

## Singapore: December IP Rebounds

Industrial production for Dec expanded after shrinking in Nov. The manufacturing sector grew 12.6% y/y and 7.8% m/m s/adj (consensus estimates: +6.4% y/y, +2.2% m/m s/adj) after contracting a revised -8.0% y/y and -24.5% m/m s/adj in Nov. The boost came from pharmaceuticals while weakness continued to persist in the electronics segment. Pharmaceutical production grew 121.6% y/y in Dec compared to 4.9% in Nov. Electronics continued to contract at -22.8% y/y compared to -30.6% in Nov. Excluding biomed output, industrial production would have contracted 9.0% y/y.

The manufacturing sector could continue to stay sluggish for the first half of this year, dragged down by the electronics sector on subdued external demand. Although the US Semi book to bill ratio climbed up to 0.88 in Dec from 0.83 in Nov, indicating more orders received, domestic PMI data for Dec indicated further weakness in the electronic sector. New orders and production for the electronics sector headed lower, and the possible supply chain disruptions from the Thai floods could continue to have a dampening effect. The Bank of Thailand said yesterday that Thailand's manufacturing production will only return to normal in 3Q this year. We are still keeping to our earlier projection of the domestic GDP growing 2.5% this year, with the manufacturing sector likely to grow in the mid single digit range.

December IP Rebounds				
	VA Share (%) 2010	Oct 11	Nov 11	Dec 11
Industrial Output	100	23.4	-8.0	12.6
Electronics	31.4	-22.5	-30.6	-22.8
Biomedical Manufacturing	19.6	111.8	4.9	111.6
Pharmaceuticals	17.1	116.7	4.9	121.6
Chemicals	10.7	-10.9	-5.2	-4.6
Precision Engineering	13.4	-5.8	-2.8	0.3
Transport Engineering	14.7	14.7	17.5	15.1
General Manufacturing	10.3	-10.5	1.3	-1.1
Industrial Output Ex Biomedical Manufacturing	80.4	-12.3	-13.5	-9.0

Source: EDB

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