

## Singapore: Feb NODX Lifted By Non-Electronics

NODX came in below our expectation (UOB: +10.0%; Mkt: 8.5%) at 7.3%/y/y in Feb as electronics shipments turned in disappointing performance. Nonetheless, overall NODX growth was higher than 2.8% in Jan, supported by a low base last year. Adjusted for seasonal factors, NODX was down 0.4%/m/m in Feb after the sharp 8.4% rebound in Jan.

Electronic NODX contracted for the 13th straight month in Feb, falling 1.3%/y/y despite the low base last year. Nonetheless, the pace of decline has moderated compared with -8.2% in 4Q07. In Feb, the sharpest contraction was in consumer electronics (-38.6%/y/y) while ICs shipments were down 0.2%/y/y. The outlook for electronics demand is expected to remain weak in 1H08 due to the global economic uncertainty but a modest recovery could set in by the later part of the year. The SEMI book-to-bill ratio - leading indicator for the electronics sector - suggests that global electronics demand could be holding up. The ratio has risen slightly to 0.89 in Jan from 0.85 in Dec and recent low of 0.79 in Sep-2007.

Non-electronic shipments jumped 13.9%/y/y in Feb, led by the upturn in pharmaceutical NODX and strong petrochemicals NODX. Pharmaceutical exports were up 7.6%/y/y in Feb after double-digit decline in each of the three preceding months. We expect non-electronics NODX to remain the key driver for NODX growth this year after 13.0% expansion in 2007.

Overall for 2008, we expect NODX growth to pick up to 4.5% from 2.3% last year, helped by pharmaceutical shipments which are likely to be less affected by the business cycles. The government is expecting NODX growth of 4-6% this year.

Non-electronics was Key Driver for Feb NODX Growth (y/y, %)				
	4Q07	Dec 07	Jan 08	Feb 08
Total NODX	-0.4	-4.5	2.8	7.3
Electronics	-8.2	-9.2	-1.8	-1.3
Disk Drives	-15.0	-26.8	20.4	-3.0
ICs	-19.6	-22.9	-4.7	-0.2
Parts of PCs	-3.3	9.9	0.6	0.7
Parts of ICs	69.5	58.1	21.6	21.0
Consumer electronics	24.4	17.4	-30.9	-38.6
Non-Electronics	6.1	-0.8	6.2	13.9
Pharmaceuticals	-8.0	-11.1	-26.7	7.6
Petrochemicals	7.7	2.5	7.2	10.5

Source: EDB