

MEDIA RELEASE

Embargoed until 25 May 2023, 8.00 a.m.

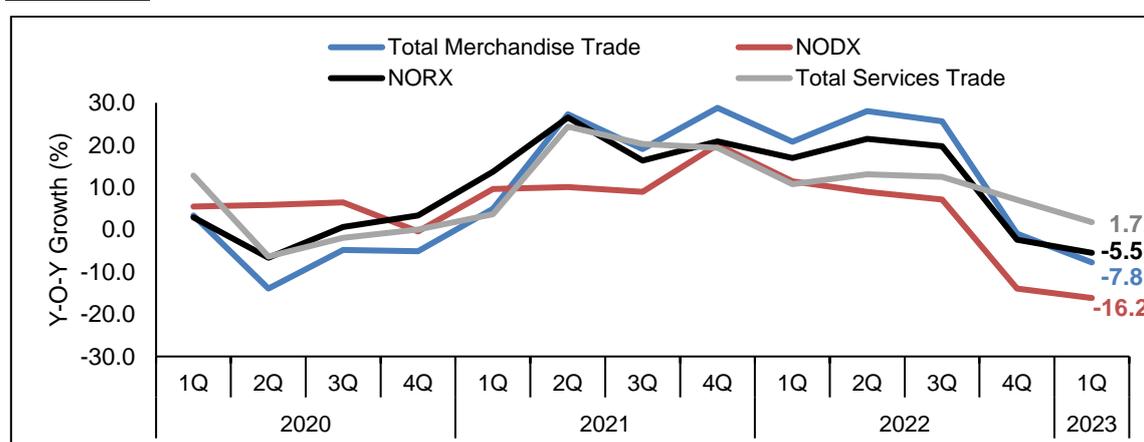
Review of 1Q 2023 Trade Performance^{1,2}

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MR No : 022/23

Singapore, Thursday, 25 May 2023

Highlights



Total Merchandise Trade

- Declined by 7.8% in 1Q 2023, extending the 1.0% decrease in 4Q 2022
- Non-oil trade declined by 9.5%; oil trade saw flat performance (0.0%) amid lower oil prices compared to a year ago
- Both non-oil domestic exports (**NODX: -16.2%**) and re-exports (**NORX: -5.5%**) declined

2023 Forecasts

- Downgraded to “-8.0% to -6.0%” for total merchandise trade and “-10.0% to -8.0%” for NODX; due to worse-than-expected performance to-date, weighed down by the manufacturing downcycle and lower expected oil prices

Total Services Trade

- Increased by 1.7% to reach S\$186 billion in 1Q 2023

¹ 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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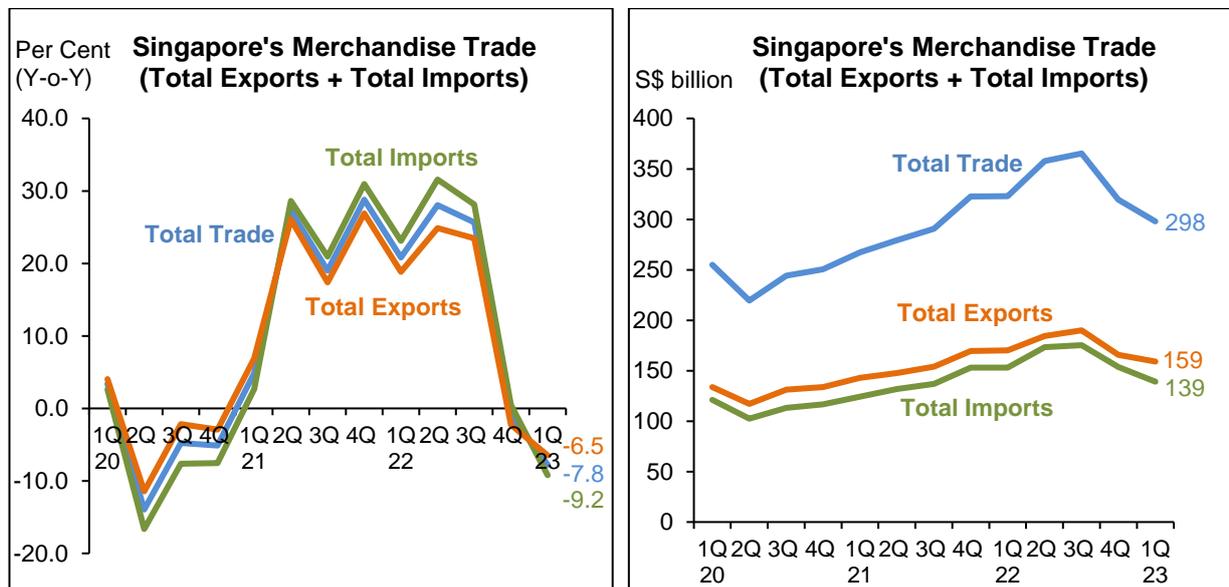
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Performance by Key Trade Components

