

## Singapore

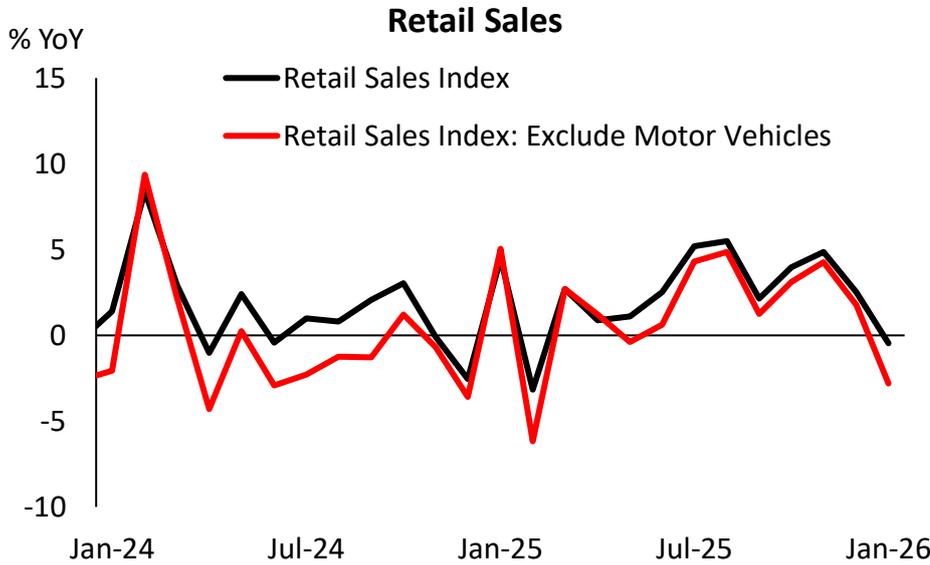
# Singapore's January retail sales unexpectedly fell 0.4% YoY, but the Iranian conflict portends upside inflation risks

Selena Ling  
Chief Economist & Head, OCBC Group  
Research

- January retail sales unexpectedly fell 0.4% YoY, partly skewed by CNY effects. This missed the Bloomberg consensus forecast of 2.8% YoY and our forecast for 3.0% YoY, as well as a reversal of the revised 2.5% YoY growth seen in December 2025. Compared to December, retail sales did expand 6.1% MoM sa, versus a 2.7% MoM sa contraction previously.
- There was also a rebasing of the retail sales index (RSI) from 2017 to 2025. Notably, the weight of Motor Vehicles including parts & accessories (namely tyres and batteries for motor vehicles and parts and accessories for motor vehicles) actually fell from 18.1% to 14.8% post-rebasing.
- Looking ahead, February retail sales is likely to rebound to around 5.2% given the low base last year (-3.2% YoY) to bring 1Q26 retail sales to 2.3% YoY. For full-year 2026, retail sales is likely to grow around 2-3% YoY, which is similar to the 2025 performance of 2.8% YoY growth. While headline GDP growth is tipped to moderate from the 2025 blockbuster pace of 5% YoY to around 2-4% as per the official forecast (our house forecast: 3.0% YoY), the recent developments in the Middle East, especially on the Iran situation and the impact on energy prices and the Straits of Hormuz are closely monitored for the potential duration and severity of the disruptions.

