

Singapore's June exports recover but outlook glum

July 17, 2008

SINGAPORE, June 17 (Reuters) - Singapore's non-oil exports rose 4.2 percent in June, rebounding from a sharp fall in May, but economists warned that a worse-than-expected drop in annual exports could drag the trade-dependent country into recession.

Singapore's economy, which is seen as barometer for the health of Asian exports to Europe and the United States, suffered its biggest contraction in five years in the second quarter on a seasonally-adjusted basis. Its non-oil domestic exports were worth about 70 percent of gross domestic product last year.

"These figures suggest that net exports will be a significant drag on headline GDP growth and are likely to remain slow in the second half of the year. You could say the drag is coming from a slowdown in the U.S.," said Song Seng Wun, an economist at CIMB.

June's seasonally adjusted rise followed a shock 9.8 percent decline in May and compared with market expectations for a 3.5 percent increase.

Non-oil exports in June fell 10.5 percent from a year earlier to S\$12.8 billion (\$9.5 billion), trade agency International Enterprise Singapore said in a statement on Thursday. That compared with a 10.5 percent fall in May, and with a median forecast in a Reuters poll for an annual decline of 4.2 percent.

China's economy, Asia's second-largest, slowed in the second quarter, partly as a result of slowing exports as demand was sapped by increased uncertainty caused by global financial turmoil.

Source: Jan Dahinten



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