Total Merchandise Trade

Total merchandise trade decreased by 7.8% in 1Q 2023; non-oil trade declined for the second quarter, while oil trade saw flat performance after preceding quarters of growth

- On a year-on-year (y-o-y) basis, Singapore's total merchandise trade declined by 7.8% in 1Q 2023³, extending the 1.0% decrease in 4Q 2022.
 - Oil trade saw a flat performance (0.0%) in 1Q 2023, after the 14.1% growth in 4Q 2022⁴.
 - Non-oil trade declined by 9.5% in 1Q 2023, extending the previous quarter's 4.2% decrease⁵.



- On a quarter-on-quarter (q-o-q) seasonally adjusted (SA) basis, total merchandise trade decreased by 4.5% in 1Q 2023, after the previous quarter's decline of 11.3%. Oil and non-oil trade declined by 10.2% and 3.0% respectively in 1Q 2023. Details on the performance of major merchandise trade components and key trading markets can be found in Annexes A, B and C.

³ In real terms, total merchandise trade declined 5.3% y-o-y, while NODX declined by 11.6%, due to both electronics (-22.0%) and non-electronics (-8.8%).

⁴ Oil trade formed 20% of total merchandise trade in 1Q23. Oil prices averaged US\$81/barrel in 1Q23, lower than the US\$100/barrel in 1Q22. Source: Energy Information Administration (EIA)

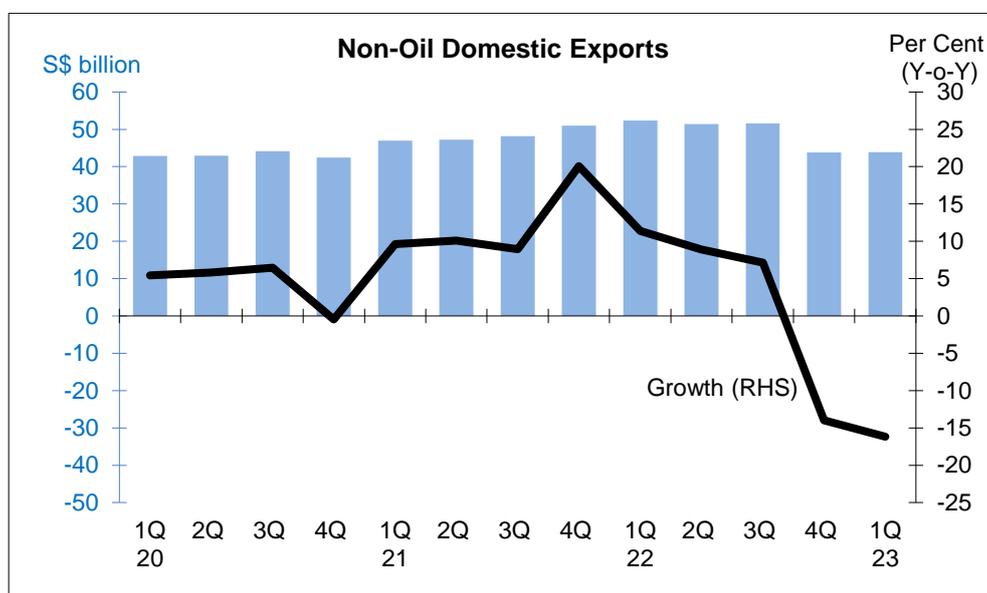
⁵ Non-oil trade formed 80% of total merchandise trade in 1Q23, of which electronics trade accounted for 39%.

Embargoed until 25 May 2023, 8.00 a.m.**Non-oil Exports (NOX)**

3. Non-oil exports (NOX), which include both NODX and NORX, declined y-o-y by 9.4% in 1Q 2023, after the preceding quarter's 6.5% decline. On a q-o-q SA basis, NOX decreased by 0.8% in 1Q 2023, following the 10.3% contraction in the previous quarter.

