Singapore: Industrial production down for a fifth month

Singapore's February industrial production fell 8.9% year-on-year, the fifth consecutive month of decline. This highlights the challenges to the growth outlook in 2023

Production in biomedical, chemical and aerospace transport helped drive last month's upside surprise

-8.9%

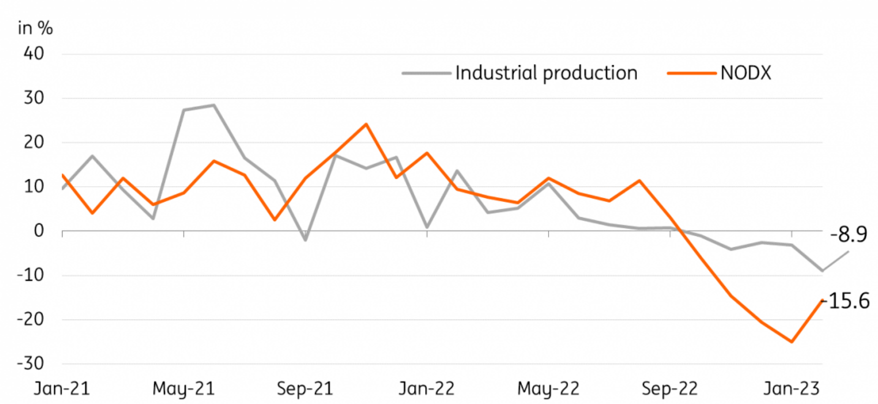
February industrial production YoY change

Worse than expected

February industrial production slipped 8.9%YoY, weaker than expectations of a 1.8% contraction. Production fell sharply compared to the previous month (-11.7%), tracking the weakness recorded in non-oil domestic exports (NODX). Production fell in the biomedical (-33.6%YoY), electronics (-10%YoY) and chemicals sectors (-14.9%YoY) likely due to soft demand from global trade partners. The electronics sector was weighed down by the 11.1% drop in semiconductor production while the chemicals sector dipped due to the 32.9%YoY drop in petrochemicals.

Both industrial production and NODX posted their fifth consecutive month of contraction, highlighting the challenges to the growth outlook in 2023.

NODX and industrial production down for a fifth consecutive month



Source: Singapore Department of Statistics

Downbeat trade and production data point to slowing growth

Elevated inflation (latest 6.3%) coupled with soft global demand will likely tag-team to sap GDP growth momentum for at least the first half of 2023. Substantial challenges to the growth outlook will likely factor into the decision of the Monetary Authority of Singapore (MAS) at the April meeting as it attempts to balance inflation fighting with providing as much support as possible for the struggling economy.

The reopening of China after an extended period of time could eventually jumpstart global demand, which in turn could be one factor that leads to a rebound in industrial production later in the year.

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