Singapore

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Singapore's June retail sales improved to 2.3% but shrank 1.2% MoM sa.

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Highlights:

- **June retail sales at 2.3% YoY was an improvement from May's revised 1.3% YoY (1.0% MoM sa)** and above Bloomberg consensus forecast of 2.0% YoY but slightly below my forecast of 2.7% YoY. Given that June is school holidays when many Singaporean families travel overseas, it did mark a contraction of 1.2% MoM sa. With the SGD strength, it is not unexpected that more Singaporean households headed overseas to take advantage of improved purchasing power. Notably, visitor arrivals in June also clocked at 1.25m which is the lowest month year-to-date and down from the 1.63 million YTD high seen in January 2025.

- **Excluding motor vehicles, retail sales rose a more tepid 0.4% YoY (-1.4% MoM sa).** This brought 1H25 retail sales to 1.2% YoY, which is a moderation to the 2.2% seen in the same period last year. The key retail sales drivers in June were motor vehicle (+14.6% YoY), computer & telecom equipment (7.3% YoY), optical goods & books (5.9% YoY), recreation (5.6% YoY), watches & jewellery (5.5% YoY), cosmetics, toiletries & medical goods (4.8% YoY). On the contrary, petrol service stations (-5.9% YoY, possibly due to more new car sales increasingly being EVs), food & alcohol (-5.2% YoY), mini-marts & convenience stores (-2.6% YoY) and department stress (-0.2% YoY).

- **For 2H25, retail sales may remain sluggish in 3Q25 before stabilizing in 4Q25 mainly due to low base in November-December 2024.** Our full-year 2025 retail sales forecast remains at 1-1.5%, close to the 1.4% recorded last year. The domestic labour market, especially hiring intentions, is gradually cooling, but the unemployment rate remains relatively stable. Note the S&P Global Singapore PMI improved 51.0 in June to 52.7% in July, the fastest pace in three months and marking its sixth month of consecutive expansion, even though input price inflation stood at a six-month high and selling prices were little changed despite the cost pressures. The latter suggests that margin erosion could be a theme to watch for the months ahead, particularly when reciprocal tariffs kick in and there could be reverberations through the global supply chains, since competitive pressures may be limiting the corporates' ability to pass on rising costs during a period when demand conditions is softening.

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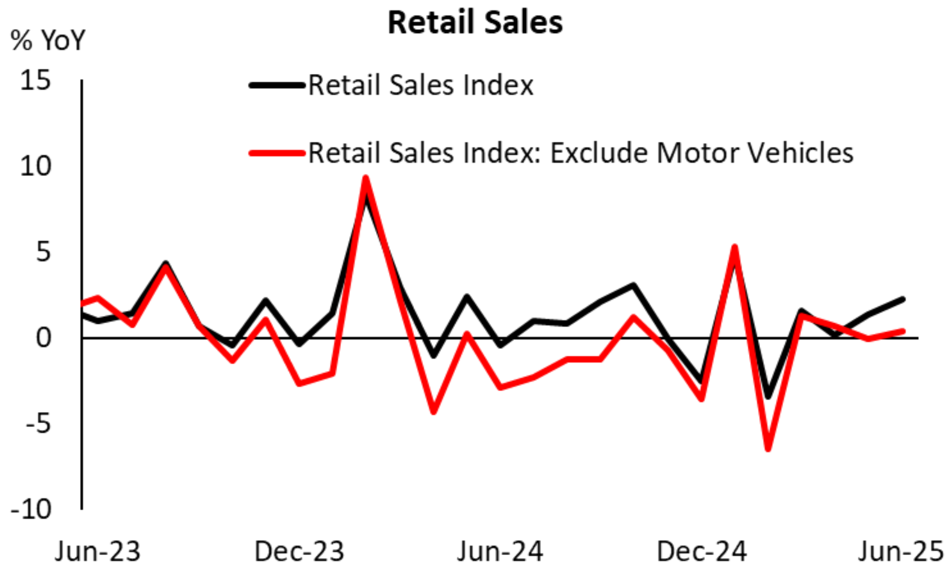
- **The Food & Beverage (F&B) sales rose marginally by 0.1% YoY in June**, which is a moderation from the 1.0% growth recorded in May. The main drag was from restaurant sales (-5.6% YoY), whereas food caterers performed well (18.5% YoY). Interestingly, the latest business expectations survey for the services sector showed that a net 8% of F&B services was optimistic about the second half outlook, possibly attributable to upcoming concerts (eg Blackpink, Sting etc) and sporting events (eg. F1) as well as the year-end festive season. That said, only a net 3% are bullish on operating revenue for 3Q25 but flat on its 3Q25 employment forecast.



Source: Singstat, CEIC, OCBC.

Change in Retail Sales By Industry

Industry	Year-on-Year	Month-on-Month
Department Stores	-0.2%	+3.7%
Supermarkets & Hypermarkets	+1.3%	-3.8%
Mini-marts & Convenience Stores	-2.6%	-4.1%
Food & Alcohol	-5.2%	-2.5%
Motor Vehicles	+14.6%	-0.4%
Petrol Service Stations	-5.9%	+2.7%
Cosmetics, Toiletries & Medical Goods	+4.8%	+0.3%
Wearing Apparel & Footwear	-2.6%	+0.5%
Furniture & Household Equipment	+1.3%	+1.2%
Recreational Goods	+5.6%	-2.5%
Watches & Jewellery	+5.5%	+3.0%
Computer & Telecommunications Equipment	+7.3%	-5.1%
Optical Goods & Books	+5.9%	-1.0%
Others	-10.2%	-9.6%

Change in Food & Beverage Sales By Industry

Industry	Year-on-Year	Month-on-Month
Restaurants	-5.6%	+0.9%
Fast Food Outlets	+2.3%	-1.0%
Food Caterers	+18.5%	-2.6%
Cafes, Food Courts & Other Eating Places	-0.1%	-3.5%

Source: Singstat.

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