## **Highlights:**

- January retail sales unexpectedly fell 0.4% YoY, partly skewed by CNY effects. This missed the Bloomberg consensus forecast of 2.8% YoY and our forecast for 3.0% YoY, as well as a reversal of the revised 2.5% YoY growth seen in December 2025. Compared to December, retail sales did expand 6.1% MoM sa, versus a 2.7% MoM sa contraction previously. Excluding motor vehicles, parts & accessories, retail sales shrank 2.8% YoY (7.1% MoM sa). It is worth noting that Chinese New Year holidays fell in January 2025, but in February 2026 which implied a higher base in this period last year. Apart from retail sales of computer & telecom equipment, optical goods & books and others, most of the retail segments did expand from December levels.
- There was also a rebasing of the retail sales index (RSI) from 2017 to 2025. Notably, the weight of Motor Vehicles including parts & accessories (namely tyres and batteries for motor vehicles and parts and accessories for motor vehicles) actually fell from 18.1% to 14.8% post-rebasing. IN contrast, supermarkets & hypermarkets (16.0% versus 14.4% previously), watches & jewellery (11.6% versus 9.0% previously, likely reflecting greater discretionary purchasing power) and wearing apparel & footwear (10.9% versus 9.8% previously). The other notable changes were that retail sales of food & alcohol also more than doubled from 2.1% based on 2017 weights to 4.6% using 2025 weights, suggesting that consumption patterns may have evolved pre- and post-pandemic to favour more eating out, whilst retail sales for department stores have shrunk from 6.2% to 4.3% based on the 2025 weights which could reflect the inexorable shift to more digital economy offerings rather than “everything under one roof” retail concepts.
- Looking ahead, February retail sales is likely to rebound to around 5.2% given the low base last year (-3.2% YoY) to bring 1Q26 retail sales to 2.3% YoY. For full-year 2026, retail sales is likely to grow around 2-3% YoY, which is similar to the 2025 performance of 2.8% YoY growth. While headline GDP growth is tipped to moderate from the 2025 blockbuster pace of 5% YoY to around 2-4% as per the official forecast (our house forecast: 3.0% YoY), the recent developments in the Middle East, especially on the Iran situation and the impact on energy prices and the Straits of Hormuz are closely monitored for the potential duration and severity of the disruptions. Elevated energy prices will likely impact business costs and domestic pump prices have already seen an adjustment. Anecdotal feedback also suggest that shipping and logistics players are bracing for higher prices, and even plastic packaging manufacturers are being warned of impending price increases for their raw materials the longer the current Middle East tensions drag on. DPM Gan had warned that the government will reassess the official 2025 GDP and inflation forecasts. At this juncture, we prefer to wait-and-see how the current Iranian conflict plays out before adjusting our forecast of 3% GDP growth and 1.3% headline and core inflation forecasts, albeit there is clear upside risk on the inflation front. Our estimates is that in the scenario that oil prices average US\$92 per barrel for instance, from the US\$66 baseline assumption, there could be a 0.5% point bump higher to the headline inflation this year. While this does not bust the 1-2% YoY official inflation forecast, nevertheless, it may potentially contribute to a reassessment of when MAS may opt to tighten monetary policy settings this year to mitigate the imported cost element, since the earlier inflation trajectory was partly predicted on well-behaved global commodity prices including energy.

