

Singapore's NODX reflected the sharp global demand downturn in December 2022

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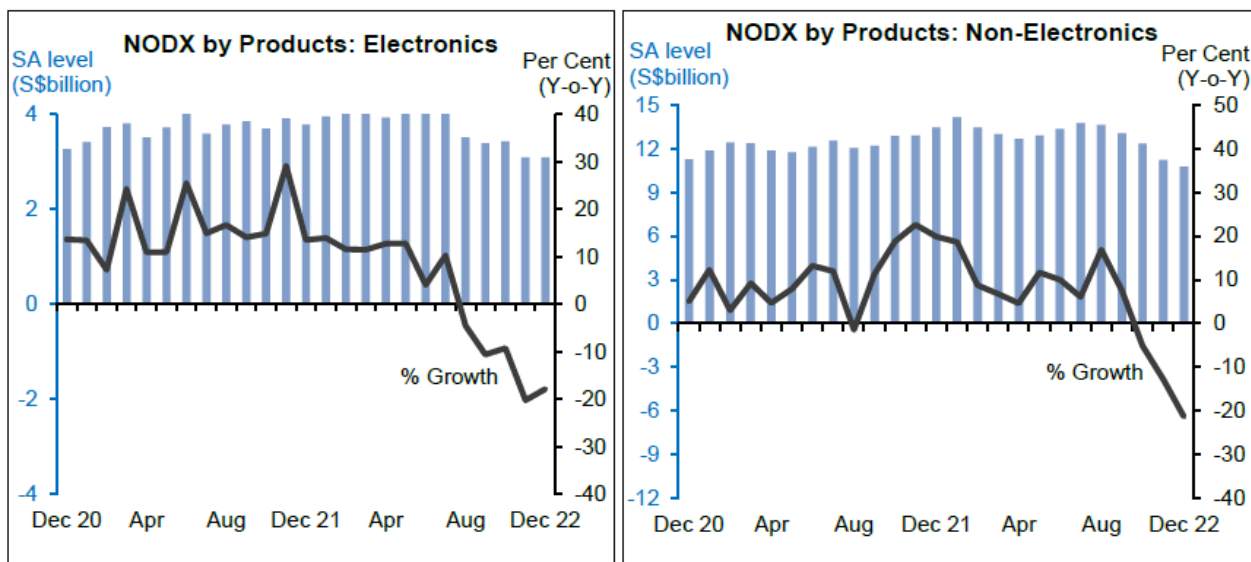
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Highlights:

- **Singapore's NODX slumped 20.6% YoY (-3.3% MoM sa), its worst plunge since February 2013.** This is lower than the Bloomberg consensus forecast of -16.0% YoY (0.2% MoM sa) and our forecast of -13.5% YoY. The main drags came from electronics exports which fell by double-digit again by 17.9% YoY due to weakness in ICs, disk media products and PC parts, while non-electronics exports also contracted 21.3% YoY due to declines in non-monetary gold, specialised machinery, and primary chemicals. The November NODX contraction was also revised lower to 14.7% YoY. This brought full-year 2022 NODX growth to 3.5%, which is the slowest annual growth since 2019, against underperformed 2021's 12.2% and 2020's 4.4% growth.

- **Notably, NODX to 8 of the top 10 NODX markets fell in December with the exception of South Korea and Japan.** NODX decreased mainly to China (-31.8% YoY), Hong Kong (-34.6%), Indonesia (-35.4%) and Malaysia (-15.7%), which reinforced the global/regional demand slowdown theme. The Covid situation in China, particularly the caution amid the re-opening announcement in early December, likely weighed on economic activities, which is reflected in the dampened NODX of specialised machinery, pharmaceuticals and primary chemicals to China. It was a similar story for NODX to Hong Kong which saw specific weakness in ICs, specialised machinery and electrical machinery, whereas the decline in NODX to Indonesia was attributable to non-monetary gold, petrochemicals and telecommunications equipment. The major economies were not immune either, with NODX to US sinking into the red with -1.9% YoY while that to EU27 market also turned south with -3.7% YoY in December.

- **Looking ahead, 1Q23 NODX outlook remains grim due to rising global recession fears.** Even though China's re-opening came a bit earlier than expected, the post-exit Covid wave is likely to dampen its near-term growth prospects before paving the way for a stronger recovery in subsequent quarters. China just reported slightly better than expected 4Q22 GDP growth of 0% QoQ sa (2.9% YoY), but the December retail sales remained weak suggesting that poor consumption sentiments. Until the global central banks including the US Federal Reserve clearly pivot to a rate pause and the prevailing recession worries abate, global demand conditions are likely to continue to be weighed down in 1Q23. Our forecast is for 1Q23 NODX to continue to contract by up to 17% YoY given the high base in 1Q22. For the full-year 2023, NODX may contract by up to 3% YoY, assuming some stabilisation in 2H23.



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

Top Market [^]	NODX		Electronic NODX		Non-Electronic NODX	
	Nov 2022	Dec 2022	Nov 2022	Dec 2022	Nov 2022	Dec 2022
China	-31.2	-31.8	-22.0	-24.9	-32.9	-33.0
Indonesia	-4.9	-35.4	-41.7	-34.5	1.5	-35.5
Hong Kong	-41.0	-34.6	-43.9	-30.5	-35.3	-40.1
Taiwan	-3.8	-17.0	-32.2	-37.7	31.5	-1.4
Malaysia	-12.9	-15.7	3.1	-6.8	-21.9	-21.0
Thailand	-15.9	-23.9	-46.3	-28.5	3.0	-21.7
EU 27	7.3	-3.7	3.1	5.6	8.0	-5.2
US	0.5	-1.9	-5.5	-5.3	1.8	-1.0
Japan	6.7	6.8	49.3	10.1	-1.3	5.9
South Korea	-5.4	14.3	-35.7	-9.0	11.9	19.8

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

Source: EnterpriseSingapore

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