

MEDIA RELEASE

Review of 1Q 2020 Trade Performance^{1,2}

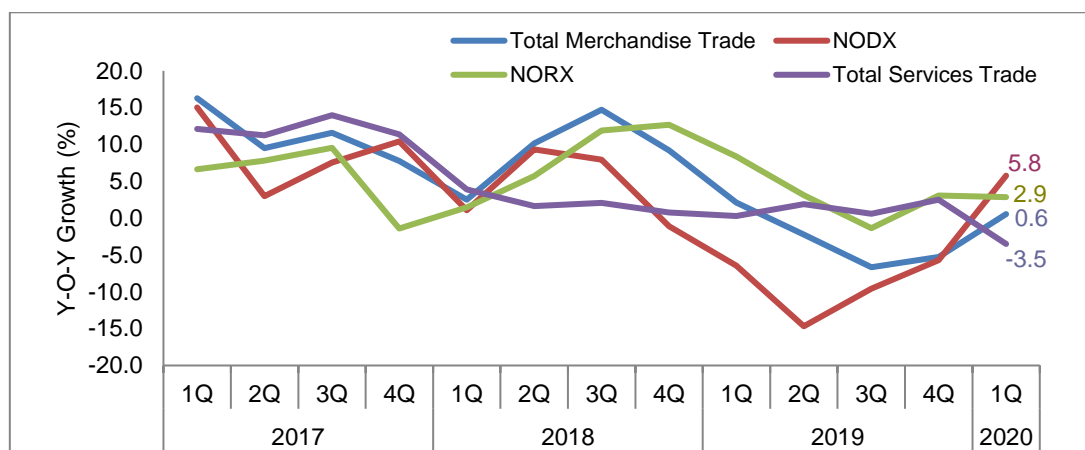
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Singapore, Tuesday, 26 May 2020

Highlights



- Total merchandise trade grew slightly by 0.6% in 1Q 2020, following steeper declines in the preceding three quarters (4Q 2019: -5.3%, 3Q 2019: -6.7%, 2Q 2019: -2.2%); non-oil trade, including non-oil imports, non-oil domestic exports (NODX) and non-oil re-exports (NORX) grew; oil trade declined amid lower oil prices.
- Total merchandise trade and NODX forecasts for 2020 are adjusted downwards to “-12.0% to -9.0%” and “-4.0% to -1.0%” respectively; the global economy and trade are now expected to contract instead of grow in 2020 amid an escalation of the COVID-19 outbreak worldwide since February, with dampened outlook for most of our key trade partners; lower oil prices amid weakened demand to further weigh on our oil trade. Balance of risks on the downside.
- Total services trade declined by 3.5% to reach S\$129.5 billion in 1Q 2020.

¹ Effective Apr 2020, data regarding the European Union (EU) shall be reported as EU 27 instead of EU 28, to accommodate Brexit. All top products/economies which are stated to have contributed towards the changes in trade figures are ranked by absolute change in level and not change in percentage.

² In tandem with the use of a new set of tariff codes for the classification of all goods traded within and outside ASEAN, data has been updated to ASEAN Harmonised Tariff Nomenclature (AHTN) 2017 version.

