

## Singapore's retail sales disappointed in August

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### Highlights:

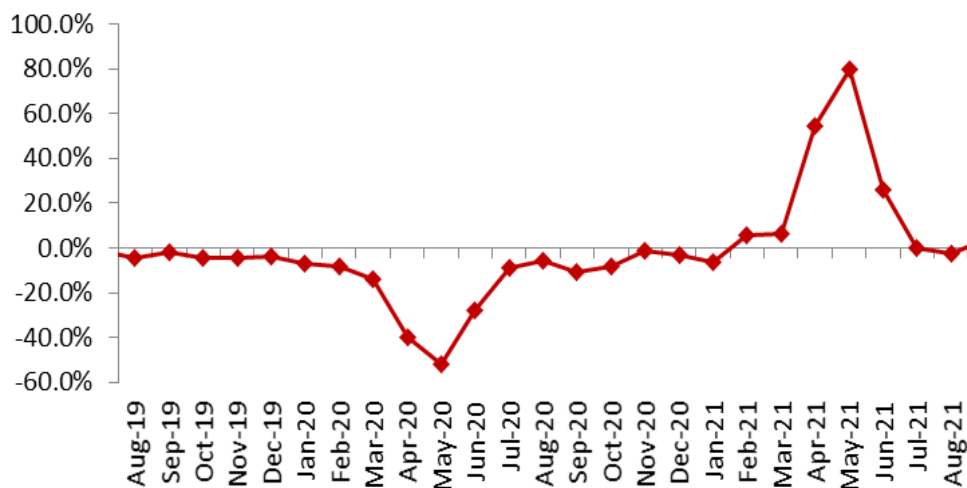
**Singapore's retail sales unexpectedly declined 2.8% yoy (-0.6% mom sa) in August**, which is a reversal from the 0.2% yoy growth seen in July and also marked the first decrease since January 2021. Retail sales value also remained below its pre-Covid levels. The drag was due to motor vehicle sales which plunged for the second straight month by 17.5% yoy in August, which is a deterioration from the -9.8% yoy print in July, amid the lower COE quota this year.

**Excluding auto sales, retail sales would have been flat yoy (-1.2% mom sa) in August.** Outside of motor vehicles, notable weakness was spotted in optical goods & books which also fell for the second consecutive month by 9.6% yoy, department stores (also down again by 8.5% yoy), furniture & household equipment (-5.9% yoy), mini marts & convenience stores (-5.8% yoy) and recreational goods (-5.8% yoy). The exception was sales of watches & jewellery which rose. Low base effects a year ago have essentially faded, while the Delta resurgence has proposed taken a toll on consumer sentiments and hence discretionary spending, especially with the return to Phase 2 (Heightened Alert) which lasted from 22 July to 18 August.

**One bugbear to watch would be the rising crude oil prices** – note that August sales of petrol service stations actually continued to jump by 23.7% yoy (1.5% mom sa), and may stay buoyant in the coming months given the energy crisis in Europe and China, especially with the coming winter period that could impact industrial activities and potentially translate to higher raw material and other component costs, as well as coupled with OPEC+'s latest decision to stick to its gradual output hike plan.

**Despite the latest data disappointment, retail sales are still likely to expand by around 9.6% yoy in 2021**, compared to the 15.3% contraction in 2020 during the worst of the Covid pandemic. Note the Markit Singapore PMI continued to edge up to 53.8 in September, the highest since July 2021 and up from 52.1 in August. Given this is the 10th month of expansion, with strong output and new orders gauges, this would suggest that there is still room for some optimism ahead.

### Singapore Retail Sales YoY



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