

## August NODX data points to upside risk for 2020 NODX growth forecast

Selena Ling

Head of Research and Strategy

+65 6530 4887

[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)

### Highlights:

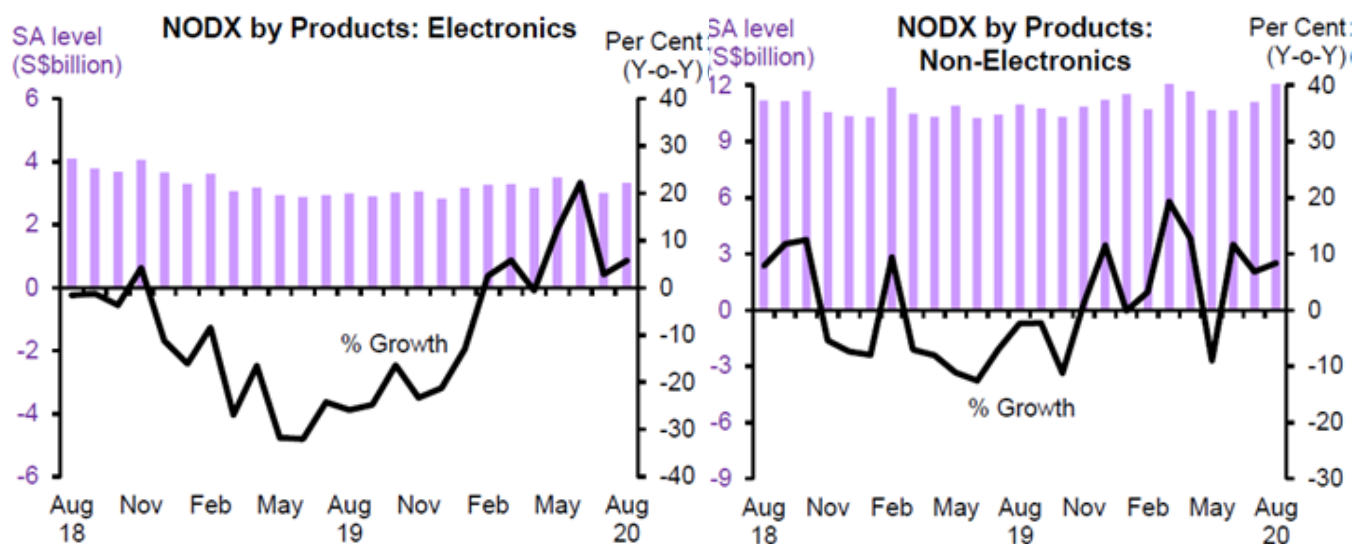
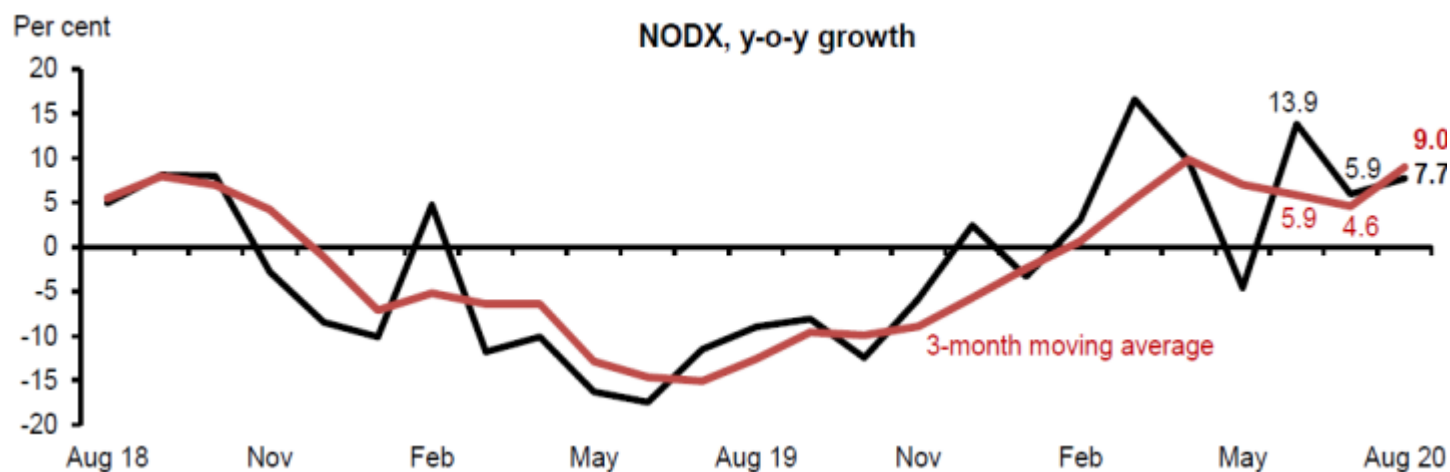
**NODX beat expectations to expand 7.7% yoy (+10.5% mom sa) in August**, while the July data was revised down marginally by 0.1% point to 5.9% yoy. This also marked the third straight month of on-year NODX growth after a brief contraction of 4.6% yoy in May 2020. Both non-electronics and electronics exports grew by 8.3% and 5.7% yoy respectively in August, up from 6.9% and 2.8% yoy in July.