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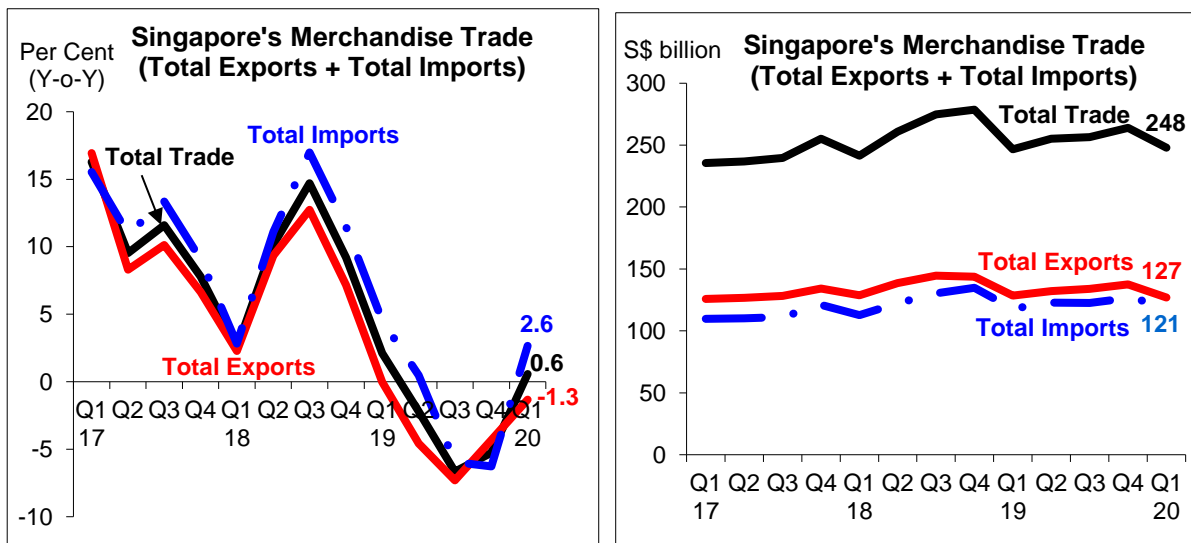
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Performance by Key Trade Components

TOTAL MERCHANDISE TRADE

Total merchandise trade grew slightly by 0.6% after declining for the large part of 2019

1. On a y-o-y basis, Singapore's total merchandise trade grew by 0.6% in 1Q 2020, after the 5.3% decrease in 4Q 2019 and preceding quarters (3Q 2019: -6.7%; 2Q 2019: -2.2%). Non-oil trade grew, outweighing the decline in oil trade. Oil trade declined by 15.9% in 1Q 2020 amid lower oil prices than a year ago, following the 20.9% contraction in the previous quarter. Non-oil trade grew by 4.5% in 1Q 2020, after the previous quarter's 1.0% decrease.



2. On a quarter-on-quarter (q-o-q) seasonally adjusted (SA) basis, total merchandise trade rose slightly by 0.1% in 1Q 2020, easing from the previous quarter's 1.6% growth. Non-oil trade grew by 3.5%, while oil trade contracted by 15.0%. Details on the performance of major merchandise trade components and key trading markets can be found in Annexes A, B and C.

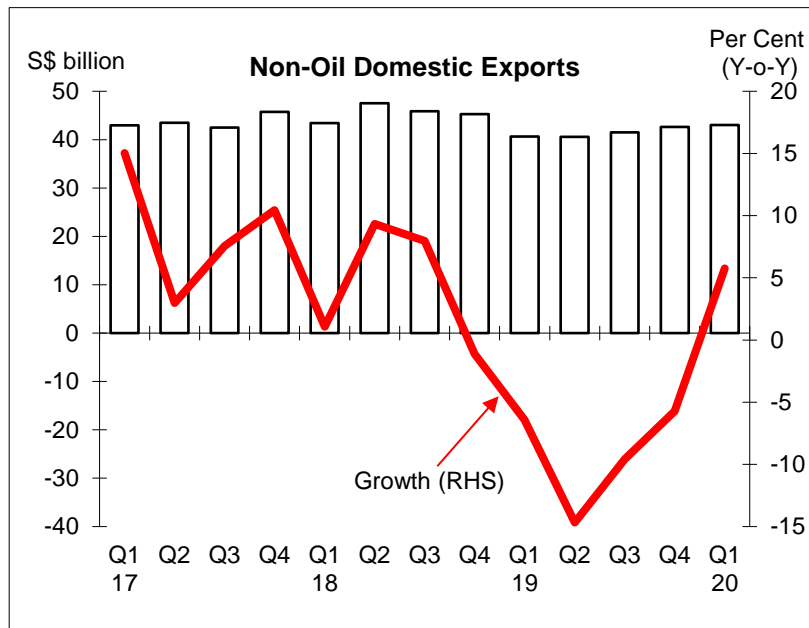
Non-oil Exports (NOX)

3. Non-oil exports (NOX), which include both NODX and NORX, increased y-o-y by 4.0% in 1Q 2020, after the preceding quarter's 0.3% decline. On a q-o-q SA basis, NOX rose by 2.5% in 1Q 2020, following the 1.9% growth in the previous quarter.

