

16 March 2018

## Singapore

### NODX Slipped Into Decline Amid Lunar Holidays

Singapore's non-oil domestic exports (NODX) slipped into a decline of 5.9% YoY in February, its worst drop since Oct 2016. This was on the back of continued decline in shipments of electronic products, and a seasonal effect from the Lunar New Year celebration during the month. On a combined January-February basis, NODX still grew by 3.6% per month, improving from +3.1% in Dec 2017.

Going forward, we expect NODX to ease to +6.7% in 2018, dragged by higher base effects and the withdrawal of demand from the smartphone super-cycle. Indeed, non-oil retained intermediate imports on a 3-month moving average basis has slowed to its slowest pace in 10 months.

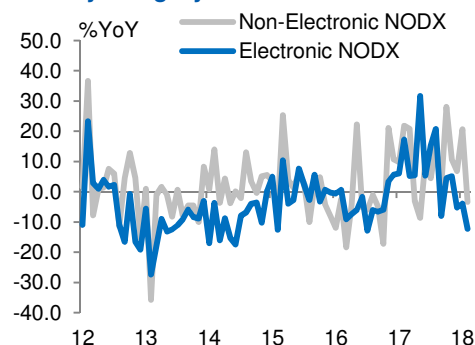
However, increased production of smartphone antenna chips, expected rising demand for capital goods globally, and a recovery in the pharmaceuticals and marine offshore segments are likely to help cushion some of the downside.

Non-electronic NODX reversed into a decline of 3.4% YoY in February, led by a decline in petrochemical shipments as well as exports of machinery & transport equipment.

Electronic product (EP) NODX fell by a wider margin of 12.3% YoY in February, on the back of a faster drop in shipments of integrated circuits and disk drives, while shipments of personal computers (PC) slowed during the month.

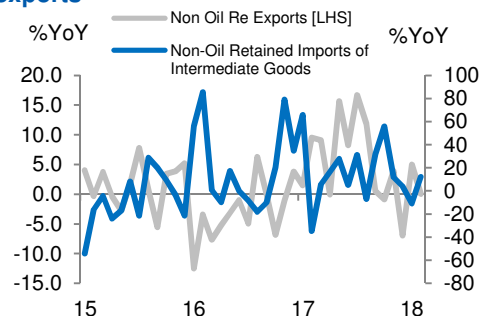
Singapore NODX to China, Hong Kong, Indonesia, Thailand, and Taiwan registered contractions, while shipments to Japan, Malaysia, and South Korea slowed. These were, however, partly mitigated by the pick-up in shipments to the US.

#### NODX by category



Source: International Enterprise Singapore (IE)

#### Non-oil retained imports and non-oil re-exports



Source: IE

#### Key trade indicators

% YoY	2016	2017	2Q17	3Q17	4Q17	Jan 2018	Feb 2018
Non-oil domestic exports	-2.8	8.8	3.0	7.6	10.4	12.9	-5.9
Exports	-5.1	10.3	8.3	10.1	6.6	9.2	-1.0
Imports	-4.7	12.1	11.0	13.4	9.1	4.8	4.8
Trade Balance (SGDbn)	63.6	62.9	-6.6	-7.2	-11.2	5.6	4.3
Domestic Exports to EU	-1.4	7.7	-2.8	2.6	19.8	15.7	-6.4
Domestic Exports to China	-8.0	38.4	44.8	27.2	24.8	7.9	-26.2
Domestic Exports to US	-2.7	3.9	-2.9	1.5	17.0	46.7	50.9

Source: IE

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## Electronics NODX Continues To Decline

Singapore's NODX slipped into a decline of 5.9% YoY in February, its worst drop since Oct 2016, after surging by 12.9% in the month before. This was on the back of continued decline in shipments of electronic products, and a sudden contraction in machinery and chemicals.

The decline was probably also due to the Lunar New Year celebration, which resulted in fewer working days during the month. Last year, the celebration fell in the month of January. On a combined January-February basis, NODX still grew by 3.6% per month, improving from +3.1% in Dec 2017.

Going forward, we expect NODX to ease to +6.7% in 2018, dragged by higher base effects and the withdrawal of demand from the smartphone super-cycle. Non-oil retained intermediate imports on a 3-month moving average basis eased to its slowest pace in 10 months.

However, increased production of smartphone antenna chips, an expected rising demand for capital goods globally, and the recovery in the pharmaceuticals and marine offshore segments are likely to help cushion some of the downside.

EP NODX fell by a wider margin of 12.3% YoY in February, from a -3.9% slump in the month before. The larger magnitude in decline was on the back of a faster drop in shipments of integrated circuits and disk drives, while shipments of PCs slowed during the month. Meanwhile, shipments of diodes & transistors and telecommunication equipment slipped into a decline in February.

