

Singapore exports down 15.9%YoY in May

Non-oil domestic exports (NODX) fell 15.9%YoY in May. An erratic spike from pharmaceuticals stopped this being an even worse figure.



Pills

-15.9%YoY

Non-oil domestic exports

Saved by pharmaceuticals

Better than expected

Electronics fall 31.4%YoY

By product, electronics was again, far and away the worst performer, falling 31.4%YoY in May. This reinforces a point we have made repeatedly, but which is worth repeating. The trade war is damaging Asia, but it is the global technology slump (of which China's technology war with the US is only a recent part) which is doing the most damage to exports in the region.

Put another way, even on the very unlikely assumption of an all-encompassing trade agreement at the G20 with President's Xi and Trump, and the immediate removal of tariffs, electronics exports are going to continue to be weak.

Without the outsize 28.5%YoY rise in pharmaceuticals, which was worth a swing of about

\$US1.32bn and stopped the total NODX figure from coming in at -23.5%, which it would have done on a flat pharmaceuticals outcome.

Fortunately, pharmaceuticals do throw out occasional spikes like this, as it tends to be a batch process, and so it is only when the pills come spitting off the conveyor belt that they tend to be recorded for the purposes of production and subsequently exports. But big spikes tend to be followed either by steadier figures the next month, or declines, so unless one of the other components decides it is time to make a reappearance, then we may expect a resumption of softness next month, offset only by the fact that the June 2018 NODX total was only that hot at only \$14.936bn, so the year on year decline should moderate to only a -10 to -12% YoY decline.

Table: Non-Oil domestic exports by major product

Non-oil Domestic Exports, May 2019 YoY%

	May 2019	April 2019	March 2019	Feb 2019
NODX	-15.9	-10.0	-11.8	4.8
Electronics	-31.4	-16.3	-26.7	-8.2
Non-electronics	-10.8	-8.0	-7.1	9.4
Total Chemicals	7.6	-21.4	-19.0	2.0
Pharmaceuticals	28.5	-46.6	-36.5	12.0
Petrochemicals	-14.7	-13.6	-15.2	-6.1

NODX by country

The Trade war thesis is also not backed up by the country destination of NODX. Yes, Exports to China are down 23.3%, but they are down 31.2% to Japan. Exports to the US are actually up, though only just, at 0.2%YoY. but exports to the EU are down 10%YoY.

Further weakness adds to argument for MAS to take easier stance

Added to soft domestic activity (retail sales, production), today's data add further credibility to arguments for the MAS to move to a more expansionary policy stance at their October meeting. Given the scale of recent bad news, it is not inconceivable that this is more than just a scaling back of the NEER appreciation path, and may for a time set a flat trajectory for the SGD, though our base case remains the former. .

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>.