Non-oil Domestic Exports (NODX)

NODX grew in 1Q 2020, driven by non-electronics: e.g. specialised machinery grew from a low base a year ago, followed by non-monetary gold and pharmaceuticals; meanwhile, electronic NODX declined

4. On a y-o-y basis, NODX grew by 5.8% in 1Q 2020, after the 5.7% decrease in the previous quarter, due to increased shipments of non-electronic products while electronics declined.



5. **Electronic products.** On a y-o-y basis, domestic exports of electronic products³ declined by 2.3% in 1Q 2020, easing from the 20.4% contraction in 4Q 2019. ICs, PCs and other electronic peripherals declined by 10.1%, 32.8% and 32.0% respectively, and contributed the most to the decrease in electronic NODX (see Annex E).

6. **Non-electronic products.** Domestic exports of non-electronic products⁴ rose by 8.1% over the year in 1Q 2020, after the 0.3% decrease in 4Q 2019. The largest contributors to the growth in non-electronic NODX were specialised machinery (+54.1%)⁵, non-monetary gold (+27.1%)⁶ and pharmaceuticals (+17.9%).⁷

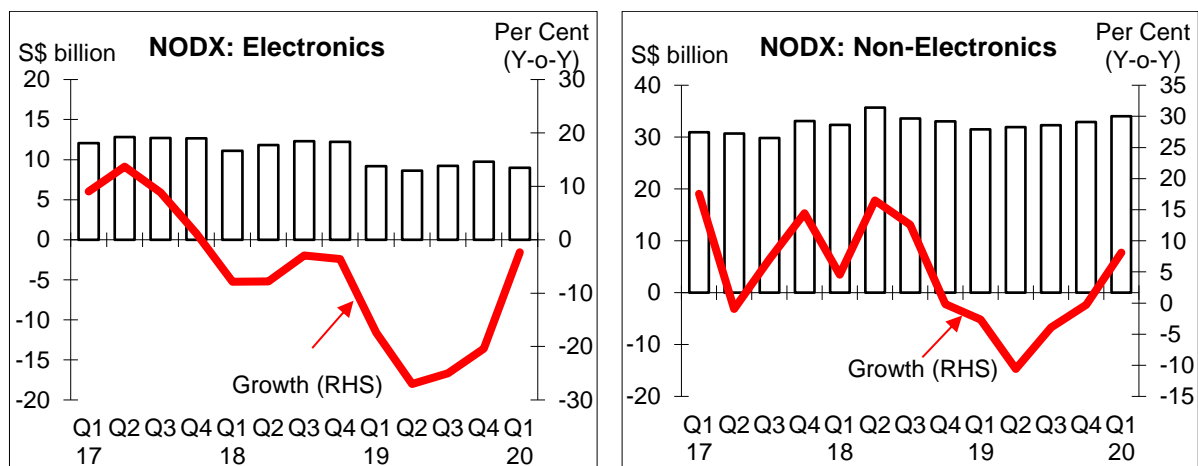
³ Comprising 21% of NODX in 1Q of 2020.

⁴ Comprising 79% of NODX in 1Q of 2020.

⁵ Specialised machinery formed about half (+S\$1.2 billion) of NODX's growth (+S\$2.3 billion) in 1Q 2020, growing from the low base a year ago, after declining in 1Q 2019 (-S\$1.1 billion or -32%). NODX of specialised machinery at S\$2.3 billion in 1Q 2019 was the lowest quarterly figure in 2019 (2019 average: S\$2.8 billion).

⁶ Domestic exports of non-monetary gold, which accounted for nearly one-third of NODX's growth in 1Q 2020, grew at a slower pace (+S\$0.7 billion or +27.1%) than in previous quarters (4Q 2019: +S\$1.8 billion or +124.2%; 3Q 2019: +S\$1.4 billion or +64.6%).

⁷ Pharmaceuticals NODX accounted for another nearly one-third of NODX's growth in 1Q 2020 after declining for 4 consecutive quarters. Pharmaceuticals NODX are typically volatile in nature and subject to short-term fluctuations which may not fully represent sustained changes in demand or business activities.



