

Singapore's industrial production sees surprise gain in February

Industrial production rose 3.8% YoY, driven by strong production of pharmaceuticals and petrochemicals



Production in biomedical, chemical and aerospace transport helped drive last month's upside surprise

3.8% YoY growth for industrial production

Higher than expected

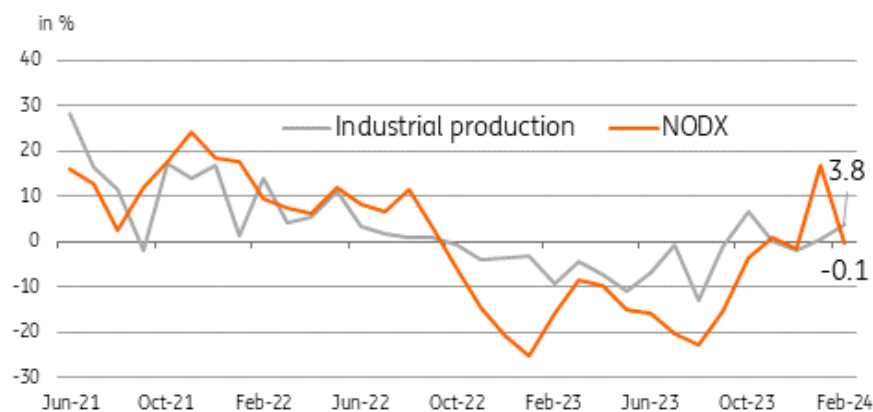
February industrial production up 3.8%

Singapore's industrial production rose more than expected, gaining 3.8% year-on-year compared to a median forecast of 0.5% YoY. From the previous month, industrial production jumped 14.2%, much stronger than expectations for a modest 2.1% rise.

Production in biomedical, chemical and aerospace transport helped provide the upside surprise and were up 27.4% YoY, 11.2% YoY and 37.3% YoY respectively.

Meanwhile, electronics rose at a more measured pace, up 2.6% YoY, with the drop in computer peripherals partially offset by a strong showing for consumer electronics and semiconductors. February's 3.8% gain was a notable pickup from the 0.6%YoY increase reported in January.

Singapore industrial production up even after surprise dip for NODX



Source: Singapore Department of Statistics

Upside surprise for IP welcome but too soon to indicate recovery

The better-than-expected gain for industrial production bodes well for the first quarter GDP report alongside a likely jump in retail sales in March. We had initially expected industrial production to report a modest increase given the disappointing non-oil domestic exports report for the same month.

It may still be too soon, however, to gauge whether the February surprise represents a strong turnaround for the sector and we may need to see a sustained pickup in external demand to help drive a similar pace of growth for industrial production in 2024.