

Singapore

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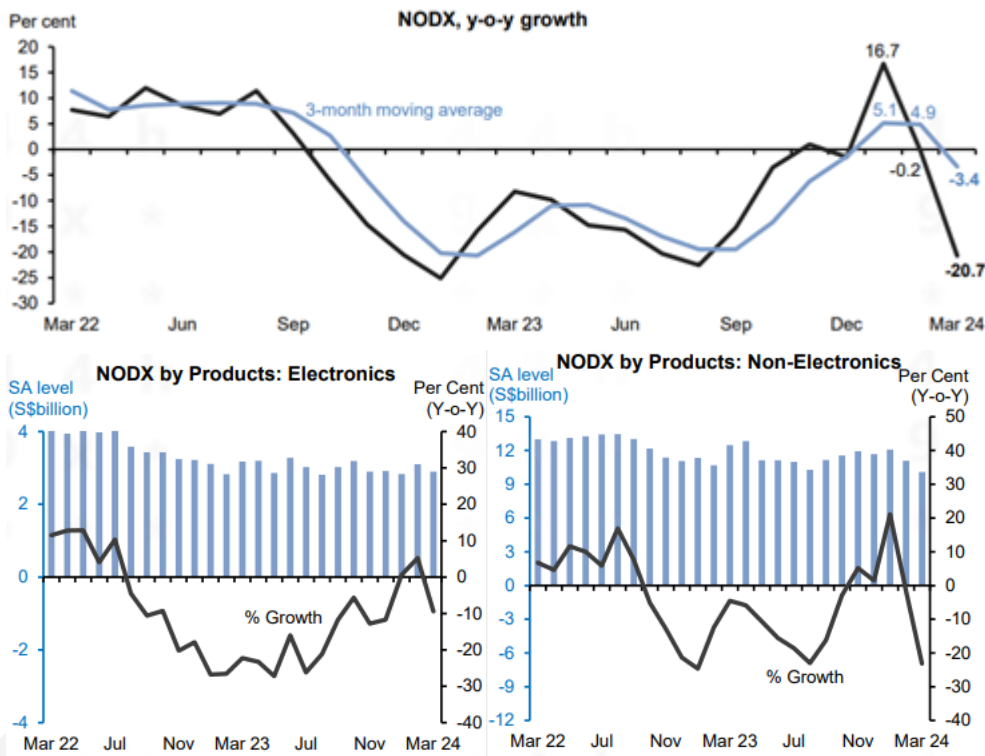
S'pore's March NODX tumbled 20.7% YoY (-8.4% MoM sa), with board-based weakness in electronics and non-electronics exports

Highlights:

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- **Singapore's NODX tumbled more than expected by 20.7% YoY (-8.4% MoM sa), in March**, worse than our forecast of -8.0% YoY and the Bloomberg consensus forecast of -7.4% YoY. The February NODX data was also revised slightly lower to -0.2% YoY (-4.9% MoM sa). This is a sharp turnaround from the 16.7% YoY expansion in January but was mostly attributable to the high base last year at \$17.6 billion (highest in 20230 versus the full-year monthly average of \$14.4 billion in 2023), especially for non-electronics.
- **Notably, electronics exports reversed direction to decline 9.4% YoY in March**, after expanding 5.2% in February and 0.7% YoY in January. This marked the weakest electronics exports print since December 2023, and is clearly a damp squib for hopes of green shoots emerging for the electronics industry. **Non-electronics exports also deteriorated to -23.2% YoY in March**, worse than the revised -1.7% YoY in February. In particular, pharmaceuticals exports slumped 70.3% YoY, possibly the largest decline ever. Meanwhile, exports of structures of ships and boats also plunged 99.8% and non-monetary gold also decreased 49.1%.
- **For the top 10 NODX markets, only 3 saw NODX growth in March**, namely Hong Kong (16.5% YoY), China (11.9% YoY versus -0.1% in February) and Taiwan (2.0% versus -16.0% in February). For the NODX going to China and Taiwan, it was interesting that non-electronics NODX growth to China and Taiwan managed to offset the electronics NODX weakness, whereas the converse was true for Hong Kong. For the 7 top NODX markets that contracted in March, the soft patch was led by the US (-50.2% versus +17.1% previously, due to weakness in pharmaceuticals, structures of ships & boats, and specialised machinery), the EU 27 (-45.4% YoY versus -7.3% previously, due to the drag from pharmaceuticals, specialised machinery and telecom equipment) and Japan (-36.5% YoY versus -37.2% previously, weighed down by pharmaceuticals, measuring instruments and miscellaneous manufactured articles). This contrasts with the February NODX performance where the three outperforming markets were the US, Indonesia and Hong Kong. For March, the weakness for the US and EU 27 markets were broad-based across both electronics and non-electronics NODX.

