Singapore: Non-oil domestic exports whipped around by the usual suspects

Extracting the signal from all the noise of the non-oil domestic exports (NODX) series is not easy - but by stripping away as much of the volatility as we dare without losing the underlying trend, it looks as if exports continue to make modest progress

A deep water port in Singapore

-4.7% MoM

August NODX

Down from +12.2% in July

Lower than expected

It's actually better than it looks

The key number we highlight above - the month-on-month change in August NODX, is a bit misleading. This is hugely choppy data. One of the main components, pharmaceuticals, is subject to batch production, and hence exports and shipments also tend to come in batches leading to big month-on-month swings. Petrochemicals can also be choppy. Fluctuating run rates of refiners coupled with variations in the number of ships docking to pick up cargoes of oil and gas and other products over a given month can also lead to big swings.

For exactly these reasons, in July, NODX surged by 12.2%MoM. So a 4.7% contraction in August has to be viewed against the backdrop of volatility that always accompanies this data.

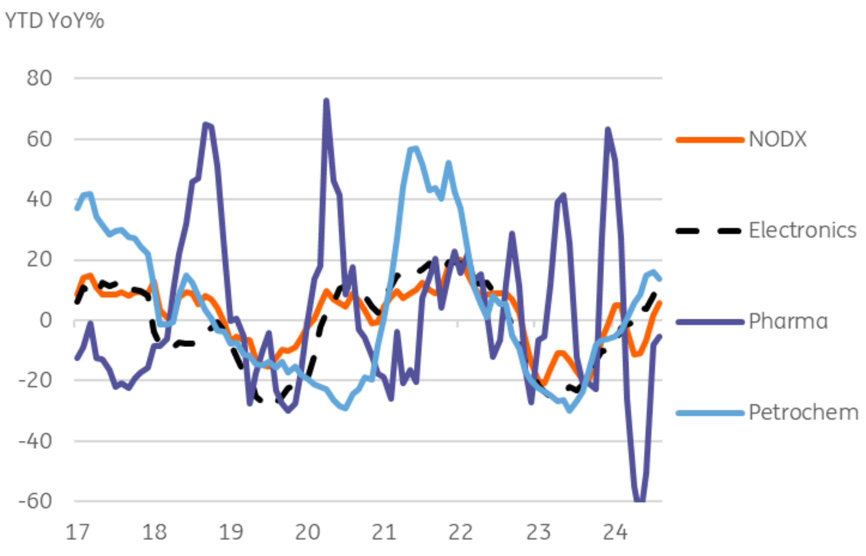
For that reason, a lot of people will focus on year-on-year growth. That growth rate slowed down from 15.7% to 10.7% in August. But erratic data can also mess up year-on-year comparisons, especially as the series was no less erratic last year. And we are not big fans of year-on-year analysis for this data for that reason.

We tend to look at NODX as holistically as possible. We have 3m annualised measures - these are still very choppy. 6m annualised - less choppy but you lose a lot of the recent trend. For choice, this month, we are drawn to the year-to-date year-on-year figures. These have the advantage of embedding in previous surges and troughs, and in doing so, absorbing much of the volatility, while enabling underlying trends to emerge.

When you do this, what you see is that overall, NODX is growing, though only at about a 5.5% pace. Electronics and petrochemicals have driven the gains, though petrochemicals seem to be losing some momentum, which might well tally with a slowdown in global / regional demand. Pharmaceuticals exports are still down on this time last year, though they are much less of a drag than they were, and may soon break back into positive territory.

In short, the direction is positive, and getting more so, but the rate of growth is quite subdued. That should not come as a surprise.

Exports: Year-to-date, year-on-year by major group



That's the "what?", what about the "where"?

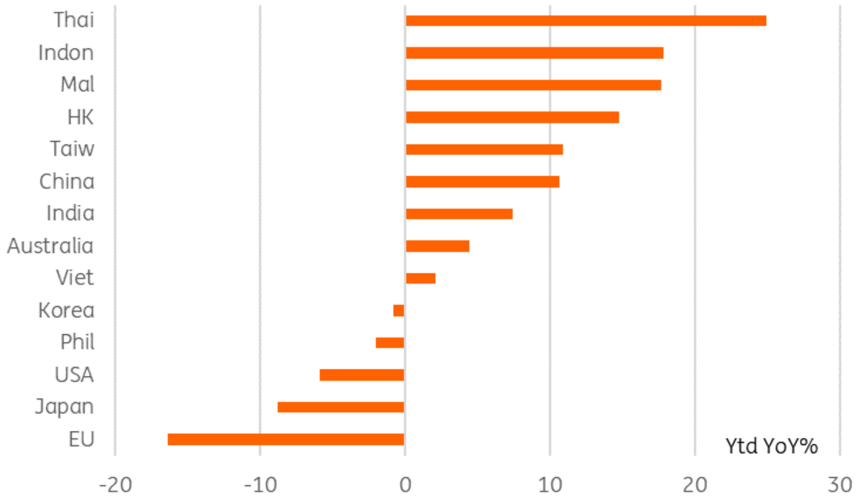
The chart of where Singapore's exports are going is quite interesting. We only show the major export destinations. And what is immediately obvious is that the G-7 isn't doing very well, with exports all negative on the same year-to-date, year-on-year basis.

Greater China is doing better. Exports to Mainland China are still up more than 10%. Taiwan and Hong Kong are also doing well.

But the strongest growth is from other SE Asian economies. Thailand is topping the current list, followed by Indonesia and Malaysia. This is interesting because this also tallies with observations that China's largest trading area these days is not the US, or the EU, but ASEAN.

This region has considerable growth potential and deserves closer attention while other parts of Asia, and even the world are struggling.

Exports: Year-to-date, year-on-year %, by destination



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