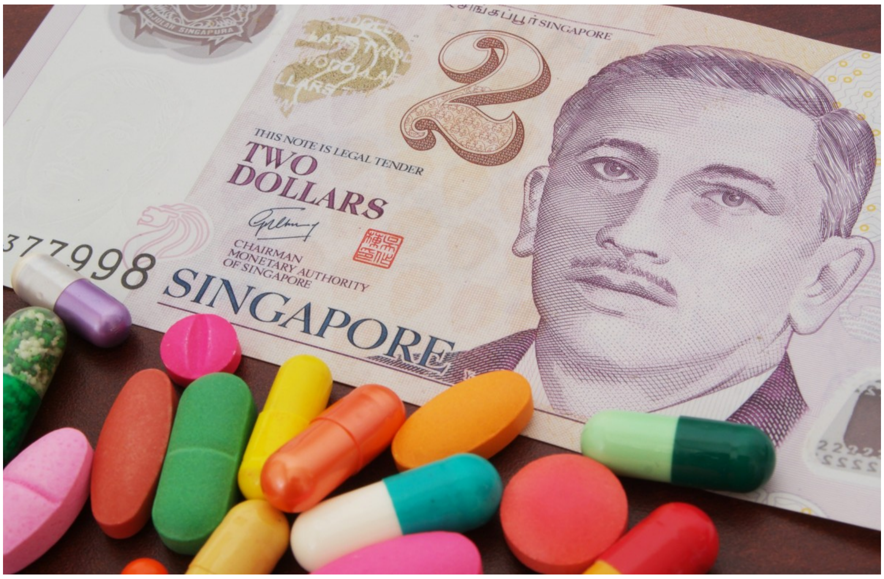
Singapore's Dec exports down 8.5%YoY

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.

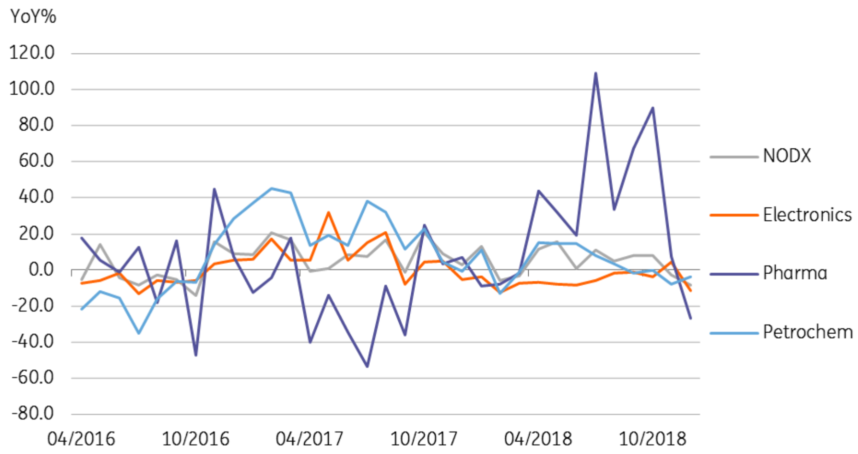


Everything was weak

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.

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