

S'pore's demand shock is evident in the March retail sales.

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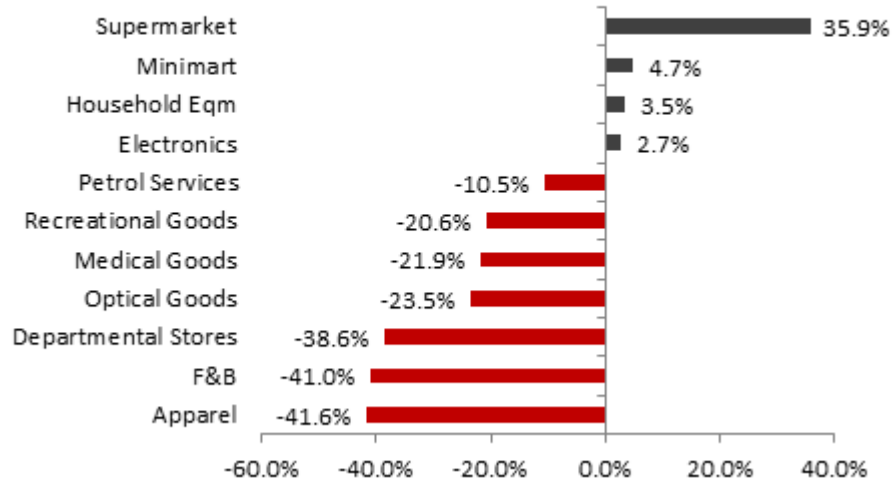
Highlights

Singapore's retail sales shrank a shocking 13.3% yoy (-1.3% mom sa) in March. This print is the worst since September 1998 (-16.9% yoy), but probably has not hit bottom yet since it's pre-Circuit Breaker! As expected the supermarket and minimart sales did very well due to the frontloaded buying of groceries and household items in anticipation of the Circuit Breaker containment measures, coupled with household equipment and electronics to facilitate the work-from-home arrangements and social distancing measures. The increase in furniture could be both electrical (mini fridges/freezers) and home-work furniture (work tables, office chairs etc). Electronic sales were also probably boosted by a spike in consumer demand for computers, laptops, monitors and headsets etc for work-from-home arrangements, and Nintendo switch for recreational pastime. At the end of the spectrum, apparel and F&B saw the largest declines due to the demand slump amid the Covid-19 outbreak, partly also because the deteriorating economic environment has prompted a softening in the domestic labour market and households were quick to tighten their discretionary spending in anticipation of potential job losses. Excluding motor vehicles, retail sales also fell 9.7% yoy (+1.6% mom sa) in March.

Given that social distancing measures are likely to be only lifted in a gradual and sequenced manner, online sales are likely to continue to increase. Online sales have already increased as a proportion of total sales to 8.5% (\$3.3 billion) in March, largely driven by computer & telecommunications equipment (41.2%), furniture & household equipment (16.5%) and supermarkets & hypermarkets (7.5%). Moreover, the Circuit Breaker, which started on 7 April 2020, has accelerated the process of moving F&B and retail, especially the smaller players who may have been slow to adopt digital platforms in the past, to online sales.

Retail sales are still headed further south for the Circuit Breaker period of April-May 2020. Retail sales already declined by 8.9% yoy in 1Q20, marking the worst quarter for domestic retailers since 3Q09. 2Q20 retail sales are likely to contract again by 15.4% yoy, before easing gradually to a more modest contraction of 4.0% in 3Q20 as the lifting of the Circuit Breaker may see a subsequent but likely still muted resumption of economic activities and a tepid demand recovery. Retail sales may only resurface back into positive growth territory in 4Q20 at 1.8% yoy. If this materialises, retail sales could still shrink by 6.6% yoy in 2020, which would be the worst annual sales year since the Global Financial Crisis in 2009 (-7.8% yoy).

Singapore March'20 Retail Sales YoY



Change In Retail Sales By Industry					
Department Stores		Supermarkets & Hypermarkets		Mini-marts & Convenience Stores	
Year-on-Year	Month-on-Month ¹	Year-on-Year	Month-on-Month ¹	Year-on-Year	Month-on-Month ¹
-38.6%	-7.2%	+35.9%	+13.1%	+4.7%	+0.7%
Food & Alcohol		Motor Vehicles		Petrol Service Stations	
Year-on-Year	Month-on-Month ¹	Year-on-Year	Month-on-Month ¹	Year-on-Year	Month-on-Month ¹
-41.0%	-21.6%	-28.2%	-16.4%	-10.5%	-7.3%
Cosmetics, Toiletries & Medical Goods		Wearing Apparel & Footwear		Furniture & Household Equipment	
Year-on-Year	Month-on-Month ¹	Year-on-Year	Month-on-Month ¹	Year-on-Year	Month-on-Month ¹
-21.9%	-3.5%	-41.6%	-6.7%	+3.5%	+9.3%
Recreational Goods		Watches & Jewellery		Computer & Telecommunications Equipment	
Year-on-Year	Month-on-Month ¹	Year-on-Year	Month-on-Month ¹	Year-on-Year	Month-on-Month ¹
-20.6%	-8.4%	-34.4%	-10.3%	+2.7%	+12.2%
Optical Goods & Books		Others			
Year-on-Year	Month-on-Month ¹	Year-on-Year	Month-on-Month ¹		
-23.5%	-12.3%	-7.2%	+5.2%		

¹ Seasonally adjusted

Source: CEIC, Singstat, OCBC

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