Singapore

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September retail sales rose more than expected by 2.0% YoY (0.4% MoM sa), but was largely lifted by auto sales (29.6% YoY and 5.0% MoM sa)

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Highlights:

- **Singapore's September retail sales rose more than expected by 2.0% YoY (0.4% MoM sa), but was largely lifted by auto sales (29.6% YoY and 5.0% MoM sa).** The Bloomberg consensus forecast was 1.2% YoY and our house forecast was 0.5% YoY (-1.3% MoM sa). Excluding motor vehicles, retail sales would have shrunk 1.4% YoY (-0.2% MoM sa), extending the August decline of 1.3% YoY (-0.2% MoM sa). This marked the fourth consecutive month of retail sales excluding motor vehicle sales contracting after flatlining in May 2024. This illustrates that private consumption has likely moderated in line with the gradually cooling domestic labour market conditions.

- **Apart from motor vehicle sales, the other retail outperformers** were the cosmetics, toiletries & medical goods (2.9% YoY; 0.5% MoM sa), furniture & household equipment (2.0% YoY; 0.3% MoM sa) and supermarkets & hypermarkets (1.7% YoY; 0.0% MoM sa). In contrast, most of the other retail sales segments contracted in September, dragged down by wearing apparel & footwear (-9.3% YoY; -1.7% MoM sa), petrol service stations (-9.0% YoY; -0.3% MoM sa), and department stores (-6.8% YoY; 3.1% MoM sa).

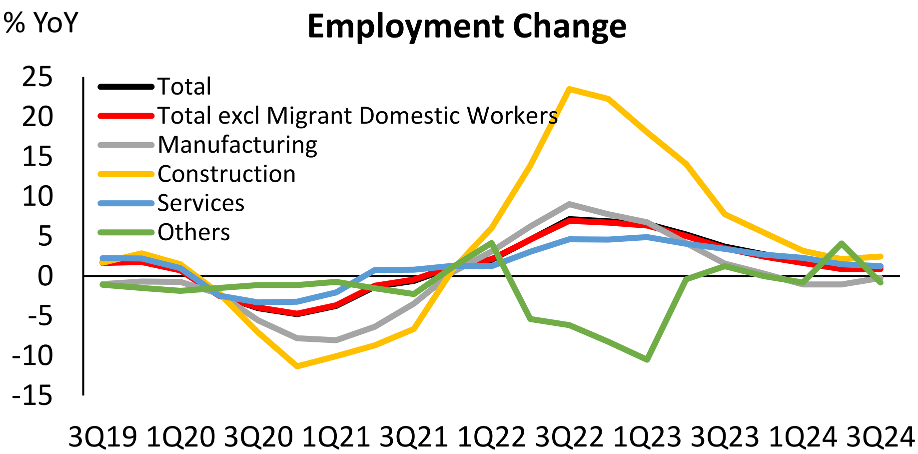
- **The year-to-date retail sales growth stand at 1.9% YoY, and we expect that 4Q24 retail sales should chalk up an improved performance of 3.4% YoY to bring full-year 2024 retail sales to around 2-3% YoY** which is similar to 2023's 2.3% YoY. Motor vehicles sales have been the star performer this year, expanding by 20.4% YoY year-to-date and 24.6% YoY in 3Q24, aided by the increased COE quotas and a recent pickup in demand for EVs. Contrast this with the motor vehicle sales for the January – September 2023 period which only grew by a tepid 1.3% YoY, with full-year 2023 growth at 4.7% YoY. With the car expo on 5-6 October, motor vehicle sales are likely to remain buoyant in the near-term. Note that given the recent vehicle usage trends and improved capabilities of ERP2.0, LTA will progressively inject up to about 20,000 additional COEs across the vehicle categories from February 2025, over the next few years. This is similar to the approach taken when the Government injected an additional 10,500 COEs on top of the allowable VGR between 1997 and 2003, following the introduction of the ERP system.

- **Looking ahead, the performance of the retail sales industry is likely dependent on the domestic labour market and the strength of the tourist dollar.** The Ministry of Manpower's forward-looking polls for September indicate a decline in hiring and wage expectations as the number of firms reporting an intention to hire fell to 43.2% (2Q24: 49.4%). Meanwhile, the proportion of firms intending to raise wages fell to 15.6% in 3Q24 (2Q24: 28.6%). MOM expects employment to continue expanding in 4Q24, supported by strong growth and increased year-end hiring for the festive period. Total employment grew by 24.1k in 3Q24 (2Q24: 11.3k), as both resident and non-resident employment rose at a faster pace, and unemployment rates were relatively steady in September. The overall unemployment rate dipped to 1.8% in September (August: 1.9%), the lowest reading since March 2023. Meanwhile, the resident and citizen unemployment held steady at 2.6% and 2.7% respectively in September. Separately, visitor arrivals had dipped to 1.27m in September 2024 (August: 1.54m) - this is higher than a year ago (1.13m) but still lower than that in September 2019 (1.46m). Visitor arrivals year-to-date stands at 12.59m, which is higher than the same period last year of 10.14m. This suggests that STB's 2024 visitor arrivals forecast of 15m-16.5m and tourism receipts forecast of SGD27.5-29bn are achievable. The 4Q24 business expectations survey show that a net weighted 13% of firms remain upbeat about the business outlook from October 2024 – March 2025. All sectors bar the transportation & storage sector are optimistic, with the retail trade sector the most optimistic ahead of the upcoming festive periods. A net 14% of services sector firms foresee higher revenue for the same period, with a net 10% anticipating increased hiring demand due to better business and rising demand. This implies that 4Q24 should be a relatively resilient period for retail sales given the upcoming festive season.