Non-oil Domestic Exports (NODX)***NODX declined in 1Q 2023 due to both electronics and non-electronics***

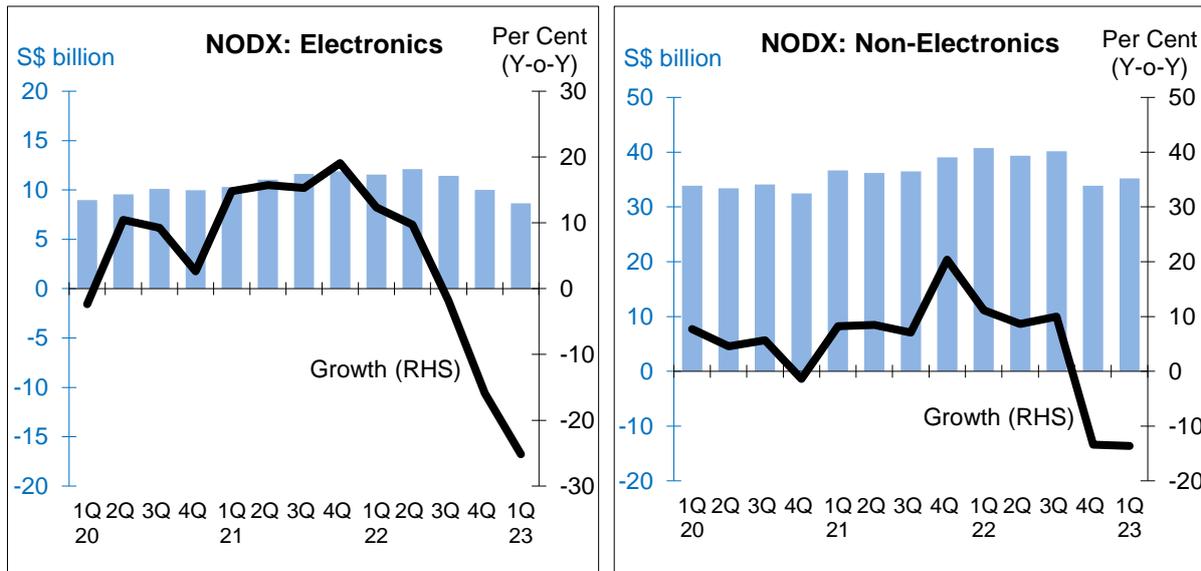
4. On a y-o-y basis, NODX contracted by 16.2% in 1Q 2023, extending the 14.0% decline in the previous quarter. Non-electronics decreased for the second quarter straight y-o-y in 1Q 2023, while electronics declined for the third consecutive quarter.



5. **Electronic products.** On a y-o-y basis, domestic exports of electronic products⁶ contracted by 25.2% in 1Q 2023, following 15.9% decrease in the previous quarter. ICs, disk media products and parts of PCs contracted by 31.4%, 41.1% and 33.4% respectively, contributing the most to the decline in electronic NODX (see Annex E).
6. **Non-electronic products.** Domestic exports of non-electronic products⁷ declined by 13.6% in 1Q 2023, following the 13.4% decrease in the previous quarter. The largest contributors to the decline in non-electronic NODX were non-monetary gold (-34.8%), petrochemicals (-24.6%) and structures of ships & boats (-52.4%).

⁶ Comprising 20% of NODX in 1Q 2023.

⁷ Comprising 80% of NODX in 1Q 2023.

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NODX to the top markets as a whole declined in 1Q 2023, mainly due to China, Hong Kong and Taiwan

7. **Top Markets.** NODX to the top markets, except Japan, declined in 1Q 2023. The biggest contributors to the NODX declined were China (-22.5%), Hong Kong (-40.2%) and Taiwan (-25.4%). Details on the performance of key NODX markets can be found in Annex D.

NODX decreased over the quarter; both electronics and non-electronics declined

8. On a q-o-q SA basis, NODX decreased by 3.3% in 1Q 2023, following the 11.7% contraction in the previous quarter. In 1Q 2023, on a q-o-q SA basis:
- Electronic NODX declined by 8.1%, following the previous quarter's 10.1% decrease.
 - Non-electronic NODX decreased by 1.9%, following the 12.1% decline in 4Q 2022.

