Singapore

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Singapore's retail sales rebounded in March, but potential risks ahead are to the downside.

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

Highlights:

- **The March retail sales print of 1.1% YoY (-2.8% MoM sa) is slightly below my forecast of 1.5% YoY (-0.9% MoM sa),** even though it marked a rebound from the February revised print of -3.5% YoY (3.0% MoM sa). Retail sales excluding motor vehicles also recovered 0.7% YoY in March, up from -6.5% YoY in February, but fell 1.2% MoM sa. The key retail segments that expanded in March were watches & jewellery (13.5% YoY), recreational goods (3.2% YoY), supermarkets & hypermarkets (3.4% YoY), motor vehicles (3.3% YoY), furniture & household equipment (2.5% YoY) and computer & telecommunications equipment (0.2% YoY), whereas the largest drags came from wearing apparel & footwear (-8.0% YoY), petrol service stations (-8.2% YoY), optical goods & books (-6.2% YoY), food & alcohol (-5.1% YoY), mini-marts & convenience stores (3.0% YoY), department stores (-2.4% YoY).

- **Notably, food & beverage sales by restaurants (-6.6% YoY), fast food outlets (-3.6% YoY) and cafes, food courts & other eating places (-4.2% YoY) also underperformed in March**, albeit food caterers still outperformed (19.6% YoY, which could be partly driven by MICE etc). In particular, the retail sales for department stores, food & alcohol, and wearing apparel & footwear industries have shrunk YoY for two consecutive months, while that for mini-mart & convenience stores, and petrol services stations have been declining for much longer. All these could be suggestive of a slowdown in the domestic economic health, with some belt tightening by households already. The disbursement of $300 and $500 CDC vouchers in January and May 2025 may somewhat cushion the spillover impact from inflation and a softer labour market, but the final tranche of $300 CDC vouchers will be distribution in January 2026.

- **The March retail sales reading is akin to looking at water under the bridge as the Singapore economy, like the rest of the world, is now confronted with the Liberation Day April 2nd reciprocal tariffs and a sharper expected slowdown in the global economy**, especially our key trading partners of US, China etc due to the heightened trade tensions. There are already clearer signs of a cooling in the domestic labour market conditions, with the overall unemployment rate recently rising slightly to 2.1% and the pace of employment growth has discernibly moderated for both residents and non-residents. The moderation in labour demand was more evident in some outward-oriented sectors, according to MoM. Business sentiments have cooled, as reflected in the latest business expectations surveys for both manufacturing and services firms, whilst the April manufacturing and electronics PMIs have also sunk back into contraction territory (<50). In particular, fewer employers expect to hire or raise wages in 2Q25. Anecdotally, businesses are also reportedly in wait-and-see mode and have cautiously slowed their capex and hiring plans, while awaiting the outcome of the 90-day suspension period for US' reciprocal tariffs as well as the potential US-China trade negotiations. While tourist arrivals should sustain, the wax and wane of market sentiments could weigh on consumer confidence and expenditure patterns, especially for discretionary spending which includes travel.

- **2Q25 retail sales may still expand modestly since the 2Q24 base is not particularly challenging. That said, the risks are clearly skewed to the downside** given that the official GDP growth forecast has been reduced from 1-3% to 0-2% YoY. Retail sales had expanded 1.3% YoY for 2024, but may stumble or even flatline if the Singapore economy stalls or slips into a technical recession in the coming quarters and/or the local labour market comes under pressure. The Economic Resilience Taskforce has already been set up, and a more proactive fiscal policy approach may be forthcoming if the economic storm clouds gather further.

Change in Retail Sales By Industry

Industry	Year-on-Year	Month-on-Month
Department Stores	-2.4%	+4.8%
Supermarkets & Hypermarkets	+3.4%	-0.1%
Mini-marts & Convenience Stores	-3.0%	-6.4%
Food & Alcohol	-5.1%	-2.7%
Motor Vehicles	+3.3%	-12.4%
Petrol Service Stations	-8.2%	-4.1%
Cosmetics, Toiletries & Medical Goods	+3.6%	-2.3%
Wearing Apparel & Footwear	-8.0%	-0.1%
Furniture & Household Equipment	+2.5%	-4.6%
Recreational Goods	+3.2%	+5.6%
Watches & Jewellery	+13.5%	+8.6%
Computer & Telecommunications Equipment	+0.2%	-4.9%
Optical Goods & Books	-6.2%	-7.7%
Others	-1.9%	-11.3%

Month-on-Month values are seasonally adjusted.

Change in Food & Beverage Sales By Industry

Industry	Year-on-Year	Month-on-Month
Restaurants	-6.6%	-3.8%
Fast Food Outlets	-3.6%	-0.8%
Food Caterers	+19.6%	-1.7%
Cafes, Food Courts & Other Eating Places	-4.2%	-4.1%

Month-on-Month values are seasonally adjusted.

Source: Singstat.

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