

Singapore

17 October 2024

September NODX growth disappointed at 2.7% YoY (1.1% MoM sa), again flagging risk of missing full-year 2024 NODX growth forecast!

Highlights:

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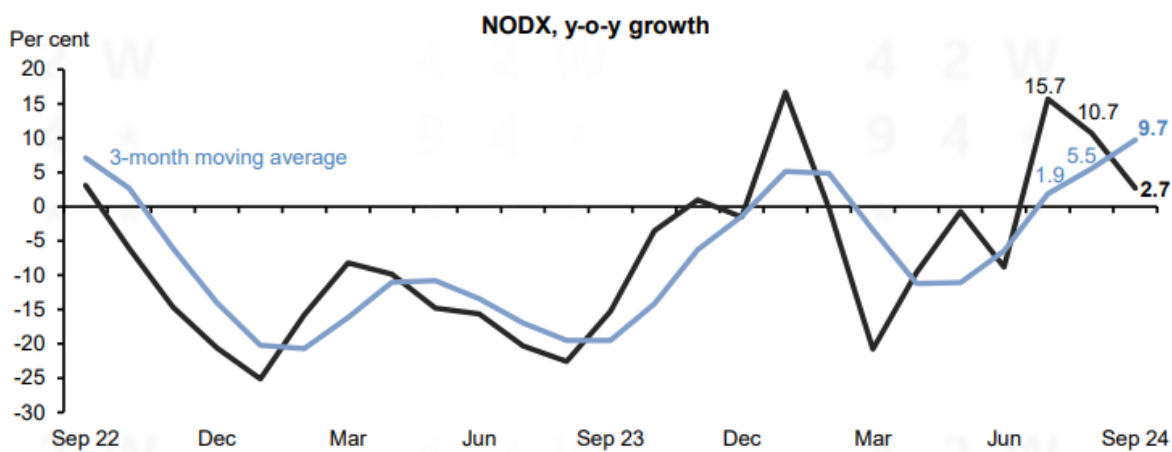
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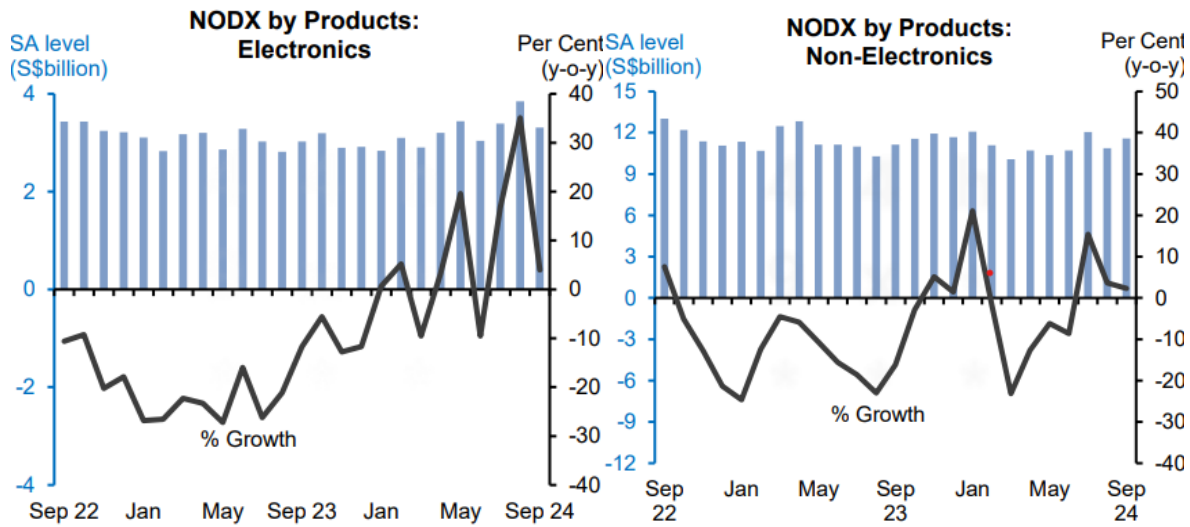
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- **Singapore's NODX disappointed at 2.7% YoY (1.1% MoM sa) in September**, missing market expectations for 9.1% YoY (4.9% MoM sa) and our forecast of 8.9% YoY (4.8% MoM sa). This is a sharp moderation from August's 10.7% YoY (12.3% MoM sa) and July's 15.7% YoY (10.2% MoM sa), even though both electronics and non-electronics exports both expanded in September. This also marked the softest NODX performance since June when NODX contracted 8.8% YoY. In particular, electronics exports slowed dramatically from 35.1% YoY in August to 4.0% YoY in September, notwithstanding sustained NODX growth in disk media products (64.6% YoY), PCs (55.0% YoY) and ICs (4.8% YoY). Non-electronics exports also moderated to 2.3% YoY in September, down from 3.6% YoY in August. NODX drivers for non-electronics were exports of pharmaceutical, specialised machinery and other specialty chemicals.
- **For the top 10 NODX markets, only 6 markets saw growth in September**, down from 8 in August. NODX growth was led by Indonesia (52.3% YoY), EU 27 (37.6% which is a turnaround from -21.0% previously), South Korea (34.9% YoY) and Malaysia (14.2% YoY). On the flipside, NODX actually flatlined for China to 0% YoY in September (down from 18.8% in August) while NODX fell for the US (-20.8% versus 6.4% previously), Hong Kong (-37.1% versus 70.6%) and Japan (-11.4% versus -29.6%). The pullback in NODX to key markets like China and the US, which was broad-based across both electronics and non-electronics exports, does not bode well for domestic demand in these major economies, notwithstanding the recent slew of stronger-than-expected economic data in the US and the latest policy stimulus measures for China.
- **The recent sell-off in global technology stocks reflects fading confidence in the overall electronics recovery theme.** It is a challenging period for the global chip industry – as the bellwether for the wider chip industry, ASML, cut its earnings guidance, illustrating the slow recovery in demand due to investor caution and pushout in orders from 2025 to 2026. Despite robust AI-related server demand, the recovery momentum is slow in automotives, mobile and PC markets. Intel has also delayed new major factories planned in Germany and Poland. South Korea's real semiconductor exports also plunged 7.6% and 7.5% YoY in August and September respectively, according to a Bloomberg report. In addition, geopolitical tensions, especially with upcoming U.S.