Change in Retail Sales By Industry

Industry	Year-on-Year	Month-on-Month
Department Stores	-6.8%	+3.1%
Supermarkets & Hypermarkets	+1.7%	0.0%
Mini-marts & Convenience Stores	-2.2%	-2.4%
Food & Alcohol	-0.4%	-7.3%
Motor Vehicles	+29.6%	+5.0%
Petrol Service Stations	-9.0%	-0.3%
Cosmetics, Toiletries & Medical Goods	+2.9%	+0.5%
Wearing Apparel & Footwear	-9.3%	-1.7%
Furniture & Household Equipment	+2.0%	+0.3%
Recreational Goods	-4.1%	-2.6%
Watches & Jewellery	-0.8%	-5.8%
Computer & Telecommunications Equipment	+0.1%	+1.0%
Optical Goods & Books	-2.2%	+3.2%
Others	+4.1%	+10.5%

Month-on-Month values are seasonally adjusted.



Source: MOM, CEIC, OCBC

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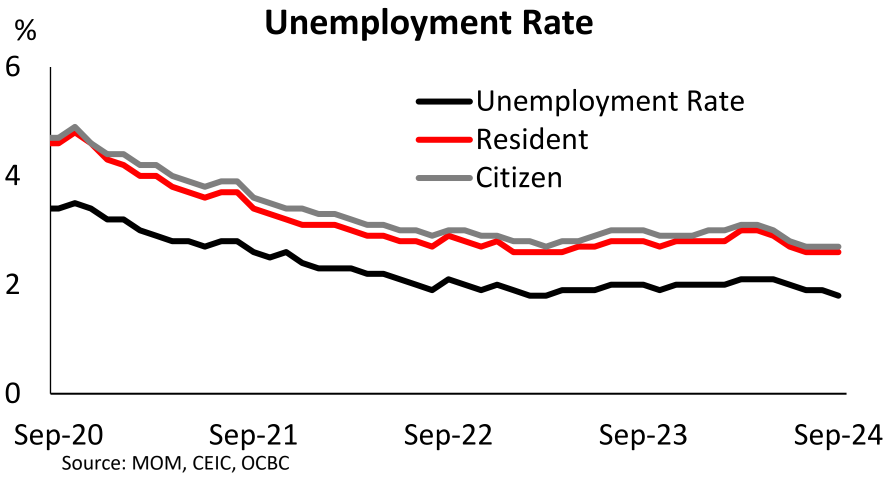

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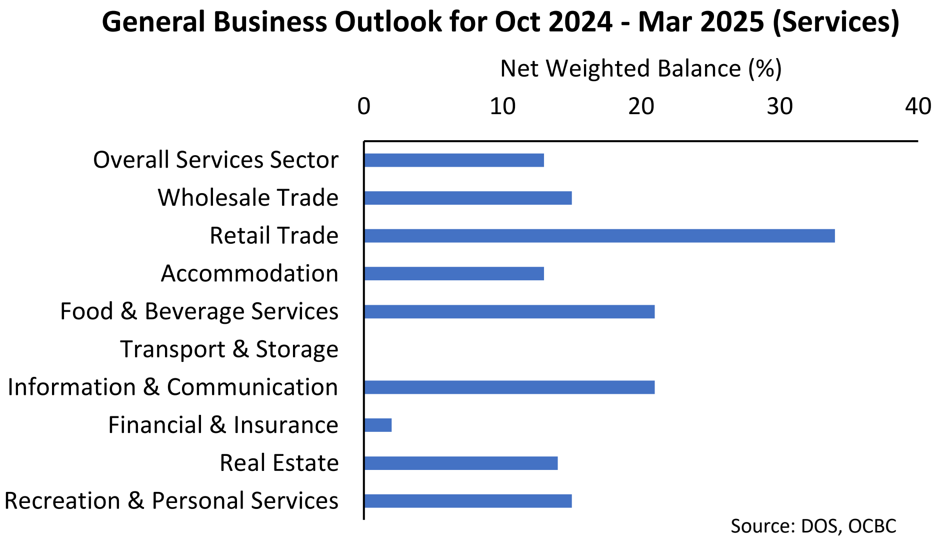

Source: DOS, OCBC

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