Singapore's non-oil domestic exports shrink

Despite a welcome improvement in the electronics sector, non-oil domestic exports (NODX) shrank 2.6%YoY in November from a year ago.

Container yard

-2.6%YoY Non-oll domestic exports

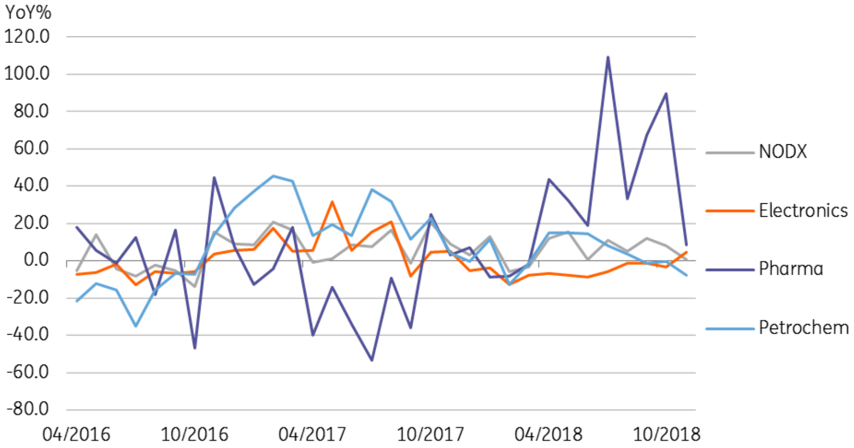
Worse than expected

Annual NODX growth slips into negative territory

It has looked on the cards for some time, though up until now, one or other of the major NODX components has usually managed to put in a heroic outperformance and keep the total looking respectable. Not this month.

The November NODX decline of 2.6%YoY (-4.2%MoM) managed to shrug off even a bounce in electronics of 4.5%YoY from the 3.6% decline in October, as chemicals production fell from 31.2% growth to only 2.7% in November. A huge dip in pharmaceuticals from 89.7%YoY to only 8.4% did most of the damage, though petrochemicals also slid further after a 0.1%YoY decline in October, extending to a 7.8% decline in November.

Singapore November NODX



NODX could also weigh on output growth

Singapore is pushing its tech sector hard, and this will likely become a more important contributor to future growth, but for the time being, more traditional industrial output remains the main driver for the economy and for activity indicators like industrial production. Although the month-on-month correlation with NODX is not terribly good, it's not zero, and this raises the chances of soft November production which in turn, would make it hard for 4Q18 GDP to finish on a strong note.

Absent any early 2019 upturn (and the weakness of Singapore exports to China this month makes us hesitant to predict this), the MAS will find reasons to tighten monetary policy again in April 2019 harder to come by than it did this year.

Author

Robert Carnell
Regional Head of Research, Asia-Pacific
robert.carnell@asia.ing.com