

Singapore Macro Flash

Staying Cautious on Weak Nov NODX Despite Tech Stabilization

- **Nov NODX declined both YoY and sequentially...** — Nov NODX fell 2.5%YoY (Oct: +7.9%), below consensus (+1.7%) but closer to our more bearish expectations (-2.0%). On a MoM SA basis, NODX also fell (Nov: -0.3%, Oct: -1.2%) vs consensus (+2.9%) and our expectations (+0.5%) for expansion. NORX rose 1.0%MoM SA (Oct: -1.8%) on an expansion in Electronics.
- **...but core NODX rose sequentially, led by electronics** — Electronics NODX plunged YoY (Nov: -16.5%, Oct: -0.8%) but official estimates suggest a small seasonally adjusted expansion – our own X-12 seasonal adjustment shows a MoM SA increase of 2.7% (Oct: 2.2%), bringing Oct-Nov 4.2% below 3Q average. Non-Electronic NODX growth halved YoY to 6.3% (Oct: 12.6%) and fell MoM SA (Nov: -1.4%, Oct: +4.7%), dragged by exports of ships (Nov: S\$310mn, Oct: S\$634mn). Overall, “core” NODX (strips out lumpy pharma & ships exports) fell in YoY terms (Nov: -2.5%, Oct: +7.9%) but rose 2.1%MoM SA (Oct: 0.2%). On a 3MMA basis, core NODX levels are now 1.4% below the previous trough in Oct 2011.
- **NODX to US, EU, ID, IN fell sequentially** — NODX to JP however surged 10.7%MoM SA while NODX to China rose 8.6%.
- **Mild rebound in electronics, but remain cautious** — Electronics appears to be seeing a mild rebound, but we remain cautious on the sustainability of the pick up given the headwinds on the external front – of 5 leading indicators of electronics demand currently available for Nov, 3 are showing MoM increases while the domestic electronics production PMI also fell to its lowest level since Aug-2011. Tech analyst Kevin Chang (see [note](#)) has also noted that weak iPhone 5 shipments may hit supply chains, though the impact on Singapore’s electronics sector may be more muted due to less exposure to the smartphone/tablet product segments.
- **Signs pointing at 4Q GDP sequential contraction; now awaiting Nov IP** — Notwithstanding nascent signs of electronics stabilization, continued NODX under-performance vs North Asian peers is striking. Apart from a less favourable product mix, this may partly reflect cost-competitiveness erosion and translation losses from real exchange rate appreciation – we estimate Oct-Nov seasonally-adjusted NODX is 3.7% below average 3Q levels in SGD terms but only 1.9% below in USD terms. There were some bright spots – NORX rose 1%MoM SA (Oct: -1.8%) on electronics (though this could be curtailed by weak iPhone 5 shipments) while non-oil retained imports of intermediate goods rose 8.7%MoM SA. Still, with Oct-Nov NODX levels still below the 3Q average, the risk of sequential contraction in 4Q GDP – hence technical recession – cannot be fully discounted, though Nov IP data will provide further clarity here. If technical recession is narrowly averted, this will not materially alter our cautious view on the outlook for 2013, given persistent restructuring related headwinds and constraints.

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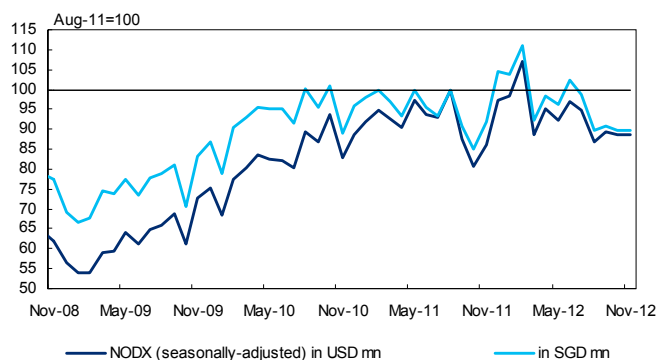
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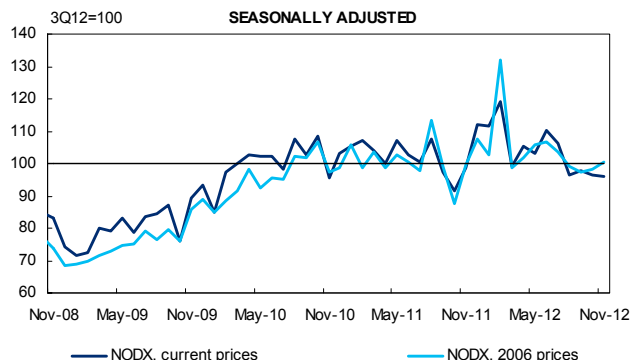
Details

