Singapore

3 October 2025

Singapore's retail sales surprised on the upside at 5.2% YoY (0.5% MoM sa) in August 2025

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

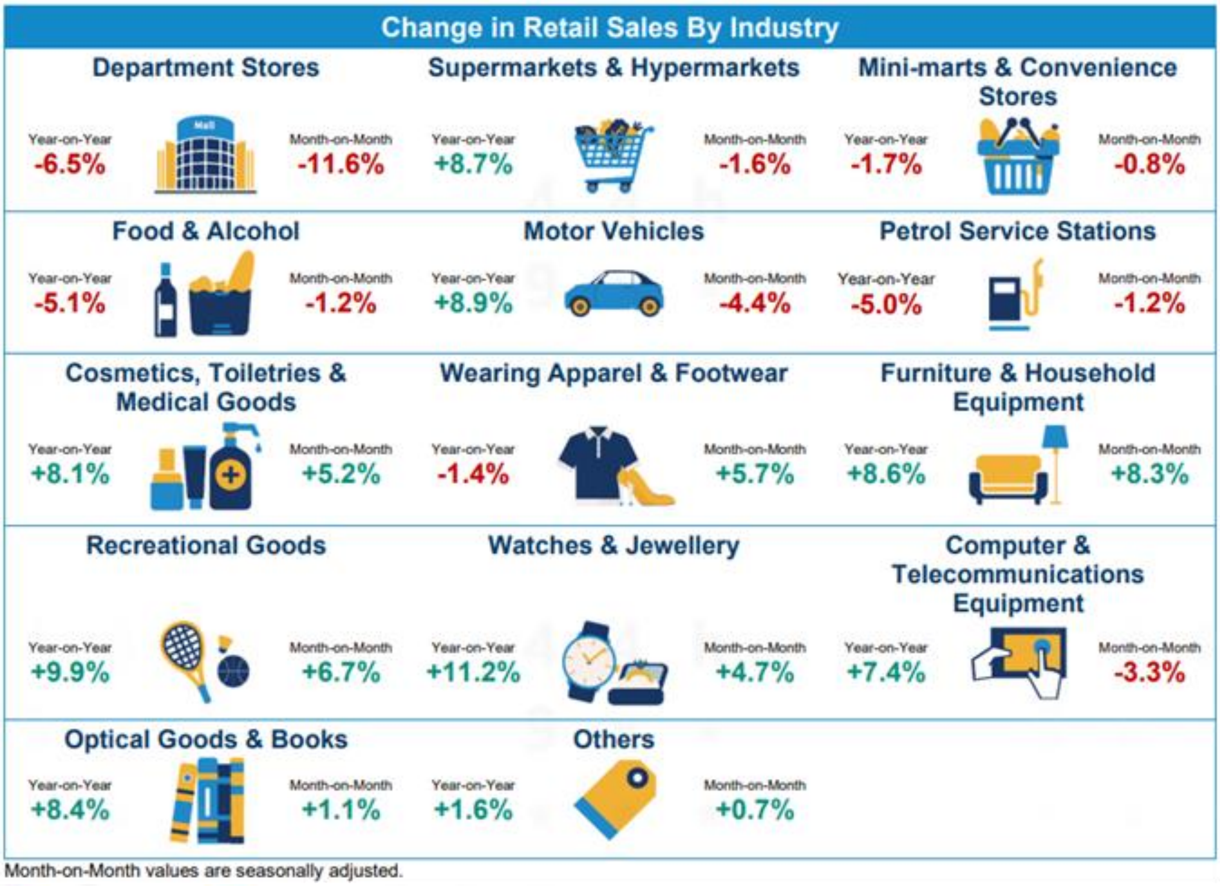
Highlights:

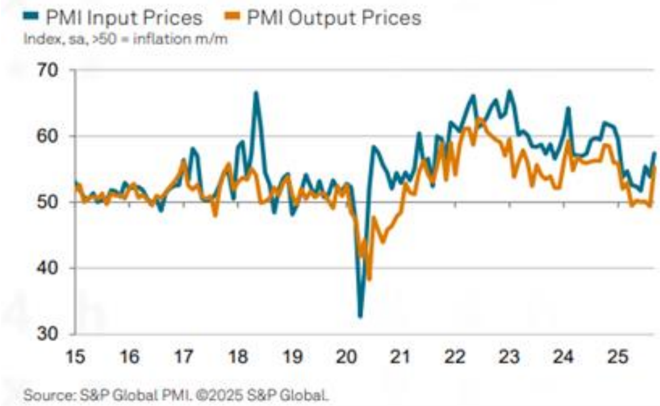
- **August retail sales were better than expected at 5.2% YoY (0.5% MoM sa), which exceeded the consensus forecast of 4.8% and our forecast of 4.4%.** This is also an improvement from the revised 4.6% in July and the fastest pace of growth since February 2024. Auto sales was a big contributor at 8.9% YoY, but other key performing segments also included watches & Jewellery (11.2%), recreational good (9.9%), supermarkets & hypermarkets (8.7%), furniture & household equipment (8.6%), cosmetics/toiletries & medical goods (8.1%) etc. Excluding autos, retail sales also expanded 4.6% YoY, an acceleration from a downwardly revised 3.9% in July. The retail segments that underperformed in August were department stores (-6.5%), food & alcohol (-5.1%), petrol service stations (-5.0%) and wearing apparel & footwear (-1.4%).