**Aiding the improvement in electronics exports were the ICs** (+7.1% yoy), PCs (+15.2% yoy) and disk media products (+11.8% yoy), whereas parts of PCs (-20.6%) and diodes & transistors (-2.7%) remained soft. Electronics exports also rose 6.9% mom and the sequential improvement suggests that the global electronics cycle may be picking up speed. This is also reflected in the strength of electronics exports to key markets like Taiwan (+37.6% yoy) and South Korea (+34.8% yoy) in August, whilst that to China also rebounded strongly from -16.3% in July to +9.2% yoy in August.

**Non-electronics exports also expanded for the third straight month in August.** The key drivers of non-electronics exports were again non-monetary gold (+55.1%), specialised machinery (+24.7%) and food preparations (+18.9%). Non-monetary gold exports to China and EU27 were also among the key product beneficiaries. Meanwhile, pharmaceuticals exports rose 5.6% yoy, but slower than the double-digit growth seen in June-July, whereas petrochemicals continued to fall by 16.4% yoy.

**The top 10 NODX markets performance was also encouraging, with the number of NODX growth to key markets expanding from 5 in July to 6 in August**, led by the EU27 (+30.2% yoy), China (+24.5% yoy, with recent robust economic indicators again testifying to its First-In-First-Out status from the Covid-19 pandemic), and also the US (+14.1% yoy). The exceptions were Indonesia (-21.9% yoy, which could be further exacerbated by the fresh lockdown in Jakarta for September amid the uptick in Covid cases), Hong Kong (-11.8% yoy), Malaysia (reverted back to contraction of 5.0% yoy versus +3.9% in July) and also Thailand (-2.6% yoy). In particular, the double-digit contraction in non-electronics NODX to Indonesia (-21.5% yoy), Malaysia (-13.1% yoy) and Thailand (-10.3% yoy) underpins the weak private consumption story in those economies.

**More upside for 2020 NODX growth forecast?** Year-to-date NODX growth is already 5.9% yoy, with electronics and non-electronics chalking up growth of 4.0% and 6.5% yoy respectively. Recall that Enterprise Singapore had earlier raised the 2020 NODX growth forecast to 3-5% yoy. At the current run rate, it is plausible that the full-year NODX growth will be at the top-end of the forecast range and even potentially exceed the 6% handle slightly. Notwithstanding the ongoing US-China tensions, China's recovery is currently aided by its dual circulation thrust and may receive another boost from the prospects of an impending Chinese Covid-19 vaccine to be ready for general public use by November. Even US president Trump is tweeting that a vaccine could be available before the 3 November elections. The global growth prognosis has also been modestly improving with the re-opening of economies. Note the OECD had also just upgraded its 2020 global growth forecast to contract by a milder 4.5% compared to -6% tipped three months ago with China as the sole G20 economy to see positive growth this year, while the US Federal Reserve now expects 2020 US GDP growth to shrink 3.7% compared to -6.5% three months ago. **All these factors could provide a potential upside risk and we upgrade our 2020 NODX growth forecast from 4% to around 6% yoy.**



Top Market <sup>^</sup>	NODX		Electronic NODX		Non-Electronic NODX	
	Jul 2020	Aug 2020	Jul 2020	Aug 2020	Jul 2020	Aug 2020
China	-5.4	24.5	-16.3	9.2	-2.6	27.0
EU 27	-8.8	30.2	-22.1	-0.3	-6.4	34.6
US	98.7	14.1	28.5	28.2	114.1	10.1
Taiwan	18.7	18.5	24.8	37.6	12.8	2.5
South Korea	56.2	12.0	-12.0	34.8	76.9	7.2
Japan	14.5	5.2	9.5	5.4	15.7	5.2
Thailand	-24.7	-2.6	5.4	11.5	-38.3	-10.3
Malaysia	3.9	-5.0	34.0	10.3	-9.3	-13.1
Hong Kong	-15.1	-11.9	-11.8	-22.7	-21.7	22.0
Indonesia	-20.7	-21.9	-3.6	-24.5	-23.2	-21.5

<sup>^</sup>: Ranked by contribution to the change in NODX levels over the year.

Source: Enterprise Singapore

## Treasury Research & Strategy

### Macro Research

**Selena Ling**
*Head of Research & Strategy*
[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)
**Tommy Xie Dongming**
*Head of Greater China Research*
[XieD@ocbc.com](mailto:XieD@ocbc.com)
**Wellian Wiranto**
*Malaysia & Indonesia*
[WellianWiranto@ocbc.com](mailto:WellianWiranto@ocbc.com)
**Terence Wu**
*FX Strategist*
[TerenceWu@ocbc.com](mailto:TerenceWu@ocbc.com)
**Howie Lee**
*Thailand, Korea & Commodities*
[HowieLee@ocbc.com](mailto:HowieLee@ocbc.com)
**Carie Li**
*Hong Kong & Macau*
[carierli@ocbcwh.com](mailto:carierli@ocbcwh.com)
**Dick Yu**
*Hong Kong & Macau*
[dicksnyu@ocbcwh.com](mailto:dicksnyu@ocbcwh.com)

### Credit Research

**Andrew Wong**
*Credit Research Analyst*
[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)
**Ezien Hoo**
*Credit Research Analyst*
[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)
**Wong Hong Wei**
*Credit Research Analyst*
[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)
**Seow Zhi Qi**
*Credit Research Analyst*
[ZhiQiSeow@ocbc.com](mailto:ZhiQiSeow@ocbc.com)

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).