Figure 1. Nov seasonally-adjusted NODX levels are 10.4% below the Aug-2011 peak in SGD terms (11.5% below in USD terms)



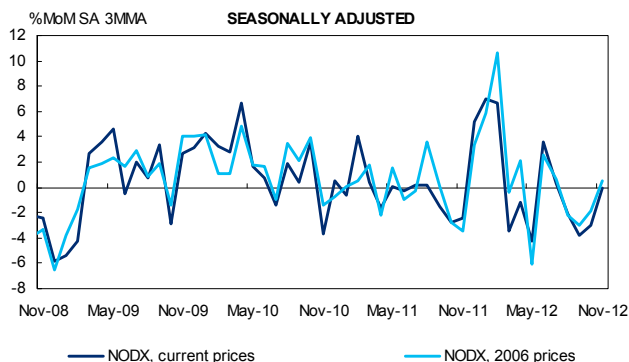
Source: IE Singapore, CEIC, Citi Research

Figure 2. We estimate Oct-Nov seasonally-adjusted NODX volumes are 0.7% below average 3Q12 volumes (values 3.7% below 3Q)



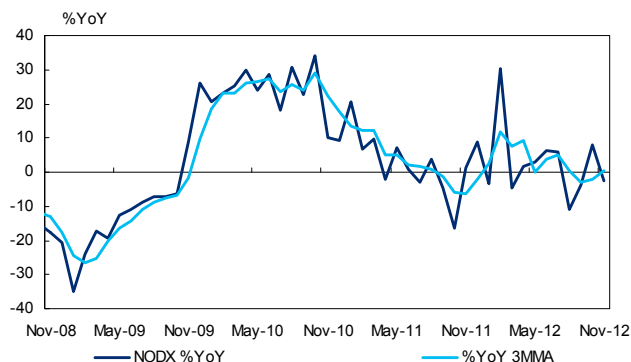
Source: IE Singapore, CEIC, Citi Research

Figure 3. NODX Volumes (%MoM SA 3MMA)



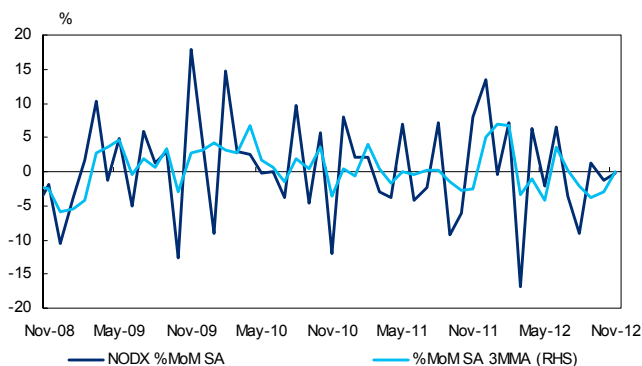
Source: IE Singapore, CEIC, Citi Research

Figure 4. Non-Oil Domestic Exports (% YoY)



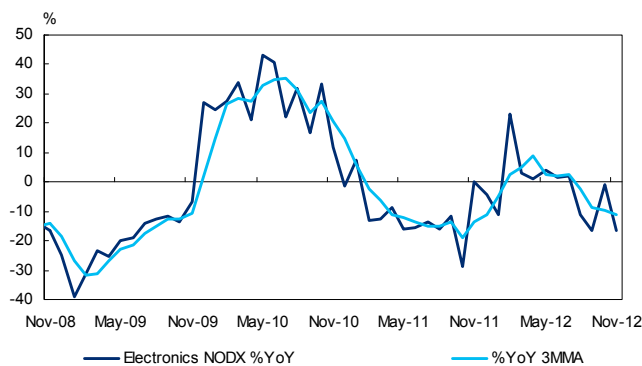
Source: IE Singapore, CEIC, Citi Research

