

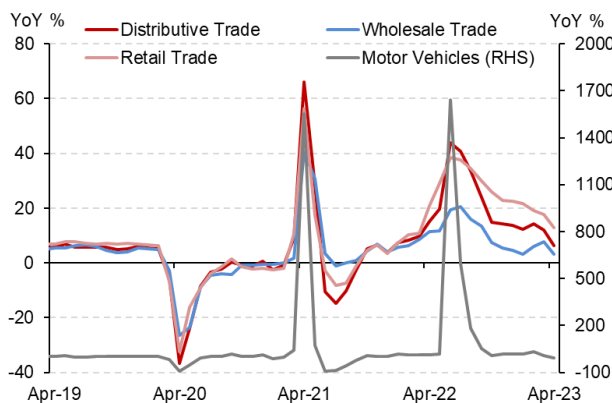
13 June 2023

Malaysia Distributive Trade

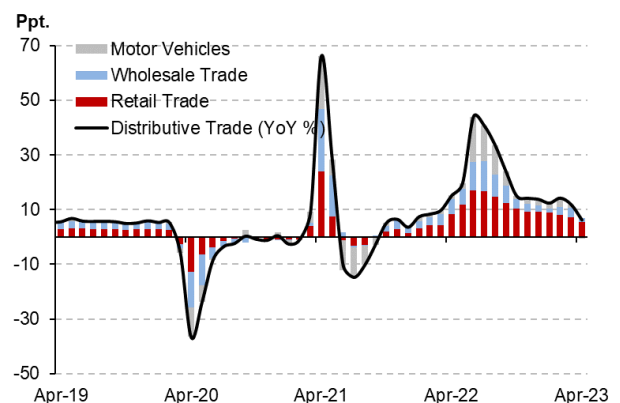
Sales growth moderated in April on weak sales of motor vehicles

- Distributive trade sales growth moderated sharply in April (6.3% YoY; Mar: 11.9%) to a 16-month low**
 - Sales value (RM136.0b; Mar: RM138.5b) fell to a two-month low, as MoM growth (-1.8%; Mar: 3.5%) contracted to a nine-month low following a weak sales momentum.
- Slower sales due to growth contraction in motor vehicles and moderation in wholesale and retail trade**
 - Wholesale trade (3.2%; Mar: 7.6%): slowed to a three-month low due to weak other specialised (-1.1%; Mar: 0.8%) and a slowdown in household goods (5.4%; Mar: 16.4%) and food, beverages & tobacco (7.7 Mar: 12.9%).
 - Retail trade (12.9%; Mar: 17.7%): moderated to a 13-month low due to a broad-based slowdown in the sub-components led by a contraction in information and computer equipment (-1.1%; Mar: 6.3%) and cultural and recreation goods (-2.1%; Mar: -0.9%). This was further dragged by a sharp moderation in sales of automotive fuel (19.6%; Mar: 38.1%).
 - Motor vehicles (-5.1%; Mar: 9.3%): contracted for the first time in 19 months due to a sharp decline in sales, maintenance & repair (-29.8%; Mar: 3.2%) and sales of motor vehicles (-17.3%; Mar: 3.8%) in line with weaker sales of vehicles (46.6k units; Mar: 78.8k units) due to scheduled plant maintenance and festive season holidays.
- Mixed retail sales growth in April across regional economies**
 - CN: expanded (18.4%; Mar: 10.6%) but missed market expectation of 21.0%. Nevertheless, the growth was at the fastest pace since March 2021.
 - SG: moderated (3.6%; Mar: 4.5%) to a three-month low but remained supported by higher tourist arrivals.
- 2023 distributive trade sales growth forecast maintained at 4.1% (2022: 19.6%)**
 - Year-to-date distributive trade grew 11.1%, supported mainly by resilient retail and wholesale trade. While we believe the momentum in the services sector will continue in the coming months, backed by the higher level of motor vehicles order backlogs and rising tourist arrivals along with lower unemployment rate, we maintain our forecast due to the potential impact of global economic slowdown and tighter financial conditions on the domestic economic outlook. Hence, we expect sales growth to moderate further in the coming months as the economy normalises, including the waning lower base effect and the lapse of economic stimulus since last year.
 - Against this backdrop, we maintain our GDP growth forecast at 4.7% (2022: 8.7%). However, downside risk remains primarily associated with the impact of a slowdown in the external sector, as reflected by weak export growth in April and lower commodity prices.

