

Singapore's NODX fell more than expected

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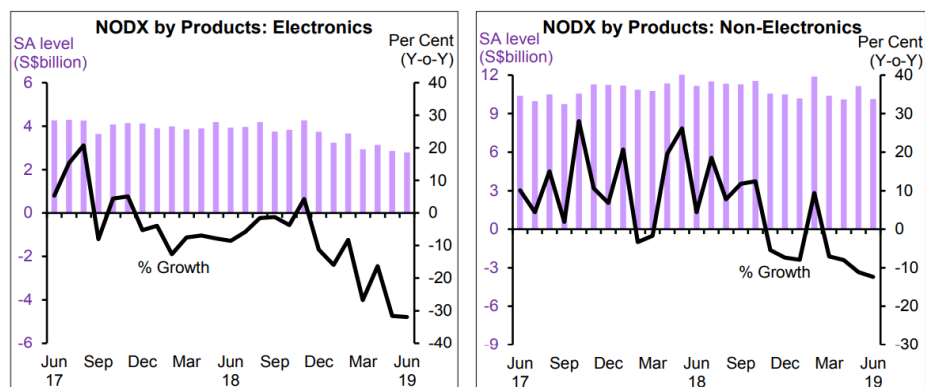
Highlights:

- **Singapore's non-oil exports (NODX) slumped more than expected by 17.3% yoy (-7.6% mom sa)**, as electronics exports plunged 31.9% yoy. This is the feeblest NODX growth pace since February 2013, and the deepest electronics export nosedive since January 2009 amid broad-based weakness. The May NODX data was also revised lower to a 16.3% yoy contraction (+5.8% mom sa), dragged by electronics again (-31.6% yoy). Moreover, electronics NODX to all top 10 NODX markets including the US all declined by double-digit growth again in June, which suggests that there is no light at the end of the tunnel for the electronics industry yet.
- **Non-electronics exports also fell by 12.4% yoy in June**, worse than the 11.1% decline in May, and marks its worst performance since October 2016. The key declines were seen in non-monetary gold (-50.2% yoy), petrochemicals (-16.7% yoy) and pharmaceuticals (-11.3% yoy). With pharmaceutical export growth sinking into the red again and with three out of six months this year also in the red, this suggests that the May NODX performance of 28.5% yoy was potentially only a blip and that pharmaceutical exports may not be a reliable pillar of support to offset ongoing electronics export weakness.
- **In particular, 9 of the top 10 NODX market saw NODX contract in June, with the key exception of the US at +1.5% yoy** (the 5th straight month of expansion). Notably, NODX to China declined by double-digits at -15.8% yoy, joining others like HK (-38.2%), Taiwan (-28.3%), Japan (-23.2%), South Korea (-22.7%) and Malaysia (-18.4%). This appears to suggest that NODX to the US market remains the sole man standing at this juncture, barring further developments on the US-China trade front. Overnight, US president Trump again threatened China with more tariffs "if we want" amid his ongoing disappointment at the extent of Chinese purchases of agricultural goods.
- **The ongoing global trade tensions, global/China and electronics slowdown will likely continue to take a toll.** 1H19 NODX already contracted by 10.6% yoy, registering the most lacklustre first half performance since 1H09 (-20.3% yoy). In our [2H19 global outlook report](#), our theme was "it never rains, but pours" and for Singapore we noted that "The drag remains mainly on the external front as Enterprise Singapore has cut its 2019 NODX growth forecast from 0% to -2%. Our NODX growth

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forecast for 2019 is -5 to -8% yoy.” The million dollar question is whether 3Q19 NODX will remain tepid and if the full-year NODX growth contraction could see further downside risk from the -8% yoy floor for our NODX forecast range.



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

Top Market [^]	NODX		Electronic NODX		Non-Electronic NODX	
	May 2019	Jun 2019	May 2019	Jun 2019	May 2019	Jun 2019
Hong Kong	-25.7	-38.2	-25.3	-37.6	-27.0	-39.2
China	-23.3	-15.8	-33.8	-36.0	-20.4	-11.3
EU 28	-10.1	-22.1	-19.9	-36.0	-9.1	-19.5
Taiwan	-34.7	-28.3	-54.9	-41.0	2.8	-13.2
Malaysia	-14.7	-18.4	-47.1	-22.2	9.5	-16.1
Japan	-31.2	-23.2	-33.7	-25.5	-30.6	-22.7
South Korea	-12.1	-22.7	-28.1	-32.2	-6.3	-19.5
Thailand	-7.5	-14.4	-31.2	-38.1	8.8	-0.4
Indonesia	-25.4	-8.3	-22.4	-19.7	-25.8	-6.9
US	0.2	1.5	-28.6	-21.2	7.2	7.2

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

Source: Enterprise Singapore

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