

## Singapore's May retail sales plunge 52%

As Singapore sees the worst drop ever recorded in retail sales, we foresee private consumption as the main expenditure-side source of 2Q20 GDP crash



Source: Shutterstock

**52.1%** May retail sales fall  
Year-on-year

Worse than expected

### Covid-19 circuit-breaker dents spending

Singapore's retail sales crashed by 52.1% year-on-year in May, bang on our -52.0% YoY forecast for the month while the consensus was -47%.

This is the worst drop ever recorded since the series started back in the mid-1980s and it comes on top of a more than 40% YoY decline in April. Month-on-month fall eased to 21.5% from 31.3% though.

The lockdown measures in place since early April to contain Covid-19 pandemic have been depressing spending. But sales of essential goods and services are spared from this slump; supermarket and mini-mart sales continued to post strong gains, by 56.1% YoY and 9.1% respectively.

All non-essential spendings has been taking a strong beating instead. Big-ticket items like cars remained a dominant pull on the downside with an 86% YoY fall, which was consistent with more than a 90% fall in new vehicle registrations in May. Likewise, watches and jewellery suffered a 97% fall, department stores 93%, apparels and footwear 89%, and recreational goods 74%.

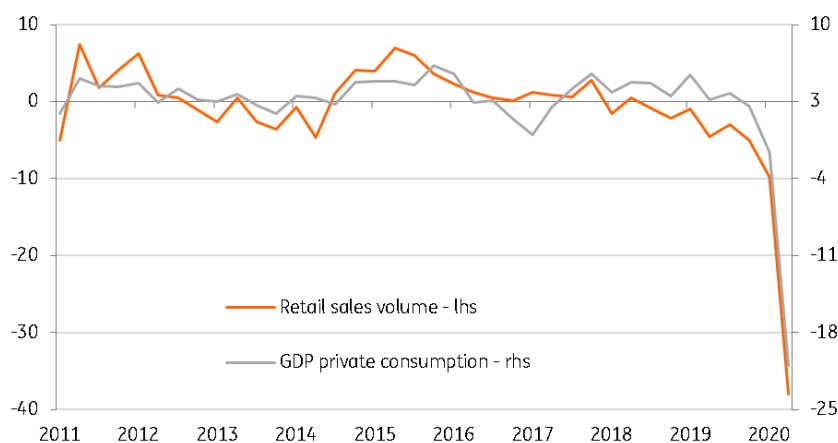
## More weakness ahead

This brings the average April-May sales growth to -46%.

We don't think June growth to drift far off from this rate. The reopening of the economy should have provided some relief to spending in June, though we don't think all pent-up demand has returned just yet given continued caution on the pandemic. This suggests that private consumption was the main expenditure-side source of GDP collapse in 2Q20. Our -9.2% YoY GDP growth forecast for 2Q is on track.

We expect consumer demand to continue to lack vigour throughout the rest of the year, and well beyond, as persistent economic strain and rising job losses are likely to deter non-essential spending.

## Consumer spending under duress (% year-on-year)



Source: CEIC, ING

Note: Quarterly data. ING forecast for 2Q20.