

Singapore: Retail sales growth continues in January

January retail sales beat estimates to rise 11.8%



Source: Shutterstock

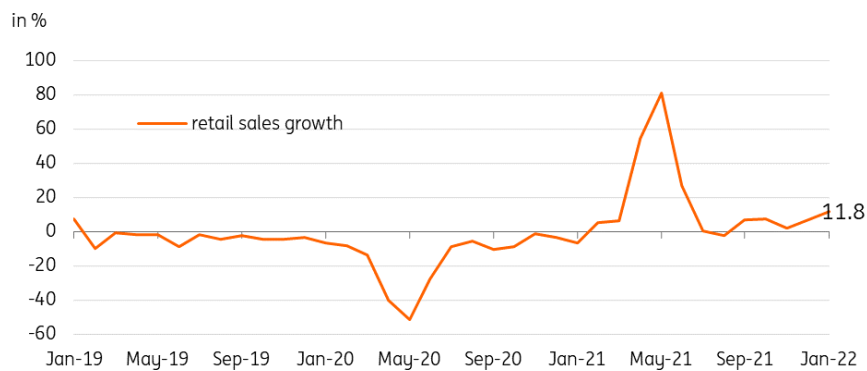
11.8% January retail sales growth

Higher than expected

Retail sales up in January

Singapore retail sales grew 11.8%, better than market consensus for a 7.2% rise. This was the fifth straight month of gains for retail sales. Outside motor vehicle purchases, retail sales grew 15.8% with almost all categories registering faster growth than the previous month. We can expect retail sales to remain in expansion territory in the coming months although we could see some moderation after base effects wash out.

Singapore retail sales up again but could soften in the coming months



Source: Department of Statistics Singapore

Strong retail sales to bolster 1Q growth

Upbeat retail sales will help support the growth narrative for the first quarter of the year. Gains in the near term, however, might be capped in the coming months as base effects wash out and with inflation starting to heat up. Uncertainty related to ongoing geopolitical developments may also dampen overall sentiment, as will the spike in Covid cases reported last February. Nonetheless, Singapore's growth momentum does appear to be intact but we may have to cap growth expectations should the ongoing global crisis spark faster inflation that could soften domestic demand.