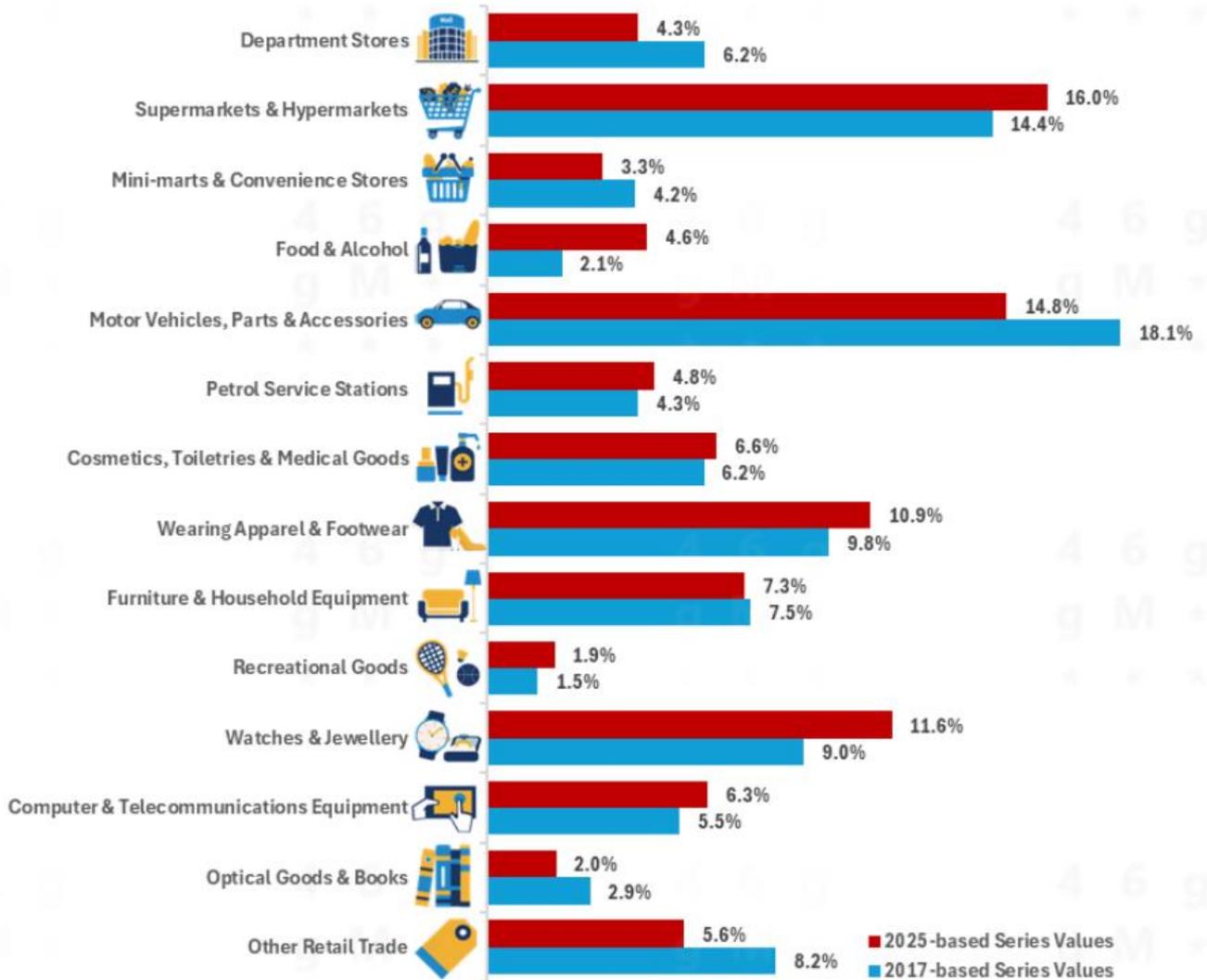


Source: Singstat, CEIC, OCBC Group Research.

Change in Retail Sales By Industry					
<b>Department Stores</b>  Year-on-Year <b>-12.3%</b> Month-on-Month <b>+4.4%</b>		<b>Supermarkets &amp; Hypermarkets</b>  Year-on-Year <b>-9.7%</b> Month-on-Month <b>+7.7%</b>		<b>Mini-marts &amp; Convenience Stores</b>  Year-on-Year <b>-2.7%</b> Month-on-Month <b>+4.7%</b>	
<b>Food &amp; Alcohol</b>  Year-on-Year <b>+1.6%</b> Month-on-Month <b>+12.8%</b>		<b>Motor Vehicles, Parts &amp; Accessories</b>  Year-on-Year <b>+15.6%</b> Month-on-Month <b>+0.3%</b>		<b>Petrol Service Stations</b>  Year-on-Year <b>-9.7%</b> Month-on-Month <b>+3.8%</b>	
<b>Cosmetics, Toiletries &amp; Medical Goods</b>  Year-on-Year <b>-0.4%</b> Month-on-Month <b>+8.1%</b>		<b>Wearing Apparel &amp; Footwear</b>  Year-on-Year <b>-12.9%</b> Month-on-Month <b>+7.6%</b>		<b>Furniture &amp; Household Equipment</b>  Year-on-Year <b>+1.3%</b> Month-on-Month <b>+2.3%</b>	
<b>Recreational Goods</b>  Year-on-Year <b>+19.6%</b> Month-on-Month <b>+1.6%</b>		<b>Watches &amp; Jewellery</b>  Year-on-Year <b>+15.1%</b> Month-on-Month <b>+20.7%</b>		<b>Computer &amp; Telecommunications Equipment</b>  Year-on-Year <b>+14.1%</b> Month-on-Month <b>-2.4%</b>	
<b>Optical Goods &amp; Books</b>  Year-on-Year <b>+11.5%</b> Month-on-Month <b>-0.5%</b>		<b>Others</b>  Year-on-Year <b>-14.9%</b> Month-on-Month <b>-1.0%</b>			

Month-on-Month values are seasonally adjusted.

**Chart 1: Weighting Pattern of RSI in 2017-Based and 2025-Based Series**



Source: Singstat.

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