

Singapore

August retail sales growth moderated mainly due to the auto-related drag

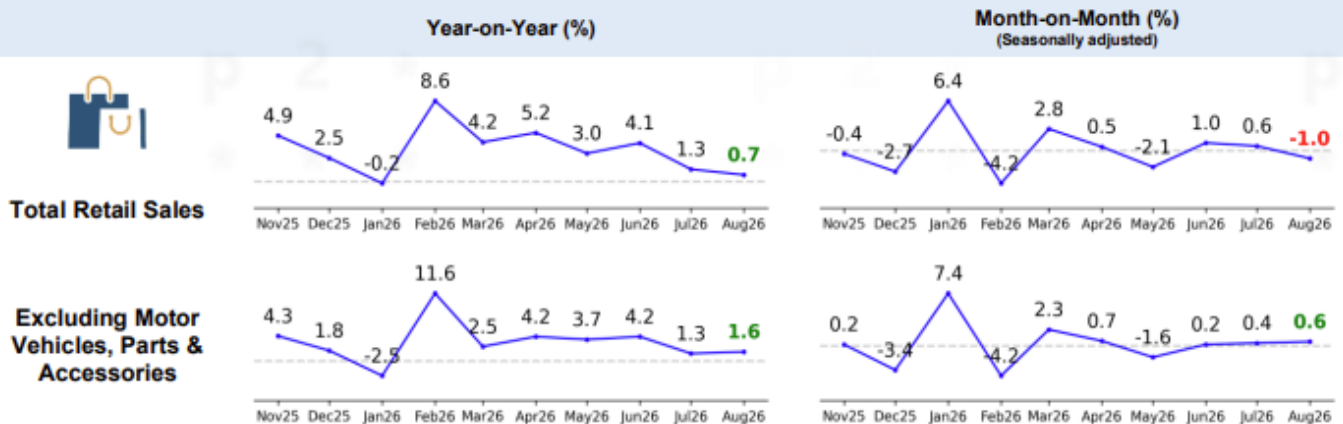
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- Headline retail sales look soft but underlying momentum is largely intact. August retail sales eased to 0.7% YoY (-1.0% MoM sa), slower than July's revised 1.3% YoY (0.6% MoM sa). More importantly, many discretionary segments like cosmetics/toiletries, computer/telecom and recreational goods saw healthy YoY growth, although sales of watches and jewellery fell 2.7% YoY (-7.8% MoM sa).
- The drag was mainly due to motor vehicles, parts and accessories which contracted 4.6% YoY and 9.5% MoM sa in August which is the worst performance since February 2026 and May 2021 respectively. Excluding this, retail sales rose 1.6% YoY, which is an acceleration from July's 1.3%.
- The outlook is hazy as the anticipated impact on outdoor activities, especially for leisure/sports and F&B, is likely negative in the near-term as health-conscious consumers avoid outdoor and strenuous activities. My full year 2026 retail sales forecast is ~2.6%, with some moderation in 4Q26 growth momentum tipped at 1.1% YoY (partly due to higher base in 2H25).

Highlights

- **Headline retail sales look soft but underlying momentum is largely intact.** August retail sales eased to 0.7% YoY (-1.0% MoM sa), slower than July's revised 1.3% YoY (0.6% MoM sa). This marked the seventh straight month of YoY growth in retail sales and brought YTD growth to 3.2% which is an improvement from the 2.6% seen for the same period last year. Still, August's 0.7% YoY print was the weakest since the 0.2% YoY decline in January 2026, while the 1.0% MoM sa reading was a reversal of the previous two months expansion. The drag was mainly due to motor vehicles, parts and accessories which contracted 4.6% YoY and 9.5% MoM sa in August which is the worst performance since February 2026 and May 2021 respectively. Excluding this, retail sales rose 1.6% YoY, which is an acceleration from July's 1.3%.
- **More importantly, many discretionary segments like cosmetics/toiletries, computer/telecom and recreational goods saw healthy YoY growth,** although sales of watches and jewellery fell 2.7% YoY (-7.8% MoM sa). Petrol service station sales also grew 3.2% YoY amid the elevated crude oil prices due to the Middle East geopolitical tensions and notwithstanding the decrease in sales of motor vehicles, parts and accessories. International arrivals were around 1.6m in August, broadly unchanged YoY but 1.2% lower than July. The domestic labour market remained stable in 2Q26, with some softening in vacancy and wage/hiring intention indicators. Notably, F&B sales remained weak and declined 1.6% YoY in August, extending July's 1.9% YoY drop. Within the F&B service, the performance was mixed - sales at restaurants, food courts and cafés declined, but fast-food outlets and food caterers still grew YoY.
- **The outlook is hazy as the anticipated impact on outdoor activities, especially for leisure/sports and F&B, is likely negative in the near-term** as health-conscious consumers avoid outdoor and strenuous activities. August did experience a haze warning, but this was less severe than the prolonged September-October 2015 episode or the several unhealthy reading periods in September 2019. The previous historical episodes of haze suggest that footfall effects likely, but a prolonged haze period may be more damaging than short spikes, but motor vehicle sales can be a swing factor. August online sales had hit a 3-month high at 15.7% of total sale value while that excluding motor vehicles, parts and accessories hit 18.2%, and it is likely that the September-October online sales could further increase modestly due to the haze situation as more consumers turn to e-commerce channels instead of venturing out to shop.
- **While leisure/MICE tourism usually gets a boost this time of the year** with Singapore International Energy Week (SIEW) and F1 in October, the question remains how prolonged the haze situation is going to be. On the flip side, sales of air purifiers and masks etc should improve. Retail sales have expanded for 7 straight months, and YTD 2026 growth is 3.2% YoY which is better than the 2.6% seen for the same period last year. My full year 2026 retail sales forecast is ~2.6%, with some moderation in 4Q26 growth momentum tipped at 1.1% YoY (partly due to higher base in 2H25).

KEY INDICATORS OF RETAIL TRADE



Change in Retail Sales by Industry



Source: Singstat, Retail Sales Index and Food & Beverage Services Index August 2026.

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