

Friday, 17 July 2009

# Flash Notes

## Singapore: NODX Declines Continue to Lessen in June

Contraction in Singapore's non-oil domestic exports continue to moderate in June, in line with improvements seen in the global as well as the local economy. On year, the pace in NODX decline of 11% was the smallest in 9 months, and slightly better than our forecast of -11.7% (market: -11.5%). Jun's NODX is better than the 12.3% y/y contraction in May. Compared to the previous month, NODX shrank 5.2% on a seasonally adjusted basis, reversing the 5.3% expansion in May. The improvement in NODX was largely boosted by pharmaceutical exports, which have also shown sterling growth in industrial output in the 2Q.

With the surge in pharmaceutical manufacturing in the 2Q, pharma exports was unsurprisingly the main driver of NODX in June, growing 1.1% y/y, although this was far lower than the 40.2% increase in May and 41.6% y/y expansion in Apr. Exports of electronic products shrank 21.5%, about the same pace as May's 21.8% y/y contraction. In terms of major NODX markets, exports to EU plunged 36.2% y/y in Jun, following a 9.6% y/y contraction in May. Exports to US and China showed a moderation in declines, with NODX falling 5% and 9%, respectively in Jun, better than the -35.2% and -17.9% in May.

Singapore's NODX looks likely to improve in the next few months ahead, albeit slowly. Companies replenishing their inventories are lifting Singapore's exports and stronger manufacturing numbers in 2Q also bode well for exports. 2Q industrial output recorded only a 1.5% contraction compared to -24.3% in the 1Q. The expansion trend is also reflected in the latest Purchasing Managers' Index. Jun's reading showed an expansion of 51.1 vs May's 51.2, while the index for the electronics sector was 55 compared to May's 52.9 on new orders from domestic as well as overseas markets. We reiterate though, that a quick recovery of Singapore's NODX is not expected, and the sustainability of the pick-up in NODX is questionable. Signs of a turnaround in US consumer spending has not happened yet, what with continuing job cuts and the burgeoning jobless rate.

NODX Declines Continue to Lessen in June (y/y%)			
	Apr-09	May-09	Jun-09
Total NODX	-19.2	-12.3	-11.0
Electronics	-25.6	-21.8	-21.5
Disk Drives	-35.9	-28.2	-14.1
ICs	-18.5	-3.3	-4.9
Parts of PCs	-33.5	-27.3	-18.7
Parts of ICs	-26.2	-32.9	-45.6
Diodes and Transistors	1.3	-20.9	-15.2
Non-Electronics	-14.8	-5.9	-4.6
Pharmaceuticals	41.6	40.2	1.1
Petrochemicals	-39.3	-37.2	-36.2
Source: IE Singapore			

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