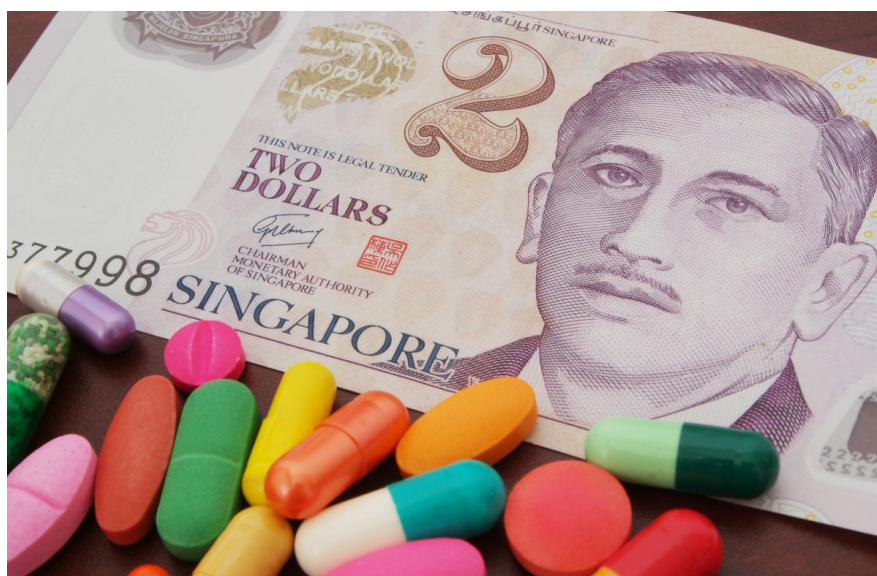


Singapore's Dec exports down 8.5%YoY

Non-oil domestic exports (NODX) were down 8.5%YoY in December, which could lead to downward revisions in the 4Q18 GDP growth print, and adds to downside risk to our 2.5% 2019 GDP forecast.

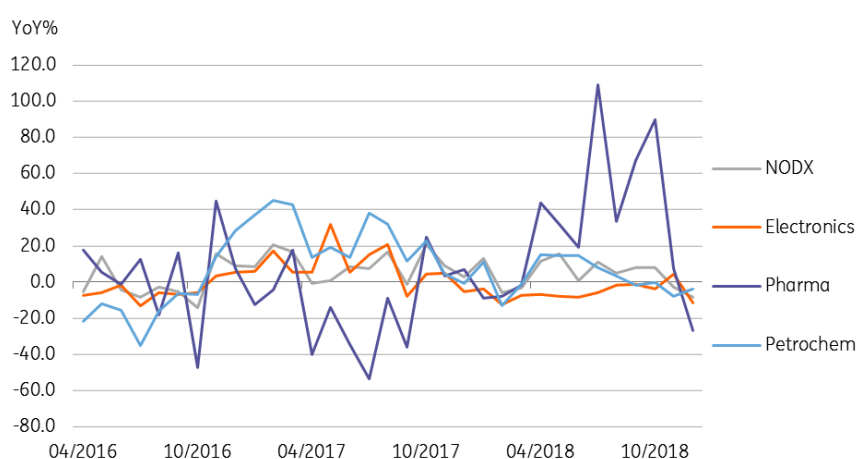


Everything was weak

It's hard to find a single smoking gun for today's 8.5%YoY decline in NODX. Practically everything was weak. The consensus had been looking for a bounce of about 2% following the 2.6%YoY decline in November, It didn't get it.

By product type, electronics continued to run weak, with an 11.2%YoY decline more than reversing November's small 4.3% bounce. Chemicals production was down 10.4%, led by a whopping 26.8% fall in Pharmaceuticals, and helped lower by a 3.5% fall in Petrochemicals.

NODX by major component YoY%



Doesn't look like a trade war effect

It is also difficult to pin this decline down to any single geopolitical event, such as the US-China Trade war.

By country, exports to China recovered most of their losses in November to post a 15.4% increase (fell 16.4%YoY in November). Exports to the Us also held up well at 31.1%YoY.

But across Asia, the export story was an unmitigated slump, with negative growth in Hong Kong (admittedly only -0.1%), Malaysia 9-15.5%), Japan (-17.5%), Indonesia (-12.1%), Taiwan (-10.7%) Thailand(-23.2%), India (-20.6%) and Korea (-39.1%).

GDP revisions look likely

Our own estimate for full-year 2018 GDP was already 0.1pp below the official estimate of 3.3% based on preliminary data, which already suggests that this release was on the verge of a rounding revision downward.

Today's data almost certainly will result in a downward revision to the 1.6%QoQ 4QGDP release and will either confirm 2018 at our lower estimate, or perhaps even take it a notch lower still. Next week's industrial production figures (25 Jan) should give us a pointer.

If so, then it could force us also to ease down our full-year 2019 GDP forecast, currently 2.5%. A weak end to one year always makes it arithmetically harder for the following year to score well. It also lends weight to our view that the MAS will not be conducting any more tightening of monetary conditions through the nominal effective exchange rate index this year.

Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.