elections, may mean greater uncertainties ahead for the high-stakes strategic industries like semiconductors. Key US lawmakers are also currently lobbying the Biden administration to block Huawei suppliers from purchasing US chipmaking equipment. Betting markets show Trump significantly ahead of Harris even though traditional polls still favour Harris - if Trump wins, this may mean a potential tariff shock for China & the world if his tariff hikes materialise. Qualcomm is also reportedly waiting until after the US election to decide whether to pursue an offer to buy Intel. While we anticipate that the recent spate of Chinese policy stimulus announcements will help to stabilise China's near-term growth and market sentiments, watch for the NPC meeting due in late-October for clarity on the numbers for the special bond issuance.

- Given the weakness in the September NODX data, I continue to hold the view that full year 2024 NODX growth is likely to undershoot the 4% forecast handle.** 4Q24 NODX growth is likely to disappoint as low base effects from 2023 fade for October and November. NODX growth year-to-date is still very soft at -0.2% YoY - to get to 4% YoY, NODX growth for the rest of the year needs to average 16.7% YoY. If October-December NODX growth averages just half that pace ie ~8-9% YoY, then full year 2024 NODX may only reach 2% YoY. The worst-case scenario is a mild full-year 2024 NODX contraction (2023: -13.1% YoY), albeit not our baseline scenario.





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

Top Markets [^]	NODX		Electronic NODX		Non-Electronic NODX	
	Aug 2024	Sep 2024	Aug 2024	Sep 2024	Aug 2024	Sep 2024
EU 27	-21.0	37.6	-38.4	-57.3	-17.1	65.8
Indonesia	18.5	52.3	-11.2	389.8	21.0	25.7
South Korea	20.3	34.9	49.9	21.3	8.5	41.5
Malaysia	28.6	14.2	91.1	61.2	0.0	-6.9
Taiwan	37.2	6.8	7.7	2.9	79.3	10.4
Thailand	2.1	3.2	18.2	8.0	-2.7	0.8
China	18.8	0.0	10.4	0.3	20.5	-0.1
Japan	-29.6	-11.4	-14.5	-14.0	-32.5	-10.4
Hong Kong	70.6	-37.1	137.1	-9.1	-26.1	-59.8
US	6.4	-20.8	20.2	-29.1	3.0	-19.2

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

Source: Enterprise SG

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