

# Singapore: Retail sales unexpectedly contract in January

A downside surprise in January retail sales highlights a challenging year ahead for Singapore



Retail sales in Singapore fell much more than expected in January

**-0.8%** January YoY growth

Lower than expected

## Retail sales down by -0.8% year-on-year

Retail sales posted a surprise contraction in January, a significant downside surprise as the market consensus pointed to a 4.9% year-on-year gain. The implementation of the latest round of the goods and services tax (GST) and elevated inflation may have slowed sales substantially with sales down 0.8%YoY and down 9.4% from the previous month. Department store sales (4.6%YoY), food and alcohol (36.3%YoY), apparel (23.7%YoY) and recreational goods (9.7%) were bright spots, but sales at supermarkets and minimarts continued to slide.

The sustained influx of overseas visitors is likely giving retail sales a boost but this appears to have not been enough to offset the negative impact of surging prices.

## Big miss for retail sales in January



Source: Singapore Department of Statistics

## Downside surprise highlights challenges to growth outlook

The big miss on January retail sales highlights some of the challenges to Singapore’s growth outlook this year. Retail sales had been a bright spot of late but it now joins non-oil domestic exports in contraction territory. Slowing retail sales and downbeat exports are two factors that inform our 2.4%YoY growth forecast for this year.

The reopening of China however could be a potential positive for Singapore should this translate to increased trade activity and also bolster tourist arrivals further.

### Author

**Nicholas Mapa**

Senior Economist, Philippines

[nicholas.antonio.mapa@asia.ing.com](mailto:nicholas.antonio.mapa@asia.ing.com)