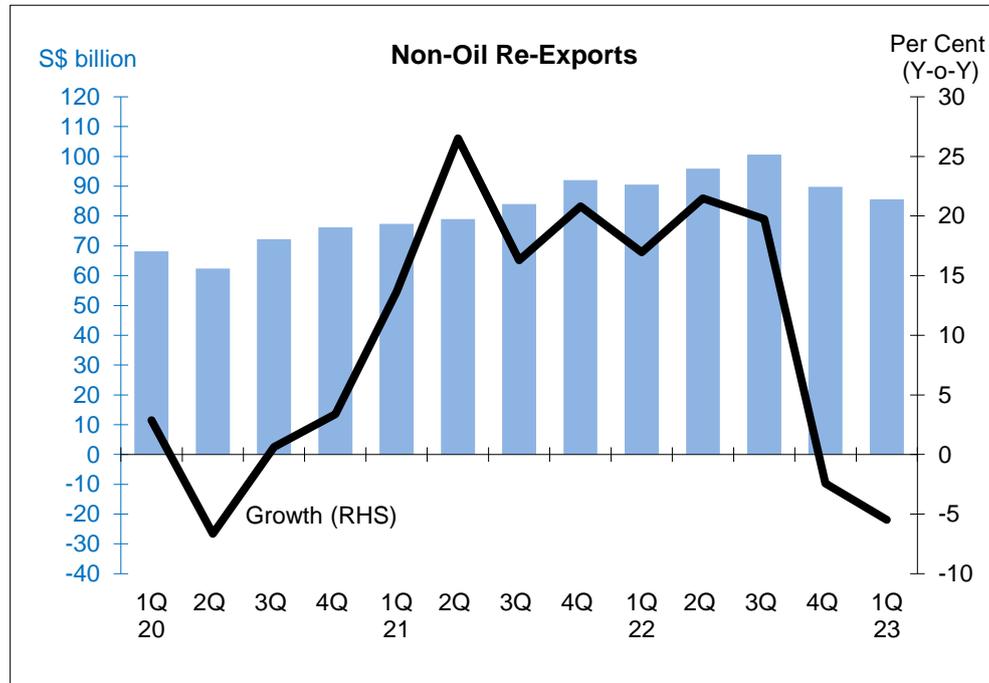
Non-oil Re-exports (NORX)

NORX declined in 1Q 2023 due to electronics while non-electronics grew

9. On a y-o-y basis, NORX declined by 5.5% in 1Q 2023, following the 2.4% decrease in the previous quarter. The decline in NORX can be attributed to the lower shipments of electronics, while non-electronic re-exports grew.
10. **Electronic products.** Electronic NORX contracted by 16.2% in 1Q 2023, extending the 9.1% decline in 4Q 2022. The contraction in electronic NORX was due to lower re-exports of ICs (-23.6%), PCs (-25.5%) and parts of PCs (-14.2%).
11. **Non-electronic products.** Non-electronic NORX rose by 8.2% in 1Q 2023, following the 6.0% increase in 4Q 2022. The rise in non-electronic NORX was due to higher re-exports of

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non-monetary gold (+87.1%), pharmaceuticals (+51.4%) and non-electric engines & motors (+10.8%).

***NORX to the top markets as a whole declined in 1Q 2023***

12. **Top Markets.** NORX to the top markets as a whole declined in 1Q 2023. The biggest contributors to the NORX decrease were Hong Kong (-27.3%), Taiwan (-22.6%) and China (-5.8%). Details on the performance of key NORX markets can be found in Annex F.

NORX grew over the quarter in 1Q 2023 due to non-electronics; electronics declined

13. On a q-o-q SA basis, NORX grew by 0.4% in 1Q 2023, after the 9.6% decrease in 4Q 2022. In 1Q 2023, on a q-o-q SA basis:
- Electronic re-exports declined by 3.0% in 1Q 2023, following the 10.6% contraction in 4Q 2022.
 - Non-electronic re-exports rose by 4.1% in 1Q 2023, after the 8.5% decline in 4Q 2022.

Oil Domestic Exports***Oil domestic exports rose in 1Q 2023***

14. On a y-o-y basis, oil domestic exports grew by 8.5% in 1Q 2023, easing from the 21.6% expansion in the previous quarter.

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- In volume terms, oil domestic exports expanded by 21.3% in 1Q 2023, after the 6.7% rise in the previous quarter.
- On a q-o-q SA basis, oil domestic exports declined by 10.2% in 1Q 2023, following the 15.3% contraction in the previous quarter.

