

Singapore's NODX surprised with a stronger 17.6% yoy growth.

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Highlights

Singapore's March NODX growth surprised by accelerating to 17.6% yoy (21.8% mom sa) in March compared to 3.1% yoy growth in February. This exceeded both the Bloomberg market consensus of -8.0% yoy (-2.7% mom sa) and our forecast of -9.9% yoy (-16.6% mom sa). A relatively low NODX base last year and an acceleration in non-electronics exports (+20.5% yoy), especially pharmaceutical exports (+48.6% yoy), contributed to the unexpectedly better than expected March NODX performance. Nevertheless, one swallow does not make spring and does not herald that downside risks for 2Q have evaporated overnight, as illustrated by the worse-than-expected 1Q20 GDP contraction of 6.8% yoy.

Electronics exports also expanded 5.8% yoy, following 2.5% growth in February and led by disk media, ICs and IC parts, but the star performer really was non-electronics exports namely non-monetary gold (+242.5% yoy), specialised machinery and pharmaceuticals. Non-monetary gold exports were lifted by rising gold prices due to rising risk aversion and financial market volatility, while the Covid-19 pandemic is driving pharmaceutical supplies and is proving to be the silver lining in the interim.

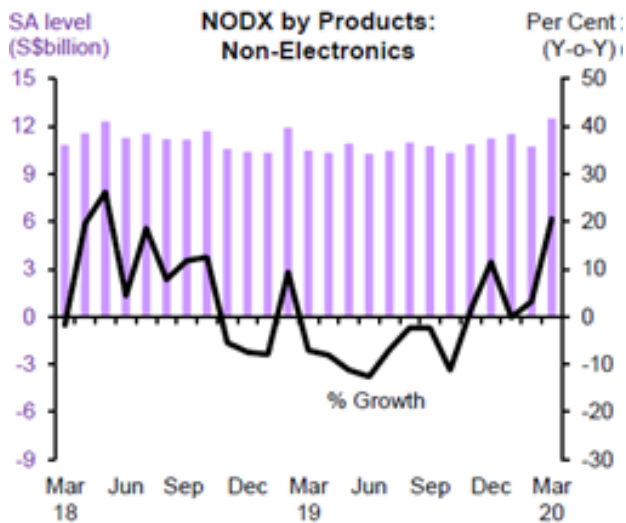
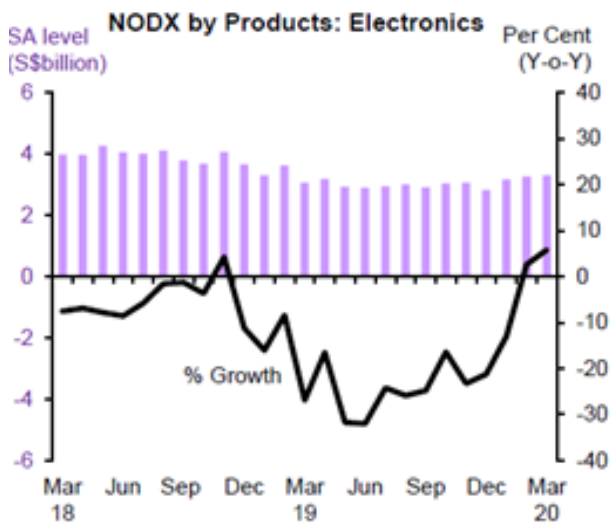
NODX to 7 of the top 10 NODX markets rose in March with the exception of Malaysia (-27.0% yoy with the MCO), Indonesia (-2.1% yoy with rising Covid-19 infections) and China (-0.5% yoy). Note for our major trading partners, Indonesia is set to bring 34 million people near Jakarta under partial lockdown while Malaysia has again extended its Movement Control Order to 28 April. Generally 2Q20 is likely to mark a further leg south compared to 1Q20 growth momentum due to the accelerating global Covid-19 infections/fatalities and stricter containment measures enacted around the world.

Downside risk still looms for April and beyond? With the one-month circuit breaker, and coupled with the rising probability of an extension, there may still be downside to come for domestic economic indicators as economic activity has been restricted to only essential services. While we see the biomedical cluster, especially pharmaceuticals exports, being sustained in the coming months due to the Covid-19 pandemic, NODX is likely to underperform again in April and possibly in the coming months as well. Note externally, the IMF had recently tipped a 3% contraction for the global economy in 2020 and many other countries (UK, India, etc) have also extended their lockdowns into May.

Singapore

17 April 2020

Singapore’s April NODX could contract 13.8% yoy and our full-year NODX forecast remains for a significant contraction of 4-6% yoy for 2020, albeit this is milder than 2019’s 9.2% yoy NODX contraction which was due to the drag from the US-China trade war and the geopolitical uncertainties. One interesting thing to watch would be NODX trade with China given the two-month lockdown for Hubei was lifted in late March and the Chinese government has gradually urged factories to resume production. If Chinese domestic demand snaps back in the coming months, then this could be another sliver of support for regional, especially ASEAN trade flows ahead in 2H20.



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

Top Market [^]	NODX		Electronic NODX		Non-Electronic NODX	
	Feb 2020	Mar 2020	Feb 2020	Mar 2020	Feb 2020	Mar 2020
Thailand	4.0	147.2	36.8	55.9	-7.3	174.1
US	23.5	22.5	71.4	46.8	15.9	19.3
Japan	61.6	47.6	-0.6	-28.4	81.9	67.9
EU 27	44.8	24.0	9.9	-18.2	51.6	31.3
Hong Kong	-29.2	34.4	-10.8	-1.1	-56.7	70.7
Taiwan	11.1	38.9	3.6	84.3	19.5	15.1
South Korea	67.3	33.6	-12.9	31.3	90.6	34.1
China	-35.8	-0.5	6.3	-3.3	-41.0	0.2
Indonesia	5.4	-2.1	-1.8	-4.6	6.2	-1.9
Malaysia	6.1	-27.0	-25.9	-31.8	37.7	-24.0

[^]: Ranked by contribution to the change in NODX levels over the year.

Source: Enterprise Singapore

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