

S'pore NODX star shines brighter in March

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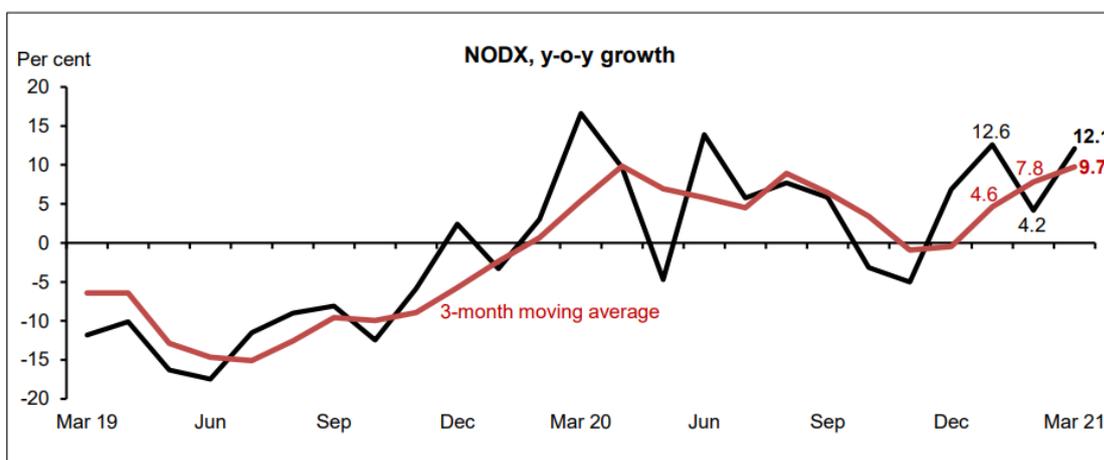
Highlights:

NODX surged 12.1% yoy, beating both consensus and our forecast despite the relatively high base in March 2020 (+16.6% yoy), and bringing the 1Q21 NODX growth to a stellar 9.7% yoy. The outperformance was driven by electronics which jumped 24.4% yoy (+7.7% mom) in March, compared to the 7.3% yoy growth seen in February, with PCs, diodes and transistors, parts of PCs, and ICs seeing strong double-digit growth as well. This is a clear indication that S'pore's semiconductor industry is benefiting from the ongoing global chip shortage.

Non-electronics exports also accelerated to 9.4% yoy in March, up from 3.2% yoy in February. The improved performance was driven by the chemicals cluster (+36.3% yoy), especially pharmaceuticals that rebounded 25.5% yoy (previously -33.4% yoy) amid ongoing Covid-related demand, petrochemicals (+51.4% yoy) due to the low base last year in a global down-cycle, and specialised machinery (+35.1% yoy) amid the uptick in global growth prospects and recent fiscal stimulus packages (eg. in the US).

NODX to our top 10 markets saw 6 of our top NODX markets expand in March, with the exception of US (-19.8% yoy), Japan (-28.7% yoy), Hong Kong (-13.1% yoy) and Thailand (-50.7% yoy). The NODX growth was boosted by demand from China (+46.4% yoy in its third straight month of expansion and reinforcing the strong Chinese recovery story), Malaysia (+47.0% yoy) and Indonesia (+25.4% yoy) and Taiwan (+24.0% yoy) and South Korea (+17.3% yoy) as Covid vaccinations were progressively rolled out in these countries.

There is definitely upside risk to our existing NODX forecast of 2% yoy, and we are now looking at a 2-4% yoy forecast, assuming that the global vaccine-aided recovery theme continues to take root and blossom into 2H21.



Note: On a 3-month moving average (3MMA) y-o-y basis, NODX rose by 9.7% in March 2021, following the 7.8% growth in February 2021.

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

Top Market [^]	NODX		Electronic NODX		Non-Electronic NODX	
	Feb 2021	Mar 2021	Feb 2021	Mar 2021	Feb 2021	Mar 2021
China	17.3	46.4	14.4	12.5	17.9	53.9
EU 27	-34.7	31.6	-30.0	39.1	-35.3	30.8
Malaysia	-7.8	47.0	-12.7	29.4	-5.2	57.2
Taiwan	16.5	24.0	10.6	16.7	22.3	30.1
Indonesia	-0.6	25.4	20.4	86.9	-2.9	19.7
South Korea	29.6	17.3	103.3	27.0	19.8	15.4
Hong Kong	10.7	-13.1	13.6	47.9	1.8	-49.1
Japan	-18.0	-28.7	18.2	8.8	-24.5	-32.9
US	-5.3	-19.8	1.2	-1.3	-6.9	-22.7
Thailand	-9.2	-50.7	-4.9	16.6	-11.4	-62.0

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

Source: Enterprise SG

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