Figure 5. Non-Oil Domestic Exports Value (% MoM SA)



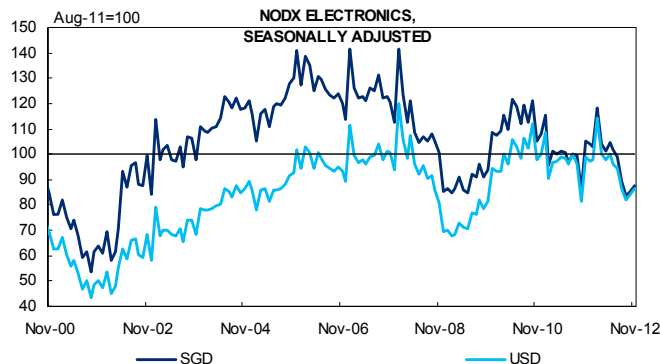
Source: IE Singapore, CEIC, Citi Research

Figure 6. Electronic NODX (% YoY)



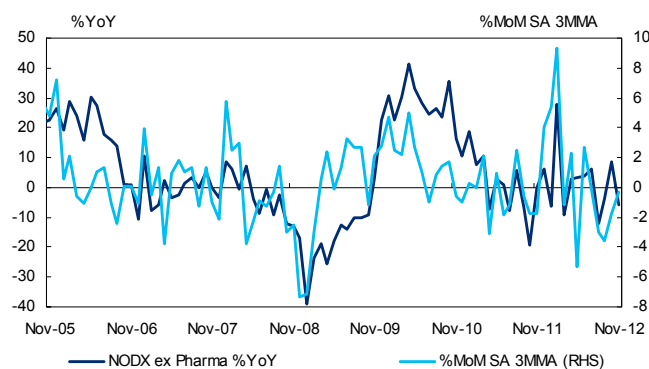
Source: IE Singapore, CEIC, Citi Research

Figure 7. Seasonally-Adjusted Electronic Exports



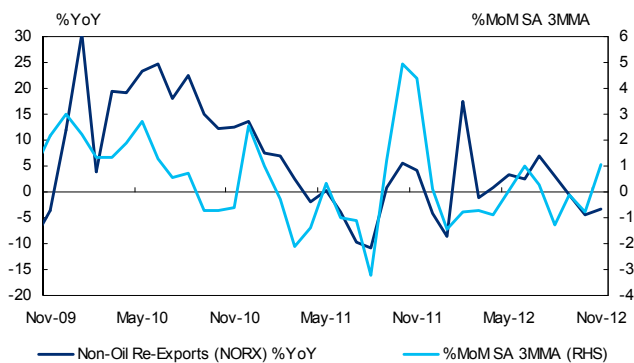
Source: IE Singapore, CEIC, Citi Research

Figure 9. NODX Ex Pharma (% YoY and % MoM 3MMA SA)



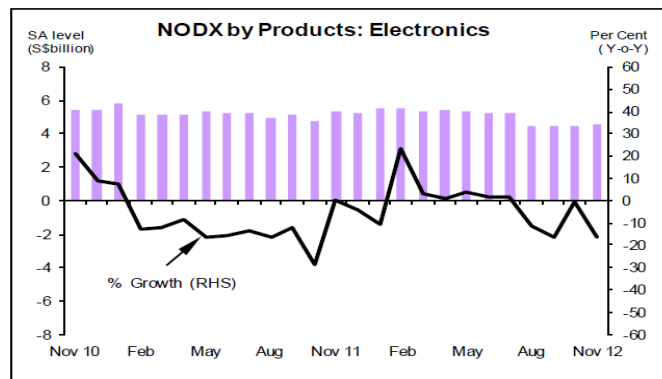
Source: IE Singapore, CEIC, Citi Research

