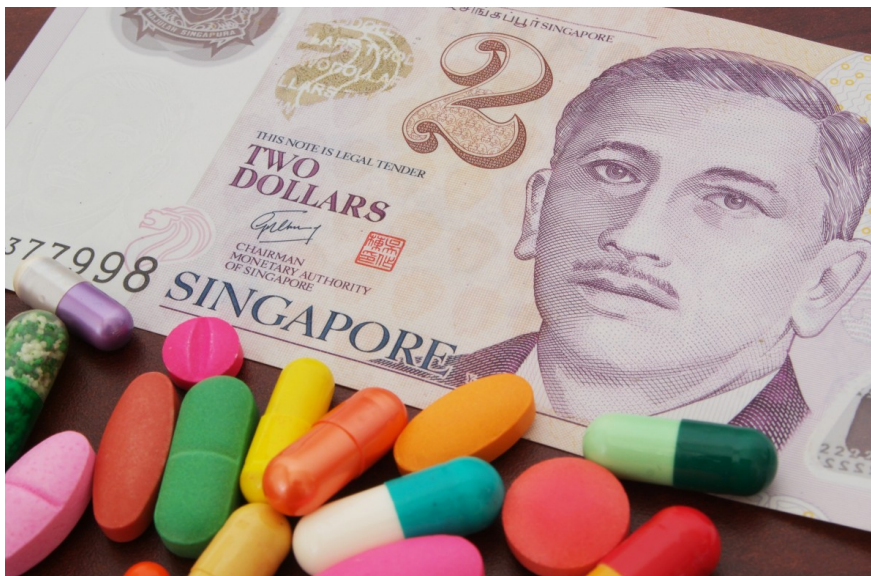


## Singapore: Pharma boosts manufacturing in March

But with a significant downgrade to February's manufacturing data, 1Q18 GDP growth is likely to be revised down



**5.9%** March industrial production growth  
Year-on-year

Better than expected

### Strong March, but big downgrade to February growth

Singapore's industrial production grew in March by 5.9% year-on-year, slightly better than expected. The consensus forecast for March was 5.7%. But there also was a sharp downward revision to February IP growth to 6.7% from 8.9%. The month-on-month (seasonally adjusted) IP growth of 0.3% was barely a clawback of February's 2.6% fall, which was revised from the initial estimate of a 0.5% fall.

The better March IP reading came despite weak non-oil domestic exports (NODX) in the month, with a 2.7% YoY and 1.8% MoM SA fall. The saving grace was a sizable month-on-month bounce in

pharmaceutical and precision engineering output, both up 40%, and in marine/offshore engineering and miscellaneous manufacturing, each up 27%.

The 10% MoM growth in semiconductor output was a recovery from a 16% crash in February. Unlike Korea and to a smaller extent Taiwan whose semiconductor exports held up well in the first quarter of 2018 (up 45% and 10% YoY, respectively), Singapore's semiconductor exports contracted about 10% from a year ago. The prospects are clouded by the recent downgrade of sales revenue forecasts by key chipmakers in Asia and abroad.

## Slight revision to 1Q18 GDP growth

March IP data indicates a slight downward revision of GDP growth in the first quarter. As per the advance estimate released earlier this month, GDP grew by 4.3% YoY in 1Q18. Based on today's data, we estimate a revision to 4.2%.

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