

Singapore: December Non-oil domestic exports disappoint

Total non-oil domestic exports rise 3.1%YoY, fall 5.0%MoM, with an electronics export decline unwinding all of last month's electronics gains



Container yard

Underperforming the regional trends

Asian exports are battling much tougher year-on-year comparisons and most of the trade releases over the last month have shown year on year growth slowing. But exports from Malaysia and Korea have held up quite well despite some slight moderation of pace. Taiwan's exports even registered some year on year acceleration. The Philippines did less well, and now Singapore's key trade statistics puts it into the underperformer camp too.

3.1%YoY

Worse than expected

Singapore's Non-Oil domestic Exports (NODX)

Down 5.0%MoM - electronics exports soft

Weak exports to China. Hong Kong account for much of the undershoot

By country, some of the biggest month-on-month declines in USD terms were in Singapore's exports to Mainland China and to Hong Kong (which may also be destined for Mainland China ultimately). This also tallies with recent soft China import data, which we had put down partly to declines in imports of solid waste, but clearly also has hit imports from other regional electronics parts suppliers too.

Other than electronics, pharmaceuticals put in a creditable performance, rising 7.0%YoY, and chemicals exports held up reasonably at 7.1%YoY, only slightly down from 9.9% in November.

Singapore still on track for April policy change by MAS

Despite this disappointment, we don't believe today's data drastically changes our outlook for a modest tweak to the MAS currency policy at their April meeting, which we believe will shift to a very slight nominal effective exchange rate (NEER) appreciation. But we would be happier if we could see some more evidence that the domestic economy was picking up some of the slack that the tradeables sector now seems to be leaving. We will be keeping this forecast under review in case we need to downgrade it.

Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.