

Singapore: NODX dips for a third straight month

December non-oil domestic exports drop 20.6%YoY as demand fades



A deep water port in Singapore

-20.6%YoY

December NODX change

3rd month of contraction

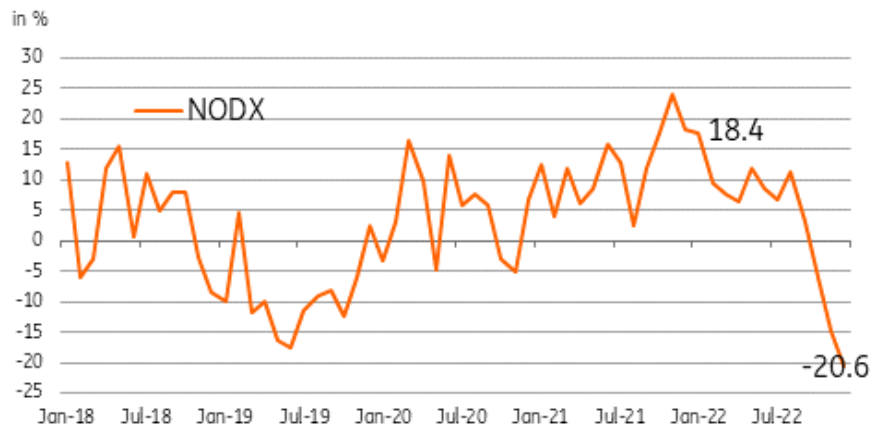
Lower than expected

NODX contraction worse than expected

Singapore's non-oil domestic exports (NODX) for December 2022 fell 20.6% YoY, worse than the -16% consensus estimate and down 3.3% from the previous month. The weakness was broad-based, with electronics, pharmaceuticals and petrochemicals all posting steep contractions. Electronics products saw mixed trends with diodes & transistors plus PCs managing to post decent growth while all other subcategories showed steep falls.

Data for the previous month was also revised lower, highlighting the challenges faced by the sector as global demand fades. This was the third straight month of decline for NODX and with global trade expected to slow further in 2023, we could see stalling NODX becoming a trend. A strengthening SGD could be a complication for the export outlook and could be something the Monetary Authority of Singapore will need to pay attention to on top of inflation.

Sliding NODX may become a trend



Source: Singapore Department of Statistics

Slowing global trade to weigh on Singapore's growth outlook

Slowing global trade and the impact on Singapore's trade sector is expected to weigh on Singapore's overall growth outlook in 2023. The reopening of China's economy could however partially offset fading demand from the US and Europe although we are still unsure of when we could start to see the positive impact from China's relaxation of its Covid measures.

Despite the uncertainties about China's re-opening, the slowdown in economic growth for Singapore's other major trade destination countries will likely result in NODX posting steep falls for at least the first half of this year, forcing overall growth to settle at around 2.5%YoY for 2023.

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