Likewise, non-electronic NODX reversed into a decline of 3.4% YoY in February following a 20.7% rise in the month before. Petrochemical exports mostly contributed to the drop, registering a contraction of 12.9% YoY, from a gain of 11.3% in the month before. Meanwhile, shipments of machinery & transport equipment and chemicals also slipped into a decline during the month. However, the drop was partly capped by a pick-up in shipments of manufacturing materials.

Figure 1 : NODX by key products

	Wt.*	Dec 2017	Jan 2018	Feb 2018	Dec 2017	Jan 2018	Feb 2018
	%	% MoM			% YoY		
<b>NODX</b>	41.8	-3.4	2.2	-18.2	3.1	12.9	-5.9
Electronic products	11.8	1.8	-3.7	-20.0	-5.3	-3.9	-12.3
ICs	6.1	-5.8	1.5	-17.3	-6.0	-10.2	-11.4
PCs	1.1	133.1	-35.1	-37.0	10.4	30.9	17.7
Diodes, transistors	0.8	2.5	10.4	-26.0	-8.6	0.4	-25.6
Telecom equipment	0.5	0.1	-10.2	-28.8	12.1	24.8	-13.4
Disk drives	0.2	4.5	-8.6	-29.1	-14.3	-39.4	-48.9
Non-electronic products	29.9	-5.3	4.6	-17.5	6.8	20.7	-3.4
Chemicals	11.5	-7.9	8.0	-15.3	7.1	10.2	-7.2
Pharmaceuticals	3.6	-16.8	15.5	-18.1	7.0	-8.7	-8.0
Petrochemicals	4.1	-3.8	5.9	-12.0	-0.6	11.3	-12.9
Machinery & Transport Equipment	18.7	12.8	-4.8	-24.3	0.9	5.8	-8.7
Mfg goods by materials	1.3	3.8	-1.4	5.3	1.5	8.7	18.7
Misc mfg articles	5.2	-5.8	-1.1	-17.3	9.1	33.5	0.5

Note: \*Indicates % of total exports

Source: IE Singapore

MoM, NODX slipped 18.2% in February, reversing from a 2.2% jump a month earlier. Non-electronic NODX fell 17.5%, after gaining +4.6% last month, while electronic NODX fell by a wider margin.

On a destination basis, the decline was mostly broad-based, with NODX shipments to China, Hong Kong, Indonesia, Thailand, and Taiwan registering contractions, while shipments to Japan, Malaysia, and South Korea slowed. These were however, partly mitigated by the pick-up in shipments to the US.

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Figure 2: NODX by key destinations

	<b>Wt.*</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>
	<b>%</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
		<b>% YoY</b>		
USA	3.8	24.5	46.7	50.9
EU	4.5	22.9	15.7	-6.4
Japan	2.4	15.4	21.1	14.2
China	7.5	1.2	7.9	-26.2
Hong Kong	3.6	-19.6	3.4	-8.8
Malaysia	3.4	21.0	30.5	20.6
Indonesia	2.3	18.8	20.4	-3.8
Thailand	1.8	-7.2	5.9	-16.8
Taiwan	2.7	-20.5	-17.4	-19.2
South Korea	2.1	58.6	9.8	5.2

Source: IE Singapore

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Figure 3: Regional economic indicators

ASEAN & CHINA ECONOMIC INDICATORS																
Country	GDP growth (%)				Inflation (%)				Policy rate (end period,%)				Exchange rate (end period, vs. USD)			
	2015	2016	2017	2018F	2015	2016	2017	2018F	2015	2016	2017	2018F	2015	2016	2017	2018F
Indonesia	4.9	5.0	5.1	5.3	6.4	3.5	3.8	3.6	6.25	4.75	4.25	4.25	13856	13540	13588	13700
Malaysia	5.0	4.2	5.9	5.2	2.1	2.1	3.7	3.0	3.25	3.00	3.00	3.50	4.29	4.49	4.06	3.95
Philippines	5.9	6.8	6.7	6.5	1.4	1.8	3.2	3.3	4.00	3.00	3.00	3.25	46.86	49.62	49.83	49.79
Singapore	2.0	2.4	3.6	3.0	-0.5	-0.5	0.6	1.6	-	-	-	-	1.42	1.45	1.34	1.32
Thailand	2.8	3.2	3.9	4.2	-1.2	0.2	0.7	1.2	1.50	1.50	1.50	1.50	36.02	35.85	32.57	32.10
Vietnam*	6.7	6.2	6.8	6.3	0.6	2.7	3.5	3.4	6.50	6.50	6.00	6.00	22485	22770	22709	22700
China**	6.9	6.7	6.9	6.4	1.4	2.0	1.5	2.3	4.35	4.35	4.35	4.35	6.49	6.95	6.51	6.70

