

Singapore: Retail sales surprise on the upside again in April

April retail sales beat market expectations to gain 3.6% year-on-year



Source: Shutterstock

3.6% April YoY change

Higher than expected

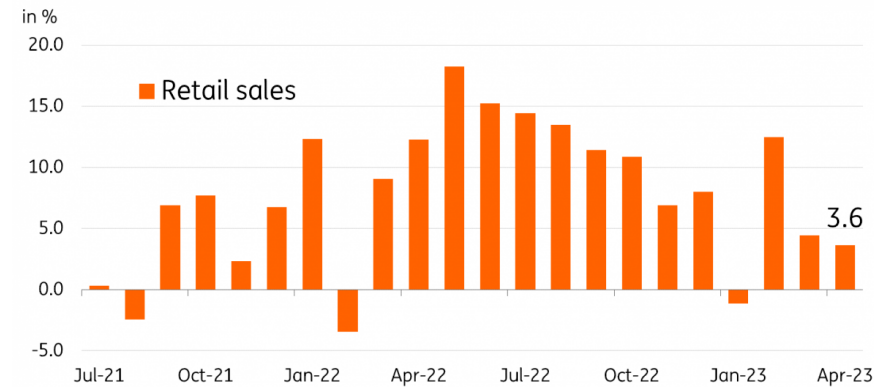
April retail sales rise 3.6%

Singapore's retail sales bested market expectations to rise 3.6% YoY, beating the consensus estimate for a 1.9% YoY contraction. On a monthly basis, retail sales were up 4.2% while excluding motor vehicles, sales were up 4.2%. Retail sales have held up surprisingly well despite elevated inflation, possibly supported by the return of visitors to Singapore.

Monthly visitor arrivals have recently hit one million for the first time since the pandemic and could be helping drive the strong sales for food & alcohol (30.5% YoY) and wearing apparel & footwear (13%YoY). Meanwhile, sales for supermarkets and hypermarkets finally posted growth after

several months of contraction.

Monthly visitor arrivals recently hit one million, which bodes well for retail sales



Source: Singapore Department of Statistics

Retail sales could continue to surprise on the upside should tourist flows continue

Despite the recent uptick in inflation, we believe that retail sales can continue to post growth if the boost driven by foreign visitor arrivals is sustained. Monthly visitor arrivals were as high as 1.8 million before Covid-19 and the steady march back to those levels could offset softer domestic household spending due to elevated inflation. Furthermore, retail sales can accelerate once price pressures cool perhaps towards the end of 2023.