Figure 11. Non-Oil Re-Exports, %YoY, 3MMA %MoM SA



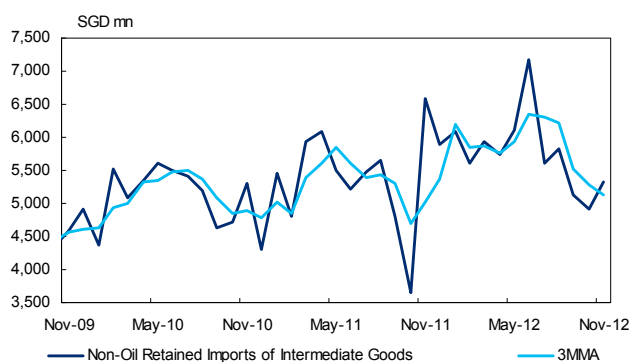
Source: IE Singapore, CEIC, Citi Research

Figure 8. Seasonally-Adjusted Electronic Exports (Official)



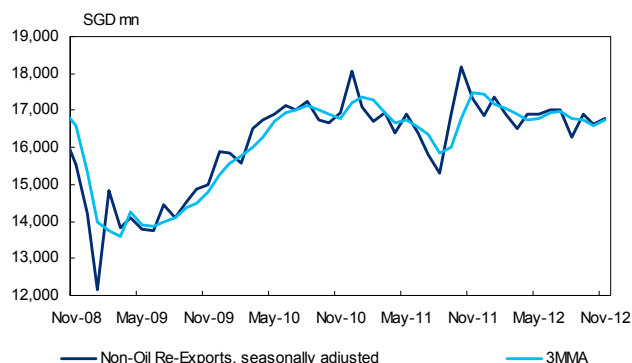
Source: IE Singapore

Figure 10. Non-Oil Retained Imports of Intermediate Goods (NORI) SA



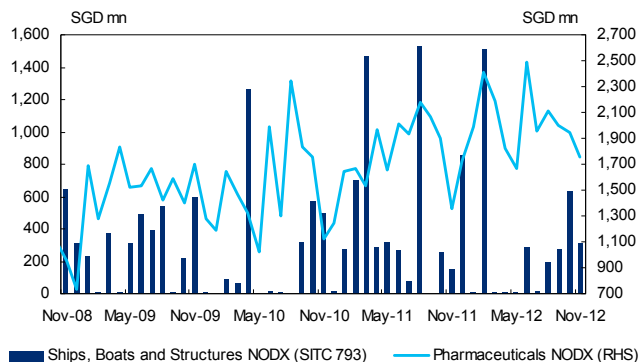
Source: IE Singapore, CEIC, Citi Research

Figure 12. Non-Oil Re-Exports (NORX) SA



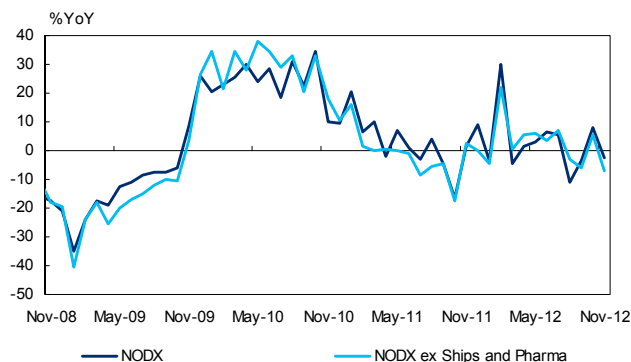
Source: IE Singapore, CEIC, Citi Research

Figure 13. Ships, Boats and Structures NODX and Pharmaceuticals NODX



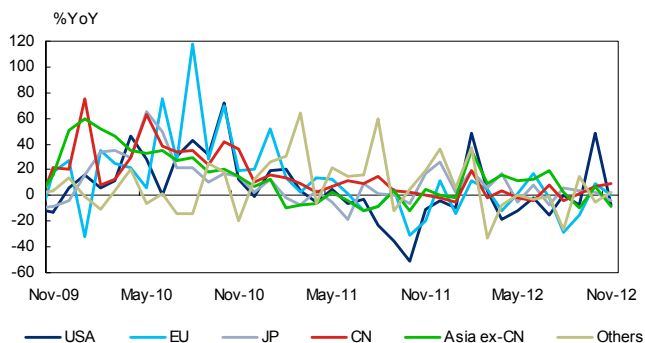
Note: We use Ships, Boats and Structures (SITC code 793)
Source: IE Singapore, CEIC, Citi Research