NODX to top markets as a whole grew in 1Q 2020, though exports to China, Hong Kong, Malaysia and Indonesia declined; growth mainly due to the US, Thailand and the EU 27

7. **Top 10 Markets.** NODX to the top markets as a whole grew in 1Q 2020, though exports to China, Hong Kong, Malaysia and Indonesia declined. The biggest contributors to the NODX growth were the US (+23.1%), Thailand (+46.9%) and the EU 27 (+15.1%). Details on the performance of key NODX markets can be found in Annex D.

Both electronic and non-electronic NODX grew over the quarter

8. On a q-o-q SA basis, NODX increased by 7.6% in 1Q 2020, following the 0.7% growth in the previous quarter, due to the rise in both electronic and non-electronic NODX. Electronic domestic exports increased on a q-o-q SA basis by 9.1% in 1Q 2020, following the previous quarter's 0.8% growth. Non-electronic NODX rose by 7.3% in 1Q 2020, following the 0.7% increase in the previous quarter.

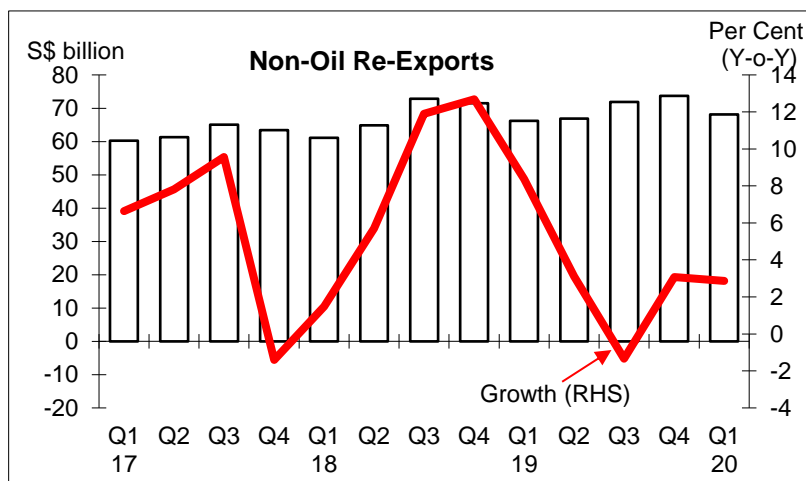
Non-oil Re-exports (NORX)

NORX rose in 1Q 2020; electronics grew, while non-electronics declined

9. On a y-o-y basis, NORX rose by 2.9% in 1Q 2020, following the 3.1% growth in the previous quarter. The y-o-y rise in NORX can be attributed to the higher shipment of electronic re-exports, while non-electronic re-exports declined.

10. **Electronic products.** Electronic NORX rose by 6.8% in 1Q 2020, following the 0.5% growth in the previous quarter. The increase in electronic NORX was due to higher re-exports of ICs (+10.3%), diodes & transistors (+22.2%) and consumer electronics (+40.4%).

11. **Non-electronic products.** Non-electronic NORX declined by 0.6% in 1Q 2020, after the previous quarter's 5.5% rise. The decrease in non-electronic NORX was due to lower re-exports of piston engines (-56.9%), petrochemicals (-31.0%) and alcoholic beverages (-29.3%).



NORX to top markets as a whole rose in 1Q 2020, though re-exports to China, Malaysia, the EU 27 and Japan declined

12. **Top 10 Markets.** NORX to the top markets as a whole rose in 1Q 2020, except China, Malaysia, the EU 27 and Japan. The biggest contributors to the increase in 1Q 2020 were Hong Kong (+16.8%), South Korea (+23.2%) and the US (+5.8%). Details on the performance of key NORX markets can be found in Annex F.

NORX decreased over the quarter in 1Q 2020

13. On a q-o-q SA basis, NORX declined by 0.5% in 1Q 2020, after the previous quarter's 2.6% increase. Non-electronic NORX declined, outweighing the growth in electronics. Electronic re-exports increased on a q-o-q SA basis by 2.4% in 1Q 2020, following the previous quarter's 3.6% rise. Non-electronic NORX declined by 3.1% in 1Q 2020, after the 1.6% increase in 4Q 2019.

