

04 April 2025

**Global Economics & Market Strategy**

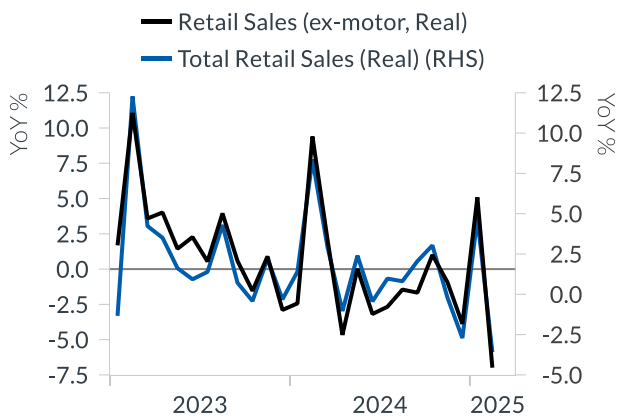
**Singapore: Retail Sales Are Expected to Grow Moderately in 2025**

- ◆ We expect Singapore’s retail sales to stay supported for the year ahead. We forecast retail trade to expand by 2.0% in 2025.
- ◆ Retail sales growth is expected to be resilient at least into 1H25 this year supported by: (1) resilient domestic labour market, (2) government support measures and (3) upcoming retail events that could boost tourism activity.
- ◆ Retail sales in Singapore fell by 3.6% YoY in February 2025, disappointing market estimates of -0.2% YoY and slipping from an upwardly revised 4.7% YoY rise in the previous month. On a seasonally adjusted MoM basis retail sales rose by 3.0%, from a revised 2.8% increase in January.

Associate Research Analyst

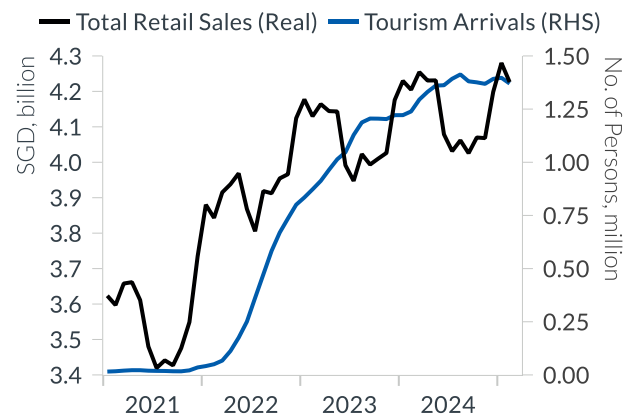
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**Figure 1: Retail sales in February shrank from January's positive print, disappointing market estimation**



Source: Macrobond, RHB Economics & Market Strategy

**Figure 2: Tourism recovery to support the overall retail sales growth in the near term**



Source: Macrobond, RHB Economics & Market Strategy

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## Retails Sales to Grow Positively in 1H25, But Uncertainties Loom in 2H25

We expect Singapore's retail sales to stay supported at least in 1H25. We forecast retail trade to expand by 2.0% in 2025, slightly higher from 1.4% YoY growth in 2024. Retail sales growth is expected to be resilient at least into 1H25 this year supported by: (1) resilient domestic labour market, (2) government support measures and (3) upcoming retail events that could boost tourism activity.

First, we expect labour demand in Singapore is anticipated to remain robust, particularly in the manufacturing and services sectors at least into 1H25. The Monetary Authority of Singapore expects the labour market to remain close to full-employment this year, with overall labour demand showing resilience despite ongoing economic uncertainties. MAS [commented](#) the risks to the labour market from external shocks are expected to be limited, as employment will be supported by domestic-focused and modern services sectors. We think resilient GDP growth at least into 1H25, will continue to support the overall labour market in Singapore.