Figure 15. NODX ex Ships, Boats and Structures and Pharmaceuticals (%YoY)



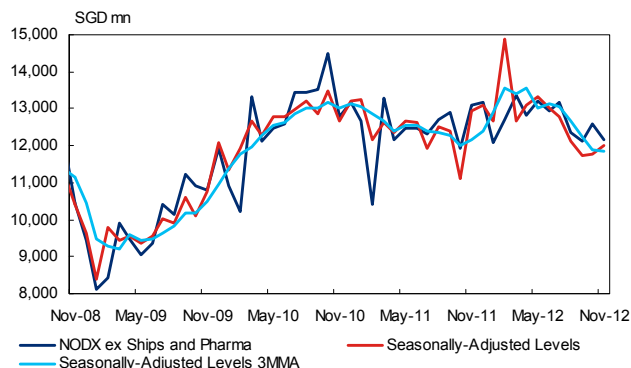
Note: We use Ships, Boats and Structures (SITC code 793)
Source: IE Singapore, CEIC, Citi Research

Figure 17. % YoY, NODX by Destination



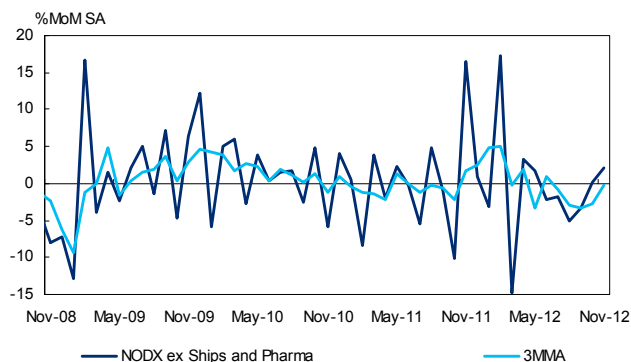
Source: IE Singapore, CEIC, Citi Research

Figure 14. NODX ex Ships, Boats and Structures and Pharmaceuticals



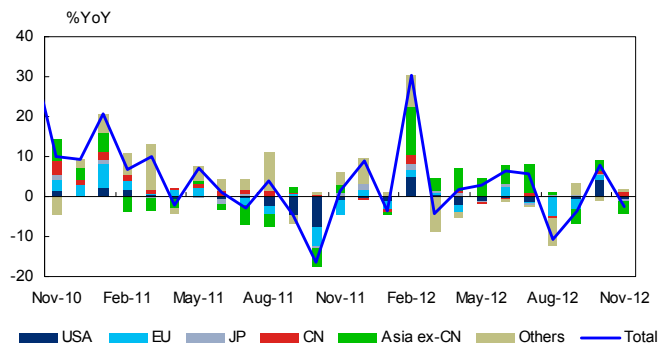
Note: We use Ships, Boats and Structures (SITC code 793)
Source: IE Singapore, CEIC, Citi Research

Figure 16. NODX ex Ships, Boats and Structures and Pharmaceuticals (%MoM SA)



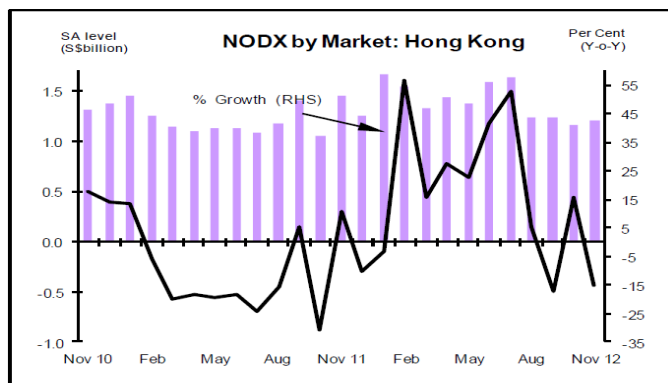
Note: We use Ships, Boats and Structures (SITC code 793)
Source: IE Singapore, CEIC, Citi Research

