Singapore

5 September 2024

Singapore's July retail sales rebounded 1.0% YoY (3.1% MoM sa), but was largely driven by auto sales.

Highlights:

Selena Ling
Head of Research and Strategy
lingsselena@ocbc.com

- **Retail sales rose 1.0% YoY (3.1% MoM sa) in July, rebounding from June's contraction of 0.6% YoY (-3.7% MoM sa).** However, this July print disappointed the Bloomberg consensus forecast of 1.3% YoY, but is stronger than our -1.3% YoY forecast. The key contributor was auto sales which jumped 27.2% YoY (21.7% MoM sa), whilst petrol stations, food & alcohol, supermarkets & hypermarkets, and watches & jewellery also eked out modest positive sales growth. That said, sales of food & alcohol have slowed quite dramatically from the double-digit growth seen in 1H24 to only 4.7% YoY in July.

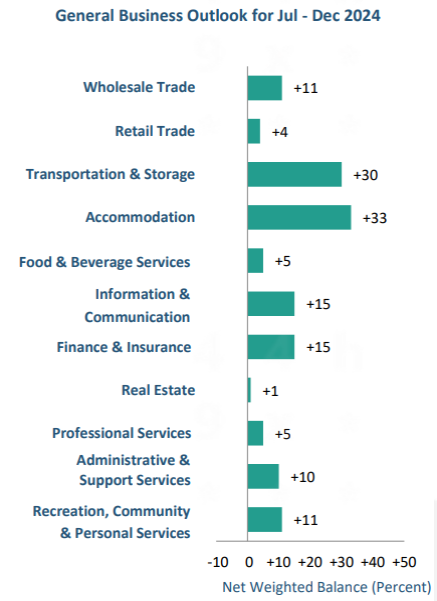
- **Retail sales excluding motor vehicles actually fell 2.3% YoY (0.5% MoM sa), marking the second straight month of declines.** Notably, there were weak sales across other industries which were dragged down by lower appetite for shopping at department stores (-11.2% YoY) and wearing apparel & footwear (-10.3% YoY), as well as optical goods & books (-8.7% YoY). This reinforces the softening domestic consumption picture after a buoyant 1Q24 due to the spate of concerts. The gradually cooling domestic labour market conditions coupled with the strong SGD may have contributed to households tightening their belts as well as potentially diverted some spending overseas, including across the Causeway.

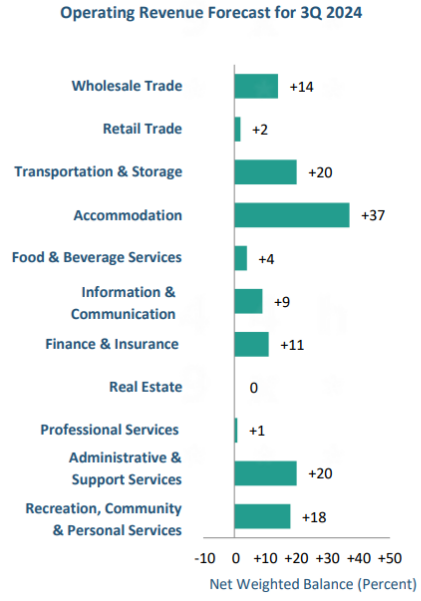
- **Retail sales rose only 1.9% YoY for January-July 2024, lower than the 3.1% YoY for the same period in 2023.** With a tepid start to July retail sales, 3Q24 retail sales are tipped to only expand ~1.4% YoY (even with F1 taking place later in September) while 4Q24 may recover to 4.5% YoY given the traditional peak holiday and festive season, as well as more MICE events generally anticipated in 2H24. This would likely bring full-year 2024 retail sales growth to around 2-3%, which is similar to the 2.3% YoY seen in 2023. With COE A & B premiums both creeping higher in August and September, this could dampen the strength of auto sales going ahead. As for the retail trade outlook in the recent business expectations survey for services firms, it was the second lowest in terms of optimism at +4% after real estate (+1%). In particular, their operating revenue and employment forecasts for 3Q24 was similarly soft at +2% and +3% respectively.

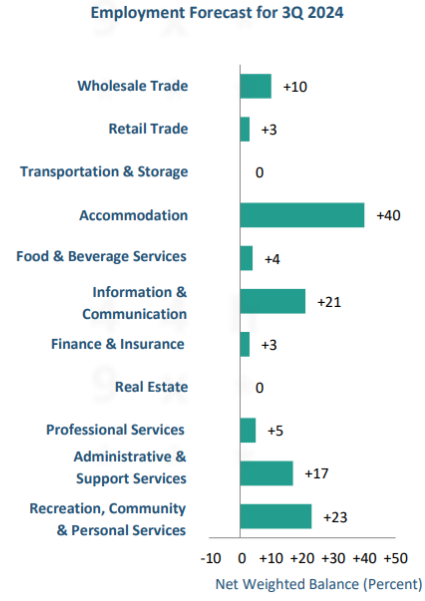
Change in Retail Sales By Industry

	Year-on-Year	Month-on-Month
Department Stores	-11.2%	-2.4%
Supermarkets & Hypermarkets	+1.8%	+2.5%
Mini-marts & Convenience Stores	-1.9%	+5.2%
Food & Alcohol	+4.7%	-1.3%
Motor Vehicles	+27.2%	+21.7%
Petrol Service Stations	+4.7%	+0.8%
Cosmetics, Toiletries & Medical Goods	-1.4%	-4.0%
Wearing Apparel & Footwear	-10.3%	+1.3%
Furniture & Household Equipment	-5.0%	-2.0%
Recreational Goods	-4.4%	-0.9%
Watches & Jewellery	+0.8%	+0.5%
Computer & Telecommunications Equipment	-1.3%	+4.6%
Optical Goods & Books	-8.7%	+2.7%
Others	-0.9%	-2.7%

Month-on-Month values are seasonally adjusted.







Source: Singstat

GLOBAL MARKETS RESEARCH

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathanng4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee
Credit Research Analyst
mengteechin@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics ad is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.: 193200032W

*Follow our podcasts by searching '**OCBC Research Insights**' on Telegram!*