Second, we think the retail sales growth could be boosted by government support measures such as the CDC vouchers and SG60 one-off S\$600 voucher announced in Budget FY2025 in February. Singaporean households will each get S\$800 in CDC vouchers with S\$500 to be disbursed in May 2025 and the remaining S\$300 in 2026. The continuation of these initiatives will eventually strengthen consumer purchasing power and likely drive increased spending, particularly in food retail and other domestic sectors.

Third, recovery in tourism activity is expected to support the retail sales trajectory in Singapore. For instance, in the second quarter, we could observe series of international events that could draw tourist attention. Lady Gaga's concert in Singapore in May 2025 is expected to significantly boost tourism activity by attracting international visitors, particularly fans from the region. The influx of tourists into the city-state could support local businesses, driving demand for hospitality services, transportation, and retail further stimulating the domestic spending.

**Despite our optimism for retail growth this year, the outlook for retail sales is shrouded with uncertainties in 2025.** We expect growth momentum to decelerate into 2H25. Rising trade tensions could increase economic uncertainty, dampening global business investment and consumer spending, further weighing Singapore's economy. Growth in both the US and China is expected to slow, which could dampen export receipts. Given these dynamics, households may reduce their discretionary spending. Retail demand may likely slow in tandem with easing GDP growth momentum across Asia and Singapore, which may dissuade domestic and tourism-related expenditure. For the full year of 2025, we expect Singapore's GDP to slow to 2.8%, with a downside bias tilted towards 2.5% amid heightened uncertainties on the external front.

**Retail sales in Singapore fell by 3.6% YoY in February 2025, disappointing market estimates of -0.2% YoY and slipping from an upwardly revised 4.7% YoY rise in the previous month.** Within the retail trade sector, majority of the industries recorded year-on-year declines in sales in February 2025. The wearing apparel & footwear industry recorded a YoY decline in sales of 18.4%, which was mainly due to lower sales of wearing apparel. Similarly, sales of department stores and supermarkets & hypermarkets decreased 14.6% YoY and 13.3% YoY respectively. Sales of food & beverage (F&B) services fell 5.6% YoY in February 2025, reversing the 10.3% YoY growth in January 2025. In contrast, retailers of motor vehicles and optical goods & books recorded YoY growths in sales of 20.0% and 6.4% respectively in February 2025. On a seasonally adjusted MoM basis retail sales rose by 3.0%, from a revised 2.8% increase in January.

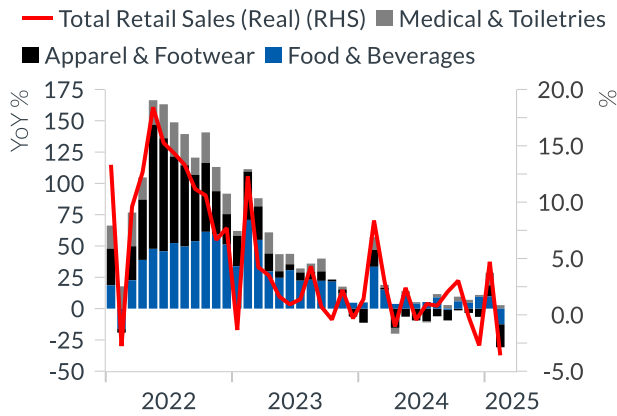
**A key contributing factor to the fall in February's retail sales was partly due to Chinese New Year timing**, which was celebrated in January this year as opposed to February last year. On a January-February average basis, retail sales grew by 0.8% YoY while retail sales excluding motor vehicles contracted by a smaller 0.5% YoY in 2025. On the surface, today's print suggest that the retail demand is still resilient as the sales momentum is on an accelerating pace in February despite the overall disappointing year-on-year print in the same month.

