

## Singapore: December NODX Boosted By Pharma

Dec NODX surprised on the upside, expanding 9.0% y/y, 16.4% m/m s/adj compared to market estimates of -1.2% y/y, +8.0% m/m s/adj. The increase came from pharma exports which grew 38.6% y/y compared to 21.5% in Nov. Shipments of electronics reverted to a contraction of 4.6% after Nov's marginal increase of 0.1%.

Electronics exports should continue to remain soft, as external demand from Europe and US stay weak. Electronics PMI for Dec fell to 49.7 from 50.9, indicating that electronic exports could still stay depressed for a while.

NODX to China declined more steeply, at -1.4% y/y in Dec from -0.1% in Nov but NODX to EU and US showed some improvement, with shipments to EU expanding 12.0% after contracting the past few month. NODX to US contracted at a smaller pace, at -4.2% from -10.6% in Nov.

Although Dec data came in better than expected, the boost came from pharma exports which are volatile and might see some weakness this year. Electronic exports continue to stay low and we do not see any upturn in the sector as yet, with external demand for Singapore's exports still slow amid the sluggish US recovery and Eurozone debt problems. We are maintaining our projection of 2.5% for GDP growth in 2012. As for monetary policy, if inflation moderates over the next few months, there is a possibility that MAS could further ease monetary policy. But with inflation still high, at 5.7%, even with slowing growth, Apr's monetary policy could be a difficult decision.

Surprise Increase In Dec NODX (y/y %)			
	Oct 11	Nov 11	Dec 11
Total NODX	-16.3	1.4	9.0
Electronics	-31.2	0.1	-4.6
ICs	-33.4	5.6	-0.4
Parts of PCs	-25.7	-4.0	-9.5
Parts of ICs	-56.5	-1.4	-0.3
Disk Drives	-52.1	-48.8	-20.4
Diodes and Transistors	-14.8	-11.6	-23.1
Non-Electronics	-6.9	2.2	16.7
Total Chemicals	5.1	3.0	4.3
Pharmaceuticals	7.8	21.5	38.6
Petrochemicals	2.1	-12.7	-22.4
Source: IE Singapore			

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