- NODX shrank 3.3% YoY in 1Q24**, worse than the -1.4% YoY in 4Q23. Given that this is significantly weaker than the +1.8% YoY NODX growth we had forecast for 1Q24 prior to today's release of March NODX data, there is some downside risk to our full-year 2024 NODX forecast of 4-6% YoY. Assuming that electronics NODX will narrow to -0.2% YoY in 2Q24, from -1.5% YoY in 1Q24, one key consideration would also be the trajectory of non-electronics NODX ahead. Note the IMF had recently revised up its 2024 global growth forecast from 3.1% in January to 3.2%, while leaving its 2025 growth forecast unchanged at 3.2%, but warned of risks from high borrowing costs and the withdrawal of fiscal support amid sticky inflation in the near-term. IMF upgraded the 2024 growth forecast for the US to 2.7% (previously 2.1%), maintained China at 4.6% and cut the Eurozone to 0.8% (previously 0.9%). China's 1Q24 GDP growth had beat market expectations at 5.3% YoY, albeit March data for retail sales and industrial output suggest some tapering off in momentum. Since the overall external demand picture and global growth environment remains largely on track for a soft landing scenario this year, albeit still bumpy in 1H24 and subject to the fluctuating market speculations about the timing and magnitude of the global monetary policy easing cycle, the lower end of the 4-6% NODX growth forecast range may still be within reach if the electronics recovery still materialises in 2H24 and non-electronics NODX stabilises from here. There is no change to our full-year 2024 GDP growth forecast of ~2% YoY for now, even if the flash 1Q24 GDP growth estimate of 2.7% YoY (0.1% QoQ sa) may be revised down pending the March industrial production data release on 26 April.



Source: EnterpriseSingapore

| Top Markets [^] | NODX | | Electronic NODX | | Non-Electronic NODX | |
|--------------------------|----------|----------|-----------------|----------|---------------------|----------|
| | Feb 2024 | Mar 2024 | Feb 2024 | Mar 2024 | Feb 2024 | Mar 2024 |
| US | 17.1 | -50.2 | -25.6 | -33.5 | 25.5 | -51.8 |
| EU 27 | -7.3 | -45.4 | -21.0 | -35.0 | -4.3 | -46.7 |
| Japan | -37.2 | -36.5 | -3.7 | 15.5 | -42.7 | -45.5 |
| Malaysia | -13.0 | -11.2 | -11.0 | -22.8 | -14.4 | -1.6 |
| South Korea | -1.9 | -12.6 | 4.4 | 16.5 | -4.0 | -18.5 |
| Thailand | -7.7 | -12.8 | -19.4 | 14.0 | -0.9 | -22.6 |
| Indonesia | 8.0 | -10.3 | -34.6 | -24.3 | 12.0 | -9.1 |
| Taiwan | -16.0 | 2.0 | 10.7 | -14.3 | -38.9 | 16.7 |
| Hong Kong | 141.9 | 16.5 | 173.0 | 67.9 | 103.0 | -20.6 |
| China | -0.1 | 11.9 | -12.7 | -16.5 | 1.9 | 16.3 |

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

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