

Singapore: NODX Deteriorating at a Fast Pace

November non-oil domestic exports slipped to 17.5% y/y, a reflection of the fast-deteriorating global demand. This is the steepest drop since Feb 02, and the 7th consecutive month of contraction. The decline in Nov NODX follows on from Oct's 15.3% drop and came in worse than market expectations of -15%. On a monthly basis, after seasonal adjustments, NODX shrank by 2.8% in Nov, following Oct's 7.5% decline.

The Nov slump brings to mind the string of double-digit declines seen during the technology bubble bursting in 2001. During that time, NODX declines started in Mar 01, and contracted for 13 consecutive months (from Mar 01 to Mar 02), while declines ranged from -1% y/y to -31% y/y at one point. We might see this being played out again. Singapore's gloomy Nov export figures are in line with similar export contractions already reported in China, South Korea and Taiwan-which all posted negative growth earlier this month.

Singapore's NODX were dragged down by both lower electronic and non-electronic NODX. Electronic NODX fell 17.3% y/y in Nov, the 22nd consecutive month of contraction, after shrinking 15.2% in Oct. This was led by a decline in exports of consumer electronics, parts of Integrated Circuits (ICs) and telecommunications equipment. As for non-electronic NODX, this came down by 17.6% y/y in Nov, following a 15.6% contraction in Oct. Lower domestic exports of pharmaceuticals, petrochemicals, primary chemicals and electrical circuit apparatus led the decline.

Exports to all the top 10 NODX markets dropped last month, with the top contributors to the decline being EU 27, the US and China. EU 27, the US, and China showed 25.6%, 27.4% and 27.6% declines y/y respectively. On the whole, we expect to see full-year NODX contracting by about 7% this year. Global demand for electronics and non-electronics exports will continue to stay bleak, as consumers in recession-hit US and EU 27 pare down their appetite for these goods.

The negative NODX figures sets the tone for weak manufacturing output data, which will be out next week. If manufacturing output comes in similarly poor, we might see a lower GDP growth for 2008. We have forecasted a 2.3% growth for this year, but might revise this to 2% or slightly lower pending the outcome of manufacturing data next week.

Electronics and Non-Electronics NODX Led the Decline in Nov (y/y%)			
	Sep-08	Oct-08	Nov-08
Total NODX	-5.7	-15.4	-17.5
Electronics	-10.7	-15.2	-17.3
Disk Drives	-8.1	1.6	-16.4
ICs	0.0	-7.3	4.2
Parts of PCs	7.0	-4.5	9.3
Parts of ICs	-2.1	-31.6	-61.1
Consumer Electronics	-61.3	-53.3	-65.1
Non-Electronics	-2.0	-15.6	-17.6
Pharmaceuticals	-28.7	-38.9	-48.1
Petrochemicals	13.3	-15.1	-45.5
Source: IE Singapore			

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