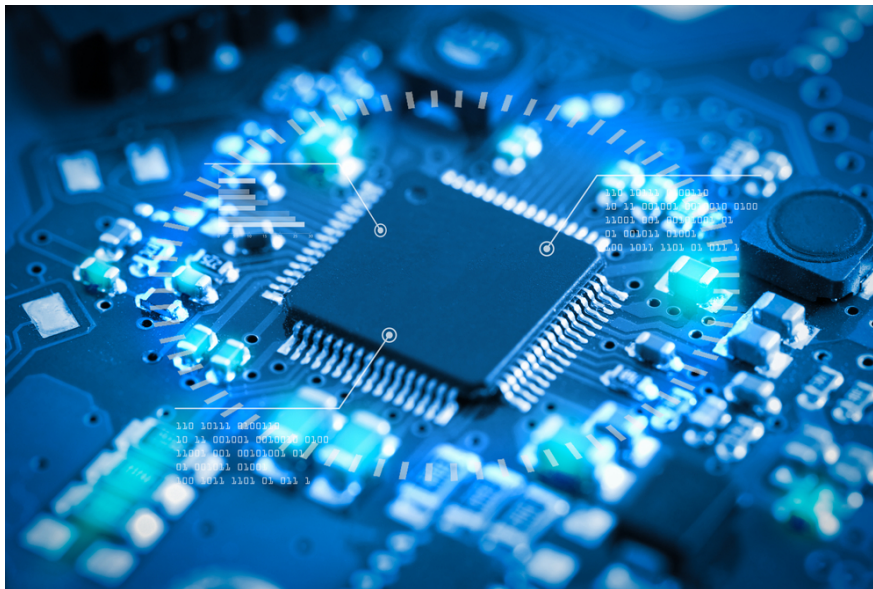


## Singapore NODX bounce 10.5% in August

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.

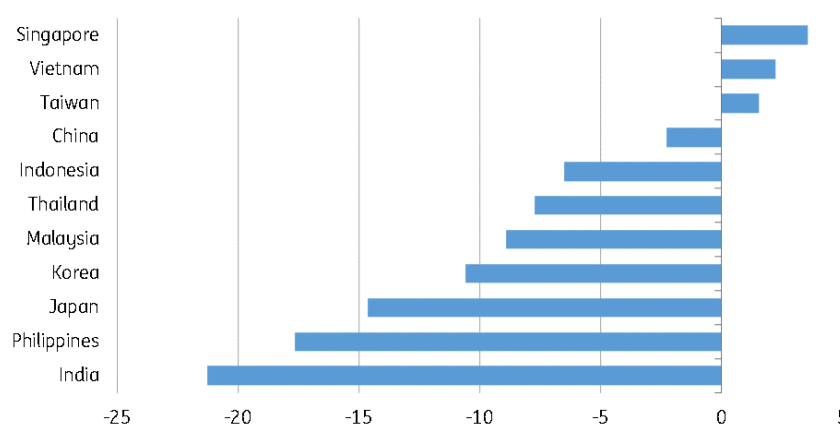
By destination, shipments to Europe and China recorded strong growth, more than offsetting sharp plunges in exports to the US and Japan.

## 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