

## Singapore's NODX may turn the corner by December 2023, partly due to a low base in 4Q22

### Highlights:

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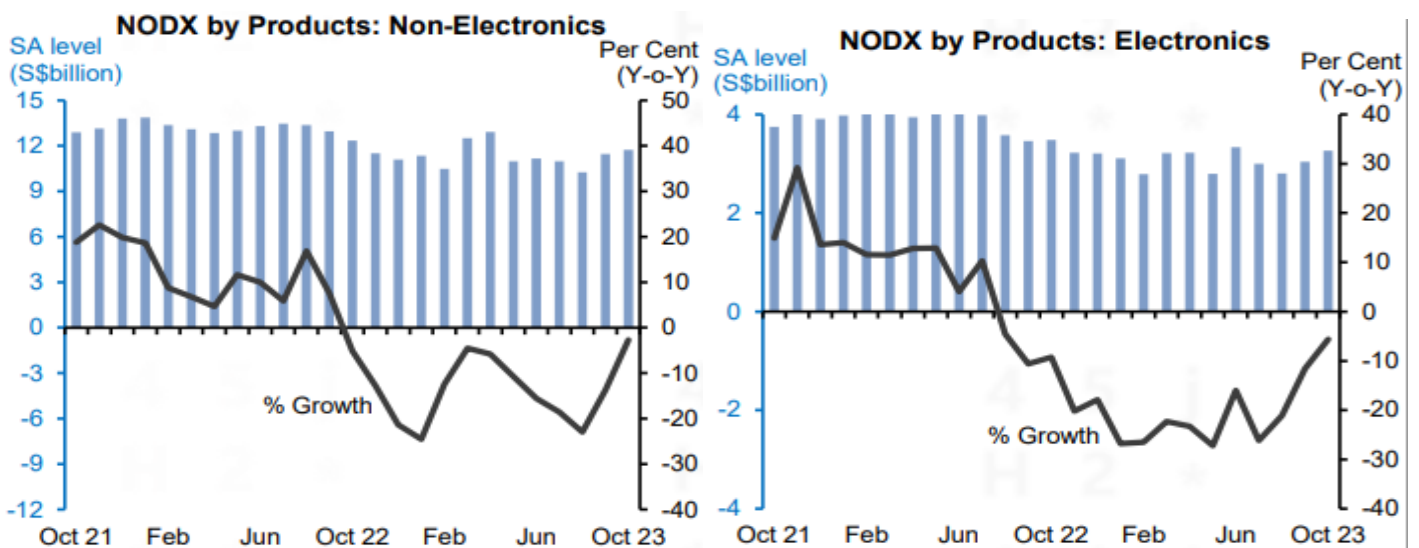
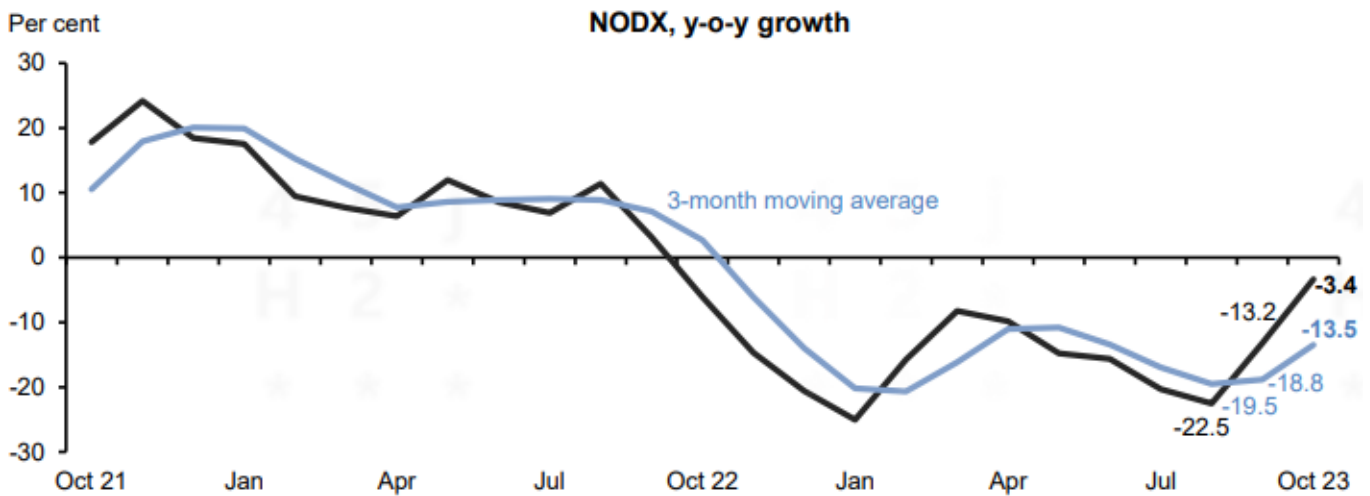
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- **Singapore's October NODX fell for the 13th consecutive month, albeit by a smaller-than-expected 3.4% YoY and actually rebounded 3.4% MoM sa.** This beat Bloomberg consensus forecast of -6.0% YoY (2.0% MoM sa) but is closer to our forecast of -4.6% YoY (3.6% MoM sa). Both electronics and non-electronics exports contracted less due to a low base. Notably, electronics exports contracted a narrower 5.6% YoY in October, compared to -11.6% in September, and marked the smallest decline since August 2022 (-4.5% YoY) even though this is still the 15th consecutive month of contraction. Non-electronics exports also eased to a 2.7% YoY decline in October, compared to a 13.7% YoY drop in September, but still marked the 13th straight month of contraction. Food preparations, non-electric engines & motors, and electrical machinery were the main drags for non-electronic exports.

