

Singapore

18 March 2024

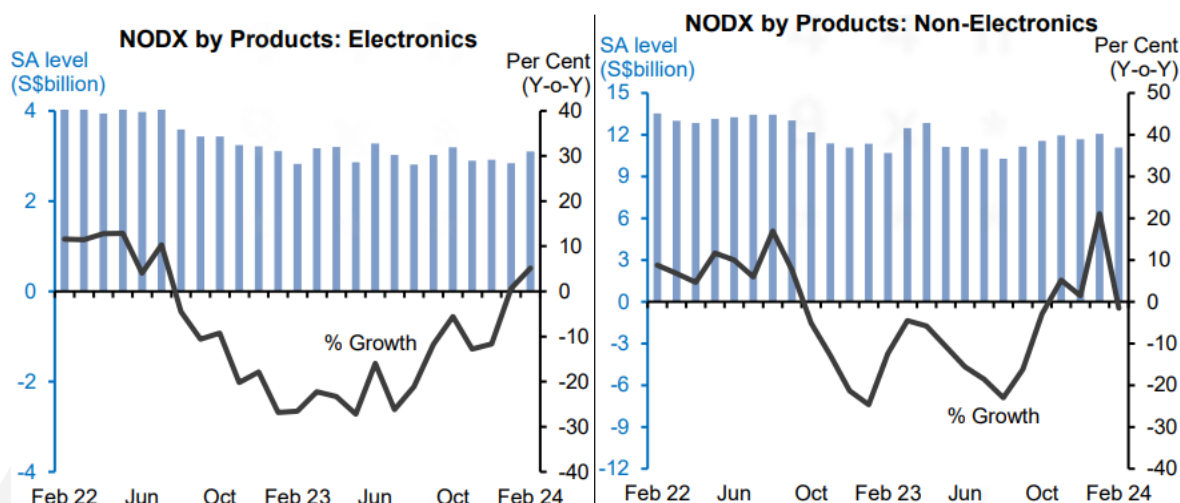
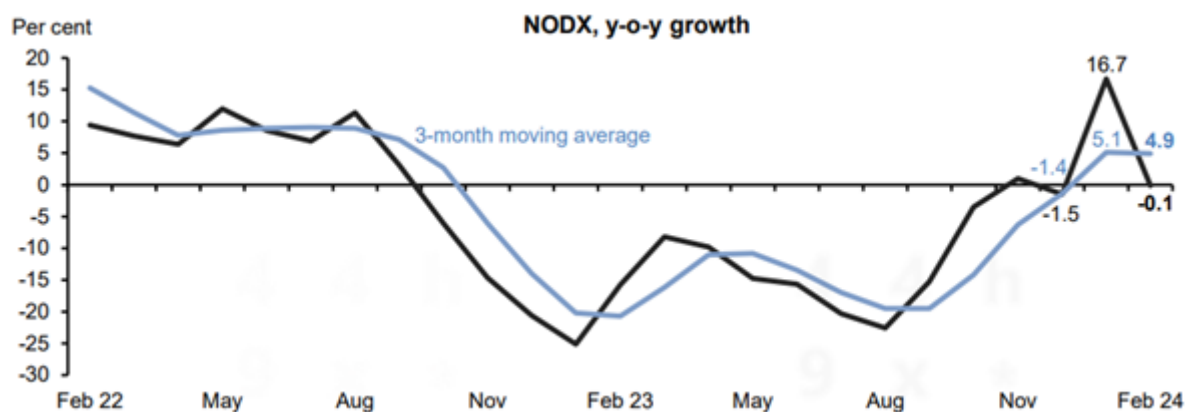
S'pore's NODX disappointed at -0.1% YoY in February, after expanding by 16.7% in January 2024

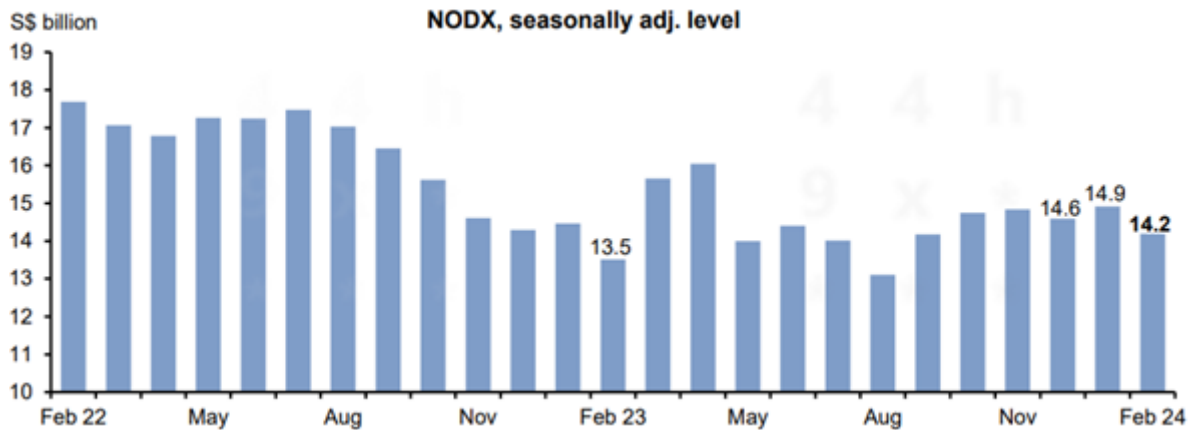
Highlights:

