

Snap | 17 April 2020 Singapore

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

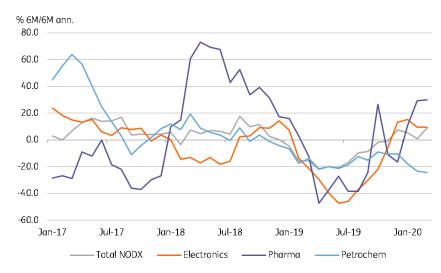
Pharma boosts NODX

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. Nonoil 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.

Snap | 17 April 2020 1 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.

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