- **6 of the top 10 NODX markets continued to underperform in October,** led by Taiwan (-43.7% YoY), the US (-13.8%) and South Korea (14.7%). Nonetheless, NODX to China, the EU 27, Thailand, and Hong Kong improved in October, which is better than the three NODX markets (US, Hong Kong and China) that saw positive growth in September. NODX to China has risen for the second consecutive month by double-digit growth, partly due to the low base a year ago, but nevertheless suggests that the Chinese economy has likely bottomed even though the recovery pace remains uneven. Meanwhile, the abrupt pullback in NODX to the US market in October was mainly due to non-electronics, particularly food preparations (-69.5% YoY), diodes & transistors (-73.7%), and pharmaceuticals (-34.3%).

- **With YTD NODX performance at a weak -15.0% YoY, and assuming that November-December 2023 NODX will resurface above water to ~2.8% YoY, we're looking at full-year 2023 NODX growth at -12.5% YoY.** If this materialises, this would still be the worst annual NODX performance since 2021 (-14.5% YoY), but at least the recent tea leaves suggest that the global electronics cycle may have bottomed and is looking to stabilize in the months ahead. **For 2024, S'pore's NODX growth may rebound to 4-6% YoY,** partly due to the low base in 2023 and assuming that the global economy may still see a modest slowdown in some of the major economies like the US and rangebound growth prospects in China, albeit the global electronics industry should be stabilizing after the current de-stocking cycle. However, the NODX growth trajectory may remain soft in 1H24 before accelerating in 2H24, possibly when the global monetary policy easing cycle starts to kick in and in turn support overall risk sentiments and demand conditions.



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

Top Markets <sup>^</sup>	NODX		Electronic NODX		Non-Electronic NODX	
	Sep 2023	Oct 2023	Sep 2023	Oct 2023	Sep 2023	Oct 2023
Taiwan	-34.9	-43.7	-18.8	-24.9	-44.8	-53.6
US	9.7	-13.8	-2.9	2.3	12.5	-16.9
South Korea	-29.2	-14.7	-20.2	-7.4	-32.9	-17.0
Indonesia	-45.3	-10.5	-49.4	-22.5	-44.9	-9.0
Malaysia	-19.8	-6.3	-30.5	-26.1	-13.8	7.8
Japan	-27.2	-5.5	17.8	52.8	-35.7	-21.3
Hong Kong	55.0	2.2	4.0	0.9	158.0	3.6
Thailand	-29.8	5.3	-0.4	19.7	-39.2	-1.7
EU 27	-9.2	5.9	30.8	14.5	-16.8	4.0
China	26.2	38.5	-13.0	-12.8	34.7	50.7

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

Source: Enterprise Singapore

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