODX has risen to 13% in 1H20, up from 10% last year. Coupled with electronics exports that is contributing 22% of total NODX, these two segments are the mainstay for Singapore's NODX at this juncture. Barring a return to national lockdowns around the globe which appear less likely, full-year 2020 NODX growth is likely to be positive and outperform Enterprise Singapore's forecast of -1% to -4% yoy.**

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