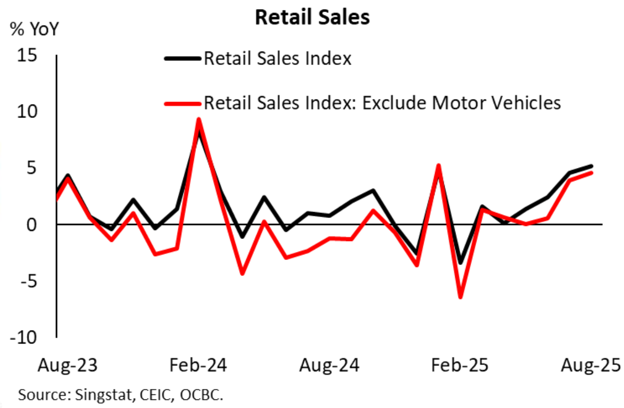
- **The uptick in discretionary item spending likely reflects an improvement in visitor arrivals in August and domestic consumption may have also picked up** after the government upgraded the full-year GDP growth forecast to 1.5-2.5% and as business and consumer confidence improved with the trade deals struck by many countries with the U.S. which resulted in the overall reduction of reciprocal tariffs outside of Singapore which still sees a base tariff level of 10%. **Retail sales grew 2.2% YoY for the first eight months of 2025, suggesting that full-year retail sales growth could come in higher at 2.4% YoY.** This would be an improvement from the 1.4% seen in retail sales in 2024.

- **The S&P Global Singapore PMI also surged from 51.2 in August to 56.4 in September, marking its eight month of expansion** above the 50 handle. This also coincided with the fastest output growth in a year, aided by new orders and activity as business confidence improved. Consequently, higher purchasing activity contributed to the first expansion in stocks of purchases in five months, suggesting a turnaround from the post-Liberation Day reciprocal tariff announcement. Inventories also saw renewed growth to mitigate supplier delivery times which had extended to the most pronounced pace for the year-to-date. Pressure on supply chains and capacity also intensified. Interestingly, Singaporean private sector firms have supposedly resumed raising staffing levels in September after cutting headcounts in August, to tackle accumulated backlogs and higher new orders. That said, the downside is that overall input prices continued to build, with input price inflation at its highest since January amid both intermediate input prices, wage inflation and utility costs. In turn, companies passed on some cost burdens to clients, resulting in the sharpest hike in selling prices since January. This bears watching as inflationary pressures may not be as subdued as what was seen in the earlier part of this year and could prove a double-edge sword for domestic businesses even as the business outlook appears to be improving.

- **For the upcoming October monetary policy review, it may be a close call but MAS may likely lean towards keeping the S$NEER policy static again at this juncture.** Core inflation is subdued, but low base effects from 4Q24 likely means there is slight upside momentum for 4Q25. Overall, headline and core inflation should stay within the official inflation forecast range of 0.5-1.5% YoY this year, albeit likely closer to the lower end of the range. For 2026, I expect both headline and core CPI to rebound above 1% YoY handle as well, so the medium-term inflation outlook is not for a further disinflation trajectory. While GDP growth is expected to decelerate slightly towards 2H25, nevertheless 1H25 performance has been better than expected on frontloading effects as well as resilient domestic momentum. Barring a sharp downturn in the months ahead, full-year GDP growth is likely to exceed the 2% handle as well. Even though the US administration is threatening sectoral tariffs on semiconductors and pharmaceuticals, amongst others, they are still pending implementation and finalisation of tariff levels. As such, there may be a preference to keep some policy powder dry and hold what is possibly the final S$NEER slope flattening for a later stage when needed such as in 2026. Historically, the S$NEER slope is only set at a 0% appreciation stance during times of crisis and at this juncture, while the tariff and geopolitical situation is still evolving, market and business sentiments have gradually recovered since the Liberation Day announcement in early April. Moreover, the pharmaceutical tariff appears to be open to concessions if the companies pledge to onshore some production in the US.







Source: Singstat, CEIC, OCBC

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, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com