**Based on today's retail sales print, we can observe that motor vehicles have recorded a stronger sales extending its growth from 2.0% YoY in January to 20.0% YoY in February**, despite the overall YoY slowdown in retail sector. This could be due to the distribution of higher Certificate of Entitlement (COE) quota, contributing to the increased purchase in motor vehicles. On 29<sup>th</sup> October last year, Singapore's Land Transport Authority (LTA) announced<sup>1</sup> that up to 20,000 additional certificates of entitlement (COE) will be injected across five vehicle categories over the next few years from February 2025. The injection of COEs typically leads to a decrease in COE prices, making vehicle ownership more affordable for individuals and businesses. This reduction in prices stimulates demand, resulting in higher vehicle sales, which could be seen in February motor vehicle sales growth.

<sup>1</sup> The Straits Times, [LTA to add up to 20,000 COEs across vehicle categories over next few years from Feb 2025](#), 30 October 2024

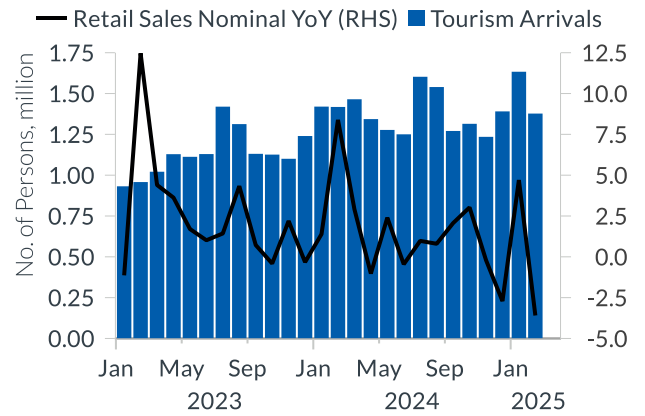
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**Figure 3: Majority of the retail sectors recorded a YoY decline in February, driving the overall slowdown**



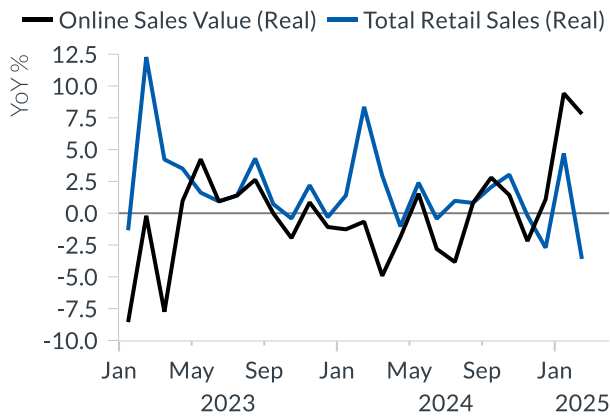
Source: Macrobond, RHB Economics & Market Strategy

**Figure 4: Higher tourism arrivals expected during the upcoming international events in 2Q25**



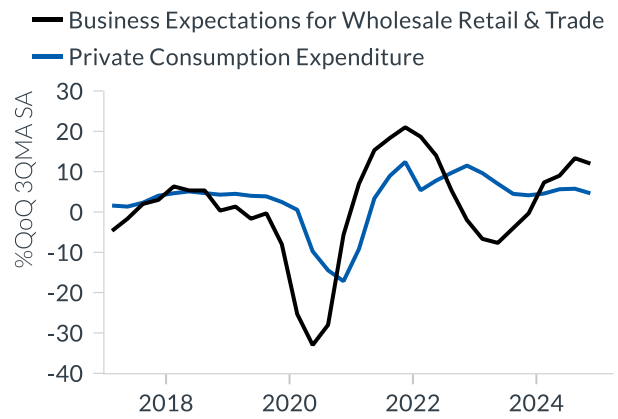
Source: Macrobond, RHB Economics & Market Strategy

**Figure 5: Contraction in online and retail sales could be due CNY timing this year**



Source: Macrobond, RHB Economics & Market Strategy

**Figure 6: Business outlook for wholesale retail & trade remains positive for the near term**



Source: Macrobond, RHB Economics & Market Strategy

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