\*prime rate; \*\*1-yr lending rate

Country	Exports growth (%)				Imports growth (%)				Industrial Production growth (%)				Unemployment rate (% labour force)			
	2015	2016	2017	2018F	2015	2016	2017	2018F	2015	2016	2017	2018F	2015	2016	2017	2018F
Indonesia	-14.6	-3.9	16.2	10.0	-19.9	-4.9	15.6	11.0	4.6	5.0	5.1	5.3	6.2	5.6	5.5	5.4
Malaysia	1.8	1.1	18.9	6.5	0.4	1.9	19.9	6.2	4.5	3.8	5.2	4.5	3.2	3.5	3.4	3.3
Philippines	-5.3	-2.4	9.5	8.0	8.7	18.3	10.2	9.0	-4.4	6.4	6.2	6.2	6.3	5.5	5.7	5.6
Singapore	-7.3	-4.4	8.5	6.7	-12.1	-4.2	10.6	10.9	-5.1	3.7	10.1	7.6	2.0	2.2	2.1	2.0
Thailand	-5.8	0.5	9.9	7.0	-10.7	-3.9	14.7	8.6	0.3	1.6	1.6	2.9	0.9	0.9	1.0	0.9
Vietnam	7.7	9.2	21.4	9.5	10.7	5.6	21.4	8.7	9.8	6.9	10.0	8.1	3.4	3.3	3.5	3.6
China	-2.8	1.8	6.8	5.2	-14.1	3.8	7.3	5.6	6.1	6.1	6.5	5.5	4.1	4.1	4.1	4.1

Country	Fiscal Balance (% GDP)				Current Acc. (% GDP)				Forex Reserves (USD bn)				External Debt (USD bn)			
	2015	2016	2017F	2018F	2015	2016	2017F	2018F	2015	2016	2017	2018F	2015	2016	2017F	2018F
Indonesia	-2.5	-2.5	-2.6	-2.7	-2.0	-1.8	-1.6	-1.8	106	116	130	147	311	319	335	348
Malaysia	-3.2	-3.1	-3.0	-2.8	3.0	2.4	3.0	2.7	95	95	102	114	194	201	213	222
Philippines	-0.9	-2.4	-2.7	-2.8	2.6	0.2	0.3	0.6	81	81	82	90	77	75	73	71
Singapore	-1.0	1.3	0.5	0.8	19.7	19.0	18.8	17.8	248	247	280	265	-	-	-	-
Thailand	-2.4	-2.6	-1.8	-2.9	8.0	11.4	9.6	8.4	157	172	203	208	147	152	155	159
Vietnam	-5.3	-5.0	-5.3	-5.2	1.4	2.7	1.9	2.1	28	43	40	45	72	76	79	83
China	-3.4	-3.5	-3.6	-3.3	2.8	1.8	1.3	1.1	3330	3010	3140	3000	1416	1400	1450	1400

Country	Deposit Growth (%)				Loan Growth (%)				L/D Ratio (%)				Money Supply* (%)			
	2015	2016	2017	2018F	2015	2016	2017	2018F	2015	2016	2017	2018F	2015	2016	2017	2018F
Indonesia	8.0	9.6	11.0	11.9	10.1	7.8	10.0	12.8	94.2	92.7	91.9	94.3	9.0	10.0	11.0	12.4
Malaysia	1.8	1.5	5.7	4.6	7.9	5.3	4.1	5.2	88.7	89.8	90.5	90.9	2.6	3.0	4.7	5.0
Philippines	8.0	14.3	11.9	11.8	12.7	16.1	18.1	18.0	69.0	70.7	74.1	74.1	9.4	12.8	11.9	10.0
Singapore	0.2	2.7	3.2	5.4	0.0	0.5	8.0	5.8	108.5	107.9	104.5	104.9	4.1	8.1	4.1	6.2
Thailand	4.2	3.8	4.1	5.3	5.5	3.6	4.1	5.1	93.5	93.3	93.1	92.9	4.4	4.2	5.2	5.3
Vietnam	13.6	15.0	10.0	11.2	17.2	18.0	15.0	13.5	78.1	79.6	81.0	83.0	13.6	16.0	17.0	18.0
China	12.4	11.0	10.7	9.6	14.3	13.5	12.0	10.3	69.2	70.8	71.7	72.2	13.3	11.3	11.0	10.6

Note: As at 14 Mar 2018

Note 2: \*M2 is used for all countries except for Thailand M1 is used and Philippines M3 is used instead.

Note 3: \*\*Starting 3 Jun 2016, the Philippines' policy rate was changed to purely Bangko Sentral ng Pilipinas' overnight reverse repurchase (RRP) facility at 3%

Source: International Monetary Fund (IMF), Oxford Economics, Various central banks, RHB

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