Figure 18. PPT Contribution, NODX by Destination



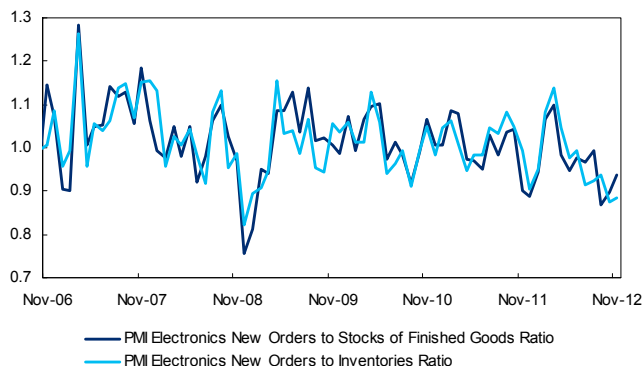
Source: IE Singapore, CEIC, Citi Research

Figure 19. HK was the top contributor to the Nov NODX YoY decrease



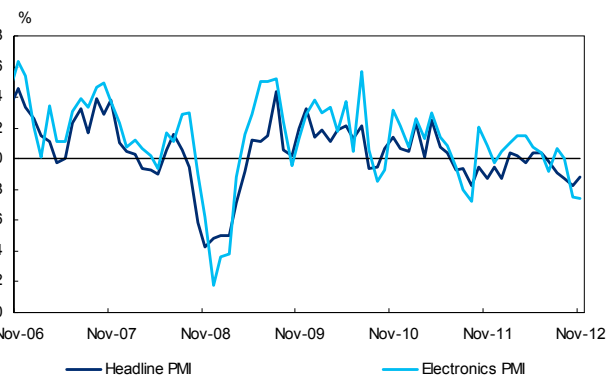
Source: IE Singapore

Figure 21. PMI Electronics New Orders to Stocks of Finished Goods and to Inventories ratios may be near their bottoms



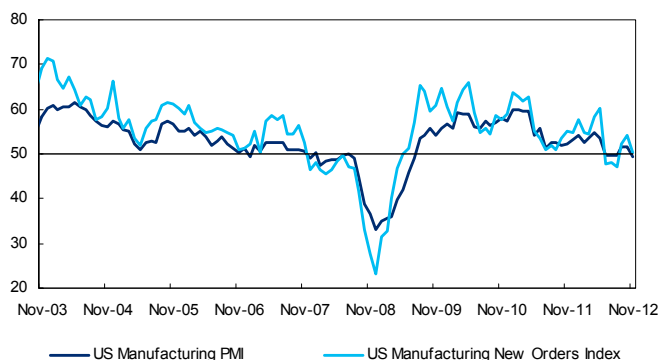
Source: CEIC, Citi Research

Figure 20. Domestic Headline PMI rose but remained in contractionary territory while Electronics PMI edged down further below 50



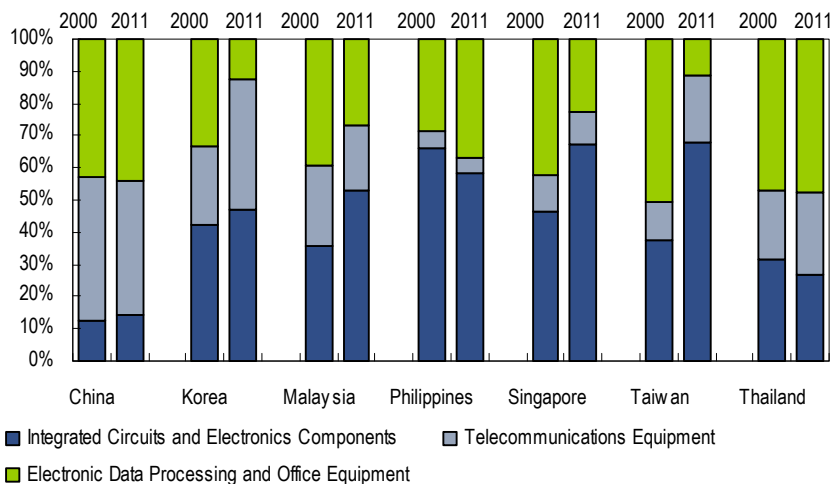
Source: CEIC, Citi Research

Figure 22. US ISM PMI New Orders Index softened but remained in expansionary territory (Nov: 50.3, Oct: 54.2)