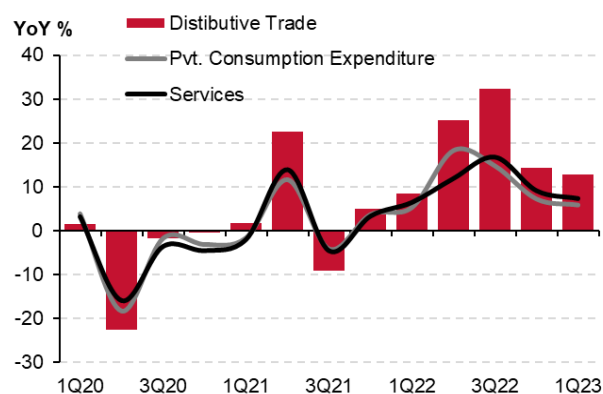
Graph 1: Sales Value Growth



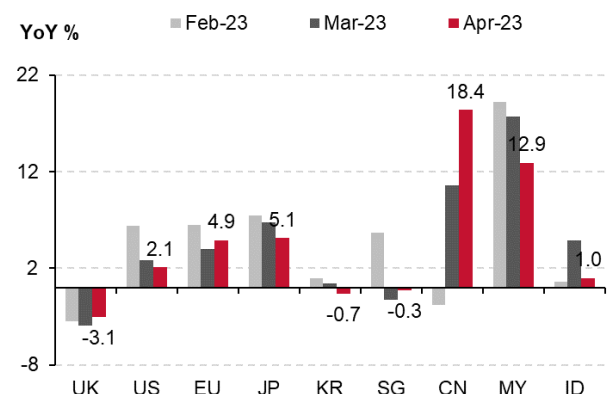
Graph 2: Contribution to Overall Sales Value



Graph 3: Pvt. Consumption, Services & Distributive Trade



Graph 4: Retail Trade Sales of Selected Countries



Source: Dept. of Statistics, Kenanga Research

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Table 1: Distributive Trade Sales by Sub-sector (YoY %)

	% Share*	2021	2022	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Distributive Trade	100.0	4.0	19.6	14.2	13.8	12.4	14.3	11.9	6.3
Wholesale Trade	45.7	6.4	10.7	5.6	4.7	3.1	5.9	7.6	3.2
Other Specialised	17.8	10.5	8.7	0.1	-0.3	-2.8	-1.0	0.8	-1.1
Household Goods	9.3	0.7	17.4	14.4	7.6	8.6	15.8	16.4	5.4
Food, Beverages and Tobacco	8.8	6.0	7.4	6.0	6.1	7.6	9.9	12.9	7.7
Agricultural Raw Materials and Live Animals	4.0	6.2	15.1	9.4	18.2	12.8	10.0	7.2	5.1
Machinery, Equipment and Supplies	3.7	4.0	8.6	3.9	2.7	-4.0	1.9	7.7	2.7
Non-specialised	1.3	9.8	6.4	6.2	5.9	2.6	6.1	10.7	8.5
Fee or Contract Basis	0.8	-5.3	16.2	14.7	15.0	9.5	9.0	5.5	8.0
Retail Trade	42.5	4.4	23.9	22.8	22.7	21.7	19.2	17.7	12.9
Non-specialised Stores	15.8	2.5	26.8	23.9	24.7	24.6	21.1	19.8	18.0
Other Goods in Specialised Stores	8.7	2.3	28.4	32.8	30.7	29.1	24.2	21.9	17.4
Other Household Equipment in Specialised Stores	5.3	7.7	18.0	14.8	12.6	10.9	7.5	7.8	1.5
Automotive Fuel in Specialised Stores	3.8	5.6	43.4	40.9	44.4	45.0	45.9	38.1	19.6
Information and Communication Equipment in Specialised Stores	3.8	7.2	9.0	10.3	9.8	6.4	8.0	6.3	-1.1
Food, Beverages and Tobacco in Specialised Stores	2.6	5.1	15.2	14.4	16.0	17.5	18.4	17.9	15.1
Cultural and Recreation Goods in Specialised Stores	2.0	7.4	12.8	5.9	3.9	0.4	-1.2	-0.9	-2.1
Not in Stores, Stalls or Markets	0.5	20.0	23.4	10.8	11.4	10.9	14.0	18.9	8.9
Stalls and Markets	0.1	8.2	18.5	18.5	17.8	19.8	21.0	18.8	13.1
Motor Vehicles	11.8	-8.1	47.6	19.8	20.3	20.1	32.3	9.3	-5.1
Sales of Motor Vehicles	6.3	-5.7	39.6	15.3	24.8	25.0	42.4	3.8	-17.3
Parts and Accessories	3.0	-12.8	64.1	32.8	27.3	15.9	22.6	20.2	17.4
Maintenance and Repair	1.6	-14.2	70.5	40.6	30.9	16.8	21.2	20.9	20.5
Sale, Maintenance and Repair	0.9	-1.8	26.8	-11.2	-29.8	12.1	24.4	3.2	-29.8

Source: Dept. of Statistics, Kenanga Research

*Average 2022

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