

## Singapore

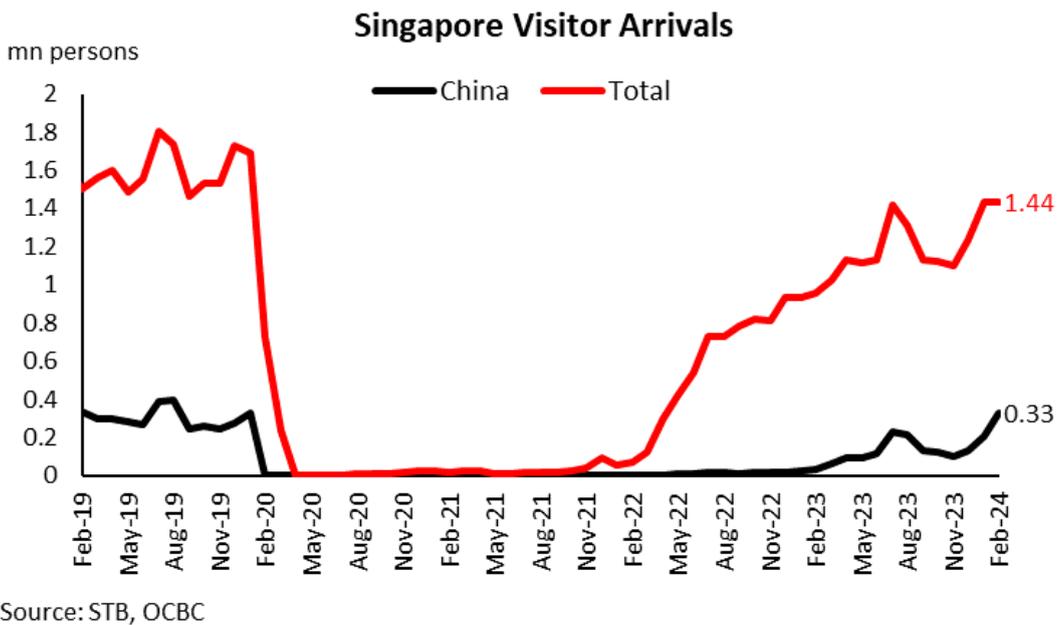
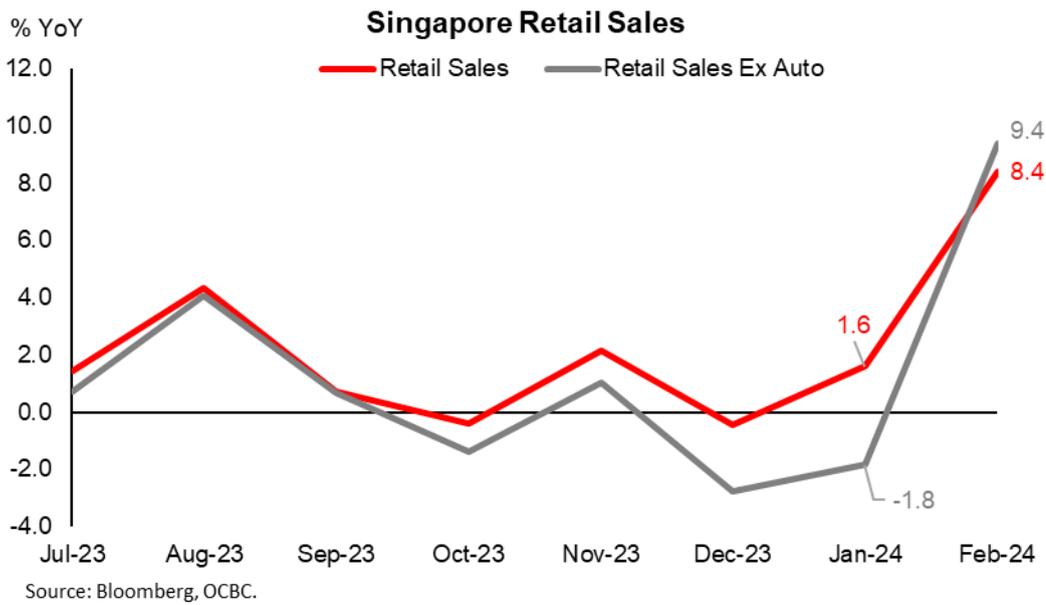
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### S'pore's retail sales surged 8.4% YoY (3.0% MoM sa) in February, but likely attributable to the Chinese New Year festive season and increased Chinese visitors

#### Highlights:

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- **February retail sales beat market expectations to surge 8.4% YoY (3.0% MoM sa).** This is higher than Bloomberg consensus forecast of 1.9% YoY and our forecast of 2.1% YoY (2.8% MoM sa). Excluding motor vehicles, retail sales performed even better at 9.4% YoY (1.8% MoM sa). One key contributing factor was the Chinese New Year festive season which fell in February this year as compared to January last year. The 30-day visa-free travel arrangement between China and Singapore from 9 February also meant Singapore welcomed more Chinese visitors during this period. Chinese visitors overtook Indonesia to account for 22.7% of the 1.44 million total visitors to Singapore in February.
- **The retail segments that outperformed were Food & Alcohol (31.4% YoY),** Supermarkets & Hypermarkets (19.2% YoY), Watches & Jewelry (16.8% YoY) and Wearing Apparel & Footwear (13.2% YoY) due to the festive spending. In contrast, the two retail sales segment that contracted in February were the Optical Goods & Books (-9.3% YoY) and the Computer & Telecommunications Equipment (-7.7% YoY).
- **Averaging the January-February period, retail sales rose 4.7% YoY this year,** same as the two-month period last year. This was notwithstanding the additional 1% Goods and Services Tax (GST) which were implemented in January 2023 and January 2024. Looking ahead, the prognosis for March retail sales may also partly depend on the influx of Swiftie fans which may have lifted some of the discretionary spending items including Food & Alcohol, and potentially even Department Stores, Watches & Jewelry etc. The drop in COE premiums in February due to the increased quota also led to increased demand and could see higher motor vehicle sales in coming months.
- **For the full year 2024, our retail sales forecast is for 3-4% YoY growth,** which will be an improvement over the 2.2% growth seen in 2023. While domestic labour market conditions are tipped to soften slightly as the year progresses, and this could potentially dampen domestic consumption appetite, nevertheless, the mitigating factor is that STB is upbeat about the 2024 international visitor arrival forecast at 15-16 million to bring in S\$26-27.5 billion in tourism receipts.



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