Oil Domestic Exports

Oil domestic exports declined in 1Q 2020 in both nominal and volume terms

14. On a y-o-y basis, oil domestic exports contracted by 28.9% in 1Q 2020 amid lower oil prices, following the 21.5% decline in the previous quarter. In volume terms, oil domestic exports declined by 14.1% in 1Q 2020, following the decrease of 6.7% in the previous quarter. On a q-o-q SA basis, oil domestic exports contracted by 26.8% in 1Q 2020, after the 3.0% growth in the previous quarter (see Annex G).

Oil Re-exports

Oil re-exports increased in 1Q 2020

15. On a y-o-y basis, oil re-exports grew by 63.8% in 1Q 2020, after the 18.3% contraction in 4Q 2019.⁸ In volume terms, oil re-exports expanded by 103.2% in 1Q 2020, after the 2.1% decline in 4Q 2019. On a q-o-q SA basis, oil re-exports increased by 1.5% in 1Q 2020, after the previous quarter's decrease of 8.9%.

⁸ Oil re-exports grew from a low base a year ago in 1Q 2020. Oil re-exports formed a small portion (2.6%) of overall oil exports in 2019.

Outlook for Merchandise Trade and NODX in 2020

Global economy and trade now expected to contract in 2020 amid the COVID-19 outbreak; lower oil prices due to weakened demand to further impact oil trade; risks on the downside

16. In February, the 2020 forecast for total trade and NODX was downgraded to “-0.5% to 1.5%” amid the emerging COVID-19 outbreak. The forecast was premised on a dampening of growth prospects for China, with knock-on impact on regional economies, through lower import demand, supply chain disruptions, as well as weakened consumer and business sentiments. Lower oil prices were expected to weigh on oil trade and in turn trade growth. Since then, the external economic environment and oil prices have further deteriorated.

17. Based on the IMF’s latest available projection, the global economy is expected to decline by 3.0% in 2020⁹, in contrast to the 3.3% growth estimated in January, as growth forecasts were downgraded across advanced, emerging and developing economies. Singapore’s key trade partners, including ASEAN-5, the US and Eurozone are expected to see output decline amid weakened global demand and COVID-19 containment measures. Growth forecasts for China and India were likewise downgraded to 1.2% and 1.9% respectively, from previous estimates (6.0% and 5.8%).

18. On the trade front, the World Trade Organisation (WTO) expects world merchandise trade volumes to contract by between 13% and 32% in 2020, in contrast to the 2.7% growth earlier estimated.¹⁰ Double-digit declines in trade volumes are expected for nearly all regions, with exports from North America and Asia expected to be the hardest hit.

19. In addition, lower oil prices are expected to further weigh on our oil trade in nominal terms and in turn total trade in 2020. The Energy Information Administration (EIA) downgraded the 2020 oil price forecast to US\$34/barrel in May’s update, from the US\$61/barrel forecast in February. This was lower than the US\$64/barrel in 2019, as oil prices had dipped notably with weakened global demand amid the COVID-19 outbreak. Taking the above into consideration, the 2020 growth projection is adjusted downwards to -12.0% to -9.0% for total trade and -4.0% to -1.0% for NODX.

⁹ Based on the IMF’s World Economic Outlook (WEO) released in Apr 2020, which has yet to account for the latest impact of the COVID-19 on economies’ growth.

¹⁰ Based on the WTO’s latest April 2020 press release.

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TOTAL SERVICES TRADE¹¹

Total services trade declined in 1Q 2020

20. On a y-o-y basis, Singapore's total services trade¹² declined by 3.5% in 1Q 2020, following the 2.5% growth in the previous quarter. Total services trade reached S\$129.5 billion for the quarter, with both services exports and imports decreasing by 2.9% and 4.2% respectively (see Annex H).

Services Exports

Exports of services declined in 1Q 2020, mainly due to the decrease in travel receipts, receipts for the use of intellectual property and transport services exports

21. Services exports fell by 2.9% on a y-o-y basis in 1Q 2020, following the 4.5% growth in the preceding quarter. The decline in services exports can be attributed to the decrease in travel receipts (-40.6%), receipts for the use of intellectual property (-12.4%) and transport services exports (-1.6%).

¹¹ The latest annual and quarterly estimates on services trade are compiled based on the best available data at the time of first release and subject to revisions.

¹² Total services trade consists of services exports and services imports. Exports of services refer to the value of cross-border services provided by residents to non-residents, while imports of services refer to the value of cross-border services provided by non-residents to residents.

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