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- **NODX disappointed by unexpectedly contracting 0.1% YoY (-4.8% MoM sa) in February, following a downwardly revised 16.7% YoY (2.2% MoM sa).** As the timing of the Lunar New Year holidays fell in January last year but in February this year, it would be more appropriate to look at the average of the two months' performance - NODX grew an average of 8.4% YoY for January-February 2024, which is an improvement from the -20.4% YoY registered for the same period last year. The NODX level also reached \$14.2 billion in February 2024, which is higher than February last year (\$13.5 billion), but below the average 2023 of \$14.5 billion. For a comparison, Taiwan's February exports also moderated sharply from 18.1% YoY in January to just 1.3%, with parts of electronics products also sinking 10.4% YoY, whereas South Korea's February semiconductor exports rose 6.7% YoY (January: +56.2% YoY).
- **However, the silver lining was electronics exports which improved from 0.6% YoY in January to 5.2% in February, marking its second month of expansion.** In particular, electronics exports were led by PCs (second month of growth at 26.2% YoY), ICs (which finally recovered at 15.9% YoY versus -1.1% in January and after 18 months of declines), and disk media products (2nd month of expansion at 4.3% YoY), albeit diodes and transistors remained weak at -23.4% YoY. In contrast, non-electronic products NODX fell by 1.5% YoY in February after expanding 21.1% in January, weighed down by food preparations (-23.5%), specialty chemicals (-19.7%) and electrical circuit apparatus (-36.9%). That said, pharmaceuticals exports also continued to grow for the 5th consecutive month by 29.5% YoY in February.
- **NODX to seven of the top ten NODX markets fell in February**, with the main drag from Japan (-37.2% YoY), Taiwan (-15.8%) and Malaysia (-13.0%). The three NODX markets that expanded in February were the US (4th straight month of growth at 17.1% YoY, boosted by pharmaceuticals, miscellaneous manufactured articles and PCs), Hong Kong (6th consecutive month of expansion at 143.6%, due to ICs, non-electric engines & motors and specialised machinery) and Indonesia (2nd month of increase at 8.2%, attributable to non-monetary gold, petrochemicals and iron or steel scrap).

- 1Q24 is off to a muted start for NODX.** Our March 2024 NODX forecast is -8.0% YoY due to the high base in March 2023, which will bring 1Q24 NODX to 2.9% YoY. Our full-year 2024 NODX forecast remains at 4-6% YoY. While the external demand picture is stabilizing, the geopolitical implications on supply chain recalibration continues to shift – note that US Commerce Secretary Raimondo has said it wants to help the Philippines double its semiconductor facilities to lessen the concentration of the global chip supply chain from a few countries, and the US Commerce Department is considering adding several Chinese tech companies to its Entity List which restricts access to US technology. Meanwhile, China's Ministry of Industry and Information Technology was reported to have asked EV car-makers including BYD and Geely to increase adoption of local auto chipmakers. Meanwhile, Republican nominee Donald Trump has threatened 100% tariffs on Chinese cars manufactured in Mexico. The implications for the rest of ASEAN manufacturing outlook, particularly for the chip sector, remains slightly cloudy at this juncture, albeit AI-enabled phones and PCs may see increased demand going forward. Singapore's manufacturing and electronics PMIs had also eased marginally to 50.6 and 50.4 respectively for February, compared to 50.7 and 50.6 in January 2024, but remained in expansion territory.





Non-oil Domestic Exports to Top Markets (% y-o-y Growth)

Top Markets^	NODX		Electronic NODX		Non-Electronic NODX	
	Jan 2024	Feb 2024	Jan 2024	Feb 2024	Jan 2024	Feb 2024
Hong Kong	60.8	143.6	48.5	173.0	73.9	106.7
US	35.4	17.1	-11.5	-25.6	45.4	25.5
Indonesia	0.5	8.2	19.4	-34.6	-1.1	12.2
China	101.0	-0.1	16.7	-12.7	118.8	1.9
South Korea	12.8	-1.9	8.7	4.4	13.7	-3.9
Thailand	-5.8	-7.6	-18.0	-19.4	3.6	-0.7
EU 27	-42.4	-7.3	-16.2	-21.0	-45.3	-4.3
Taiwan	-31.9	-15.8	-4.4	10.7	-51.4	-38.6
Malaysia	11.5	-13.0	-4.5	-11.0	22.9	-14.3
Japan	-26.7	-37.2	-9.8	-3.7	-30.4	-42.7

^: Ranked by contribution to the y-o-y change in NODX levels over the year.

Source: Enterprise Singapore

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