

# Singapore: Examining Retail Sales Trend

**Strong retail sales numbers were inflated by base effects, but underlying showed some positives**  
**Spending in some discretionary items was somewhat higher than pre-pandemic levels**  
**The outlook ahead stays complicated, and affected by the Covid-19 pandemic**

### Some Positives from Recent Trends

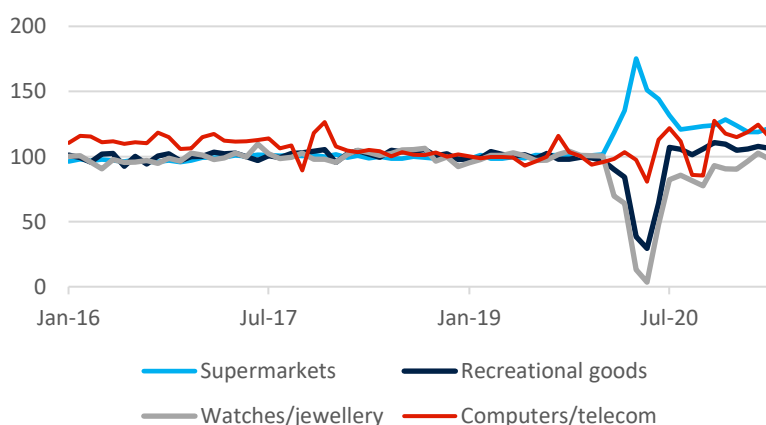
Retail sales grew by 54% y/y in April 2021, supported by favourable base effects (after a 6.3% expansion in March). Excluding motor vehicles, retail sales climbed 39.2%. This was due to the circuit breaker period on 7 April to 1 June 2020, where economic activity was drastically reduced.

Examining underlying trends, retail sales growth did see slight improvements, with a narrower 3.8% annualised contraction between April 2019 and 2021, compared to a 4.2% drop in March. Trend-wise, we note the pickup from July 2020 (Figure 1), even as it remains below pre-pandemic levels.

What we also observe is positive spending in some discretionary items, such as computer and telecom equipment. Demand for furniture and household equipment, as well as recreational goods was also marginally higher compared to pre-pandemic levels.

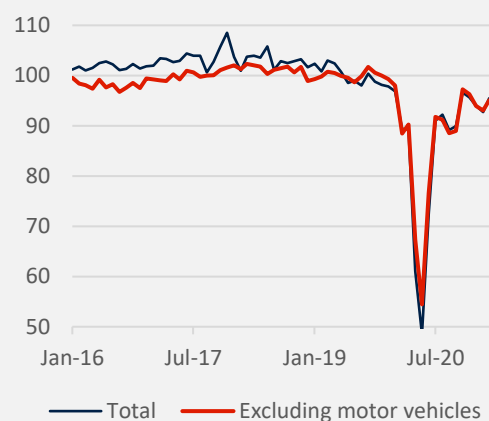
The immediate outlook for May will likely be slightly more subdued. This may be partially dragged by Phase 2 Heightened Alert measures imposed from 4 May 2021, and intended (at the time of writing) to start easing from 13 June. We continue to see modest improvements in 2021, as Singapore emerges from the Covid-19 pandemic. The situation stays fluid, given the possibly [endemic nature of the pandemic](#).

### Diverging trends between supermarkets, vs. other items (2019=100)



Source: CEIC, HL Bank

Figure 1: Retail sales (2019=100)



Source: CEIC, HL Bank

Figure 2: Key forecasts

	2021F	2022F
GDP	6.3%	3.5%
Inflation (avg)	1.3%	1.0%
Core CPI (avg)	0.8%	1.0%
3m SIBOR	0.40%	0.45%
USD/SGD	1.33	-

Source: HL Bank

### Key Points on Retail Sales Segments

Supermarkets sales (-30.2% y/y in April) are set to rebound modestly in the immediate coming months, after trending lower since April 2020. At this stage, they are about 20% higher than in pre-pandemic levels.

Retail sales on computers and telecommunications equipment (+17.3% y/y) continue to trend higher since the circuit breaker period last year. In April, sales are about 15% higher than pre-pandemic levels. We see similar, but less pronounced trends, for other discretionary items – like watches/jewellery and recreational goods.

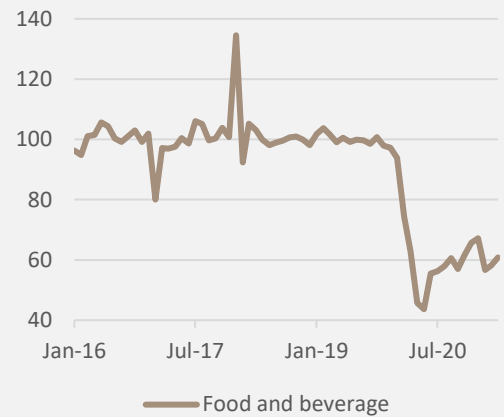
Food and beverage (33% y/y in April) are still about 40% lower than pre-pandemic levels (Figure 3). We still see downside pressures linger in this segment. This is due to near-term Covid-19 restrictions. When these are lifted, capacity for dine-in may still be limited to less than 100%.

Retail sales for motor vehicles (261% y/y) and petrol services stations are likely to be affected by quota and price effects respectively.

Singapore’s Certificate of Entitlement (COE) quota has been steadily decreasing since 2017, mirroring retail sales trends in recent years (Figure 4).

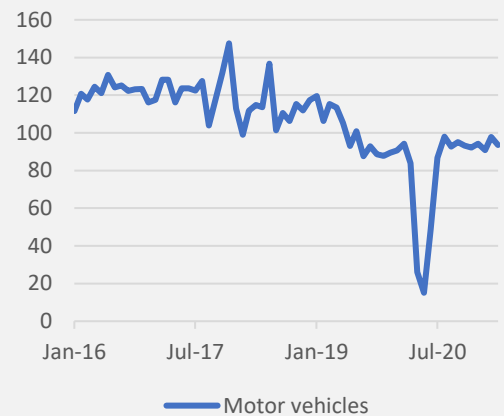
Meanwhile, petrol service stations retail sales are up 103.8% y/y from higher petrol prices, and reduced activity levels at the same time last year.

**Figure 3: Food and beverage retail sales (2019=100)**



Source: CEIC, HL Bank

**Figure 4: Motor vehicles retail sales (2019=100)**



Source: CEIC, HL Bank

**Hong Leong Bank Berhad**

Fixed Income & Economic Research, Global Markets  
Level 8, Hong Leong Tower  
6, Jalan Damanela  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: 603-2081 1221  
Fax: 603-2081 8936  
Email: [HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

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