Source: CEIC, Citi Research

Figure 23. Singapore's electronics sector is less exposed to the smartphone/tablet product segments



Source: WTO, Citi Research

Figure 24. NODX of Electronics Products (%MoM SA, Citi Research Estimates)

%MoM SA	Sep-12	Oct-12	Nov-12
Electronics NODX	-6.1	2.2	2.7
ICs	-19.5	11.7	-0.2
Parts of PCs	-4.3	-1.9	9.9
Parts of ICs	20.9	-13.3	6.2
Diodes and Transistors	6.2	7.5	11.2

Source: IE Singapore, CEIC, Citi Research Estimates

Figure 25. NODX by Country (%MoM SA)

Country of Destination	Sep-12	Oct-12	Nov-12
EU 27	-2.6	10.4	-5.5
US	-7.2	41.3	-25.5
China	2.3	-0.6	8.6
Malaysia	-13.2	1.6	4.3
Hong Kong	0.2	-6.2	4.5
Indonesia	7.1	0.1	-4.7
Japan	5.6	-14.8	10.7
India	5.2	3.0	-14.7
Others	6.6	-13.4	6.4

Source: IE Singapore

Figure 26. NODX to Top Markets (%YoY)

Top Market	NODX		Electronic NODX		Non-Electronic NODX	
	Oct-12	Nov-12	Oct-12	Nov-12	Oct-12	Nov-12
Hong Kong	15.6	-15.3	3.4	-21.1	39.6	-3.6
EU 27	8.9	0.5	-2.1	-22.8	13.0	9.9
South Korea	-1.6	-0.5	-13.4	-24.4	6.3	13.6
Taiwan	23.8	-8.5	25.7	-17.4	21.2	10.1
Malaysia	-6.8	-16.7	-11.1	-28.0	-4.3	-9.1
Indonesia	7.5	-2.3	18.3	27.0	4.9	-7.7
US	48.0	-7.0	-15.7	-28.3	102.6	11.2
Thailand	5.8	14.3	24.8	57.1	-2.9	0.0
Japan	2.7	-4.3	9.7	-31.5	-2.1	16.7
China	6.6	9.4	2.0	4.7	9.4	13.1

Source: IE Singapore

Figure 27. Indicators of Electronics Demand

	US New Orders for Computers and Electronic Products	PPI for Semicon & Related Device Mfg	US Shipment to Inventories Ratio for Computers and Electronic Products	US ISM Mfg PMI	US NASDAQ	US Semicon Book-to-Bill Ratio	China Communication, Computer and Other Electronic Equipment PMI	Taiwan Electronics Products Export Orders	Taiwan Information and Communication Products Export Orders	Singapore Electronics New Export Orders PMI	Number of Categories Rising Sequentially
	USD mn, SA	Dec-98=100			2/5/71=100			2006=100, SA	2006=100, SA		
Jan-12	21,865	40.3	0.616	54.1	2,813.84	0.96	45.0	194.2	150.2	50.9	6
Feb-12	22,786	40.4	0.622	52.4	2,966.89	1.01	54.1	189.6	146.6	50.8	6
Mar-12	22,597	40.3	0.597	53.4	3,091.57	1.12	53.8	191.8	146.8	53.4	6
Apr-12	22,957	40.4	0.604	54.8	3,046.36	1.10	53.3	186.7	149.0	52.4	5
May-12	22,854	40.7	0.632	53.5	2,827.34	1.05	49.6	187.0	150.2	51.6	4
Jun-12	21,744	40.1	0.629	49.7	2,935.05	0.93	54.8	184.7	156.9	49.2	3
Jul-12	21,280	40.6	0.612	49.8	2,939.52	0.86	53.7	191.4	152.7	48.4	4
Aug-12	20,428	40.5	0.590	49.6	3,066.96	0.82	56.2	186.9	142.4	52.4	3
Sep-12	20,318	40.4	0.603	51.5	3,116.23	0.78	53.8	190.8	149.3	52.5	6
Oct-12	20,416	39.6	0.602	51.7	2,977.23	0.75	53.8	190.0	148.9	47.5	2
Nov-12		39.8		49.5	3,010.24		54.3			45.1	3

Source: Haver, CEIC, CFLP, NBS, Citi Research

Appendix A-1

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