Oil Re-exports***Oil re-exports grew in 1Q 2023***

15. On a y-o-y basis, oil re-exports rose by 16.1% in 1Q 2023, after the 0.1% decrease in 4Q 2022.
 - In volume terms, oil re-exports expanded by 45.4% in 1Q 2023, after the 3.1% decrease in 4Q 2022.
 - On a q-o-q SA basis, oil re-exports grew by 15.7% in 1Q 2023 (4Q 2022: +50.0%).

Outlook for Merchandise Trade and NODX in 2023***Weaker-than-expected 1Q 2023 performance; dampened external outlook amid manufacturing downturn and lower oil prices to weigh on trade in 2023***

16. On a y-o-y basis, the contraction of total merchandise trade and NODX in 1Q 2023 was sharper than in 4Q 2022. NODX fell by double-digit percentage y-o-y for the second quarter straight. Amid the sharp downturn in the global electronics sector, electronic NODX's decline intensified (1Q 2023: -25.1%, 4Q 2022: -15.9%). Oil trade, which had driven 44% of total trade growth in 2022, barely contributed to total trade growth in 1Q 2023 due to lower prices y-o-y.
17. In terms of global outlook, the external demand conditions had weakened for global manufacturing and goods exports, in contrast to the uptick in services activity. Manufacturing output slowed in 1Q 2023 particularly amongst Asian economies more exposed to the global electronics downcycle.⁸ Further weakness is expected as new orders stayed in the contractionary region for key exports such as electronics and chemicals.⁹ Prices of these key exports had also started to correct from their peak in 2022.¹⁰

⁸ Based on MAS' Macroeconomic Review released in April 2023.

⁹ Based on EDB's Business Expectations of the Manufacturing Sector for April 2023 – September 2023, released in Apr 2023.

¹⁰ In 1Q 2023, the Export Price Index (EPI) had declined for key non-oil exports (-4.6% yoy), including machinery & transport equipment (-4.4%) and chemicals (-6.2%). (Source: DOS).

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18. Similarly, the International Monetary Fund (IMF) has downgraded the 2023 global economic growth forecast to 2.8% (from 2.9%).¹¹ Growth is expected to slow from that in 2022 (+3.4%). Most of Singapore's key trade partners, including the US, Eurozone and ASEAN-5, are expected to grow at a slower pace in 2023, except China and Japan. On the trade front, the World Trade Organisation (WTO) forecasted global merchandise trade growth to be subdued in 2023 (+1.7%), compared to 2022 (+2.7%). Headwinds in the global economy including the war in Ukraine, inflation and monetary tightening could weigh on global trade and output.¹²
19. Meanwhile, lower expected oil prices in 2023¹³ could weigh on our oil trade in nominal terms, and in turn total trade. The sharp downturn in the global electronics sector is expected to weigh on electronics trade and exports performance, while the outlook for petrochemicals sector remains sluggish due to excess global supply and planned plant maintenance shutdown. These would weigh on total merchandise trade and NODX in 2023.
20. Taking the above into consideration, the 2023 growth projections for total merchandise trade and NODX are downgraded to “-8.0% to -6.0%” and “-10.0% to -8.0%” respectively.

TOTAL SERVICES TRADE¹⁴***Total services trade grew in 1Q 2023***

21. On a y-o-y basis, Singapore's total services trade grew by 1.7% in 1Q 2023, following the increase of 7.0% in the previous quarter. Services exports and imports increased by 0.4% and 3.3% in 1Q 2023 respectively (see Annex H).

Services Exports***Exports of services grew at a slower pace in 1Q 2023***

22. Services exports rose by 0.4% in 1Q 2023, following the 8.2% growth last quarter. The increase in services exports¹⁵ was mainly due to higher receipts from travel services (+170.4%), financial services (+9.3%) and other business services (+4.3%).

¹¹ Based on IMF's latest release in April 2023, compared to January 2023's release.

¹² Based on WTO's latest release in April 2023.

¹³ The U.S. Energy Information Administration projected oil prices to average US\$79/barrel in 2023, down 21% from 2022 (US\$101/barrel), as global oil inventories build.

¹⁴ 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.

¹⁵ For further information and detailed descriptions of all various major services categories, please refer to the latest publication on Singapore's International Trade in Services, available on the Statistics Singapore website (<http://www.singstat.gov.sg>).

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