

# Macro Note

## Singapore: Sep NODX Suggests Shifting Profile Of Export Destination

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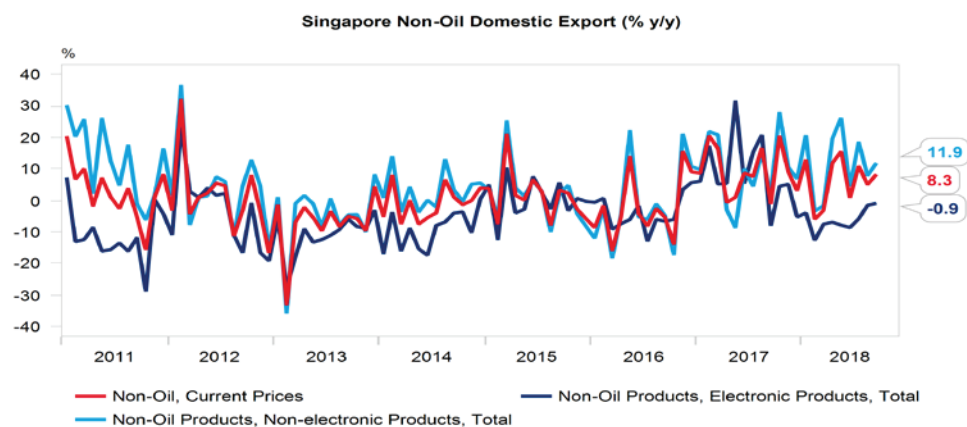
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- Singapore's non-oil domestic exports (NODX) expanded at a faster pace of 8.3% y/y in Sep, from 5.0% y/y in Aug, but still below the Bloomberg median forecast of 11.1% y/y. Despite the increase in the headline y/y print, the exports picture is less optimistic on a m/m SA basis, where NODX declined -4.3% in Sep (from an unrevised +0.4% in Aug), involving sequential declines in both electronics and non-electronics NODX.
- Another key takeaway from September's trade numbers was the shifting importance of export destinations. By destination, the top contributors to September's NODX increase were the US (+41.5%y/y from 29.3% in Aug), the EU 28 (+21.6%y/y from 14.1% in Aug), and Thailand (+46.8%y/y from 7.5% in Aug). It is notable that exports to China again contracted for the 5th consecutive month and suffered significant declines (-17.8%y/y in Sep, same decline in Aug) while NODX to South Korea also endured another bad month (-10.9%y/y from -33.4% in Aug). The NODX declines to North Asia may be correlated with the global tech cycle slowdown while stronger exports to US reflect the robust economic outlook and final demand in US. If this trend persists, then developed economies (led by the US) may again overtake China as far as Singapore's export destination is concerned.
- NODX y/y growth was again led by the growth in non-electronic exports (11.9% y/y in Sep from 7.8% in Aug) and was primarily due to a resurgence of pharmaceutical exports (to +67.5%y/y from +33.4%y/y in Aug), another strong month of exports related to food preparations (+33.9%y/y from +82.8%y/y in Aug) and non-monetary gold exports (+23.7% y/y in Sep), offsetting a surprise decline in petrochemicals exports (-1.5%y/y from +3.4%yy/ in Aug).
- Meanwhile, electronic exports continued to decline for the 10th consecutive month although the pace of contraction slowed to -0.9%y/y (from -1.5%y/y in Aug). Within electronics, declines continued to be experienced in the exports of PCs (-22.7% y/y), diodes & transistors (-22.5% y/y), and parts of ICs (-41.7% y/y).
- Oil domestic exports expanded at a slower +14.7%y/y in Sep (following a strong 35.9%y/y in Aug). Nonetheless, it is still robust and is the 25th consecutive month of expansion, as higher oil prices continued to push up the nominal value of oil exports; especially since in volume terms (deflating away the price effect), oil domestic exports actually contracted a significant -14.2%y/y in Sep, compared to a marginal -0.8% y/y in Aug. Singapore's non-oil re-exports (NORX), a gauge for the regional/global trading sentiments, did not fare well as it declined by -4.5%m/m (SA) to S\$23.8bn in Sep, from +5.5%m/m in Aug.
- Looking forward, we remain less sanguine about NODX outlook due to two factors: 1) exports of electronics NODX looks to remain weak because of the high base effects from 2017 and the decelerating global semiconductor sales, and 2) we continue to be concerned about the on-going US-China trade tensions which will certainly cloud the outlook for a very trade-dependent Singapore. The more cautious trade outlook is reinforced by the significant NODX declines to South Korea and more pertinently to China in recent months. **With that, we keep our forecast for 2018 NODX to expand at 5.5%, compared to 8.8% in 2017 and 6.1% in the first 9 months of 2018.**
- Please see the [September 2018 Trade Report](#) from Enterprise Singapore.

