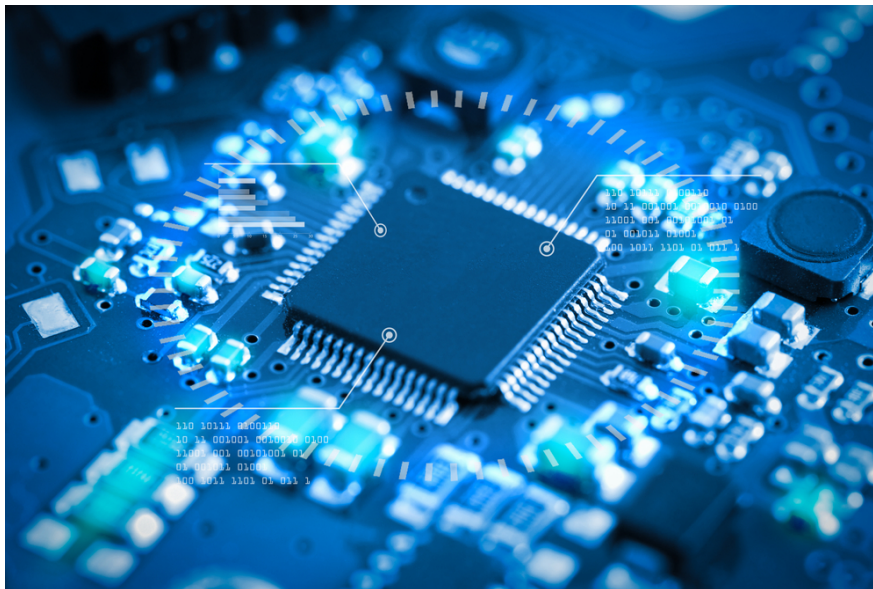


Singapore NODX bounce 10.5% in August

Electronics have displaced pharma as the driver of non-oil domestic exports. This data should bring more comfort to the central bank to keep the neutral policy stance at the upcoming semi-annual policy review in October



10.5%

August NODX growth

MoM seasonally adjusted

Higher than expected

Upside NODX surprise

Singapore's non-oil domestic exports (NODX) continued to beat expectations in August. A 10.5% month-on-month NODX surge in the last month drove the year-on-year growth up to 7.7% from 5.9% recorded in July. This compares with the consensus estimates of 2.2% MoM and 3.3% YoY growth.

Base-year effects injected a lot of volatility to YoY growth rates of NODX until July, though in levels, they hovered around S\$14.3 billion. The pick up to S\$15.4 billion in August is a hopeful sign

that the trough is finally being left behind. We would consider a mid-single-digit YoY growth as a reasonable scenario for the remaining months of the year, which is what you get if you assume that the NODX level hovers around its current 3-month moving average over the remaining months of the year.

Electronics displace pharma

Pharmaceutical exports, the key support for NODX earlier this year, lost its vigour in recent months, but a pick-up in electronics exports has kept the headline NODX growth firm. It was pretty much the same in August.

Electronics exports posted a 6.9% MoM rise in August, the second straight month of positive growth leaving them 5.7% above their year-ago level. After over 20% MoM declines in June and July, Pharma exports were little changed on the month, while the 5.6% YoY growth was a sharp slowdown from 15.5% in July.

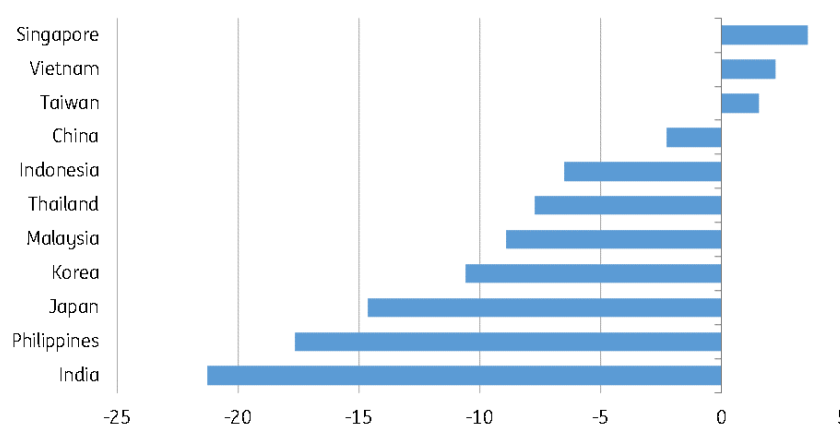
By destination, shipments to Europe and China recorded strong growth, more than offsetting sharp plunges in exports to the US and Japan.

Supports stable MAS policy

Contrary to expectations of the global pandemic hitting regional exports hard, Singapore's have held the ground well so far this year. Up 3.6% YoY year-to-date, USD-denominated growth is the fastest in Asia.

As this bodes well for the post-Covid economic recovery, we believe the Monetary Authority of Singapore (MAS) will take comfort in leaving its policy on hold at the next semi-annual policy review in October. The MAS shifted to a neutral policy stance implied by a zero appreciation path for the SGD-NEER in an off-cycle review in late March.

Year-to-date Asian export performance (% year-on-year)



Source: CEIC, ING