Singapore: A huge upside NODX surprise

Worse lies ahead, as the month-long circuit-breaker to contain the Covid-19 spread will significantly impair activity in April and the rest of this quarter


A deep water port in Singapore

17.6%
March NODX growth
Year-on-year
Higher than expected

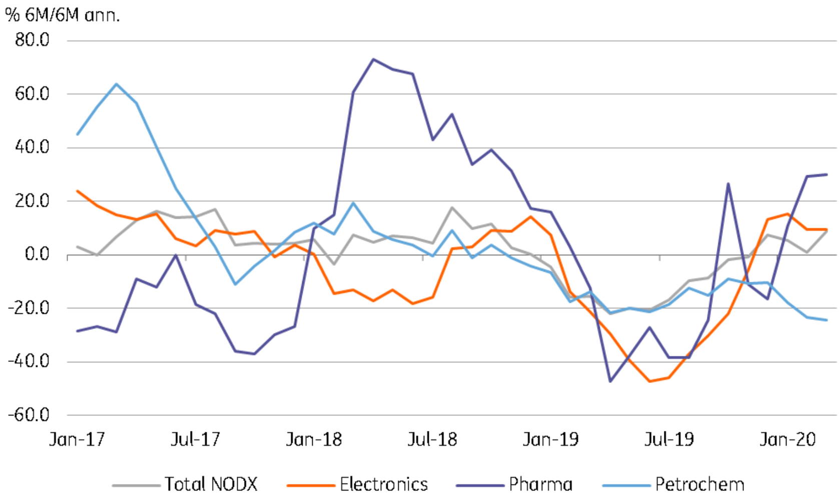
Pharma boosts NODX

Just as we thought the global demand destruction caused by the Covid-19 outbreak was coming around to hit Asia's small, open economies, Singapore's exports have so far dodged the pain. Non-oil domestic exports (NODX), the closely watched indicator of the economy's health, posted a 17.6% year-on-year (12.8% month-on-month, seasonally adjusted) gain, a significant outperformance compared with the consensus expectation for an 8.0% fall. This follows a 3.1% rise in NODX in February.

A 49% jump in pharmaceuticals stood out as the main driver of growth as the sector is benefiting from the ongoing global health crisis. Electronics also fared well with a 5.8% rise - the sector's best performance in over two years. These gains more than offset a large drag from petrochemicals (-22.5%), reflecting the slump in global demand.

By destination, all main export destinations contributed to the strong NODX gains, with a notable recovery in the growth of shipments to China to -0.5% from -35.8% in February.

Covid-19 is poise to stall NODX recovery



Source: Bloomberg, CEIC, ING

Worse is yet to come

March data explains the resilience of Singapore's manufacturing, which is described by only a 0.5% YoY fall in the advance GDP estimate. We believe worse lies ahead, as the month-long circuit-breaker to contain the Covid-19 spread will significantly impair activity in April and in the rest of this quarter.

We expect an accelerated GDP contraction to 4.5% YoY in the current quarter from 2.2% contraction in the first quarter. Beyond that, hopes remain pinned on Covid-19 being contained and a record stimulus helping the recovery in the rest of the year.