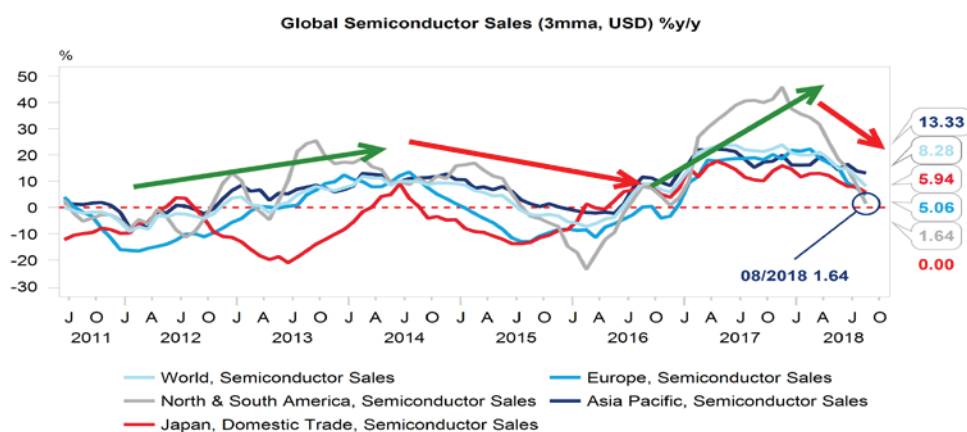
## Non-Electronics NODX Continues To Compensate For The Decline In Electronics NODX

Source: Macrobond, UOB Global Economics & Markets Research



## The Continued Slowdown In Semiconductor Sales Suggests Weakness In Electronics NODX Could Persist

Source: Macrobond, UOB Global Economics & Markets Research



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Indicator (% y/y)	Share (2017)	Jul-18	Aug-18	Sep-18	Jan-Sep 2018
Total NODX	100%	10.9	5.0	8.3	6.1
Electronics	29%	-5.8	-1.5	-0.9	-6.1
ICs	15%	-15.5	-1.0	11.7	-8.1
Parts of ICs	1%	25.6	-47.8	-41.7	-14.2
PCs	3%	0.0	11.8	-22.7	7.7
Parts of PCs	2%	-12.3	-4.8	-18.9	-31.9
Disk Drives	1%	14.2	32.4	-36.1	-20.1
Telecom Equipment	1%	12.6	15.4	15.1	6.0
Consumer Electronics	0%	-24.3	-9.3	-17.9	-17.3
Diodes & Transistors	2%	-24.7	-28.8	-22.5	-19.4
Non-Electronics	71%	18.5	7.8	11.9	11.2
Chemicals	28%	38.3	13.4	23.3	15.2
Pharmaceuticals	9%	109.2	33.4	67.5	25.1
Petrochemicals	10%	8.0	3.4	-1.5	5.1

Source: CEIC, IE Singapore, UOB Global Economics & Markets Research

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