

Malaysia Distributive Trade

Sales growth rose in January on higher sales of wholesale trade and motor vehicles

- Distributive trade sales growth expanded in January (5.4% YoY; Dec: 4.8%), but MoM contracted (-1.1%; Dec: 1.0%)**

- Sales value (RM142.4b; Dec: RM143.9b): fell slightly from record high.

- Higher sales in January due to strong wholesale trade and motor vehicle sales**

- Motor vehicles (16.0%; Dec: 5.9%): rose sharply to a three-month high, partly due to a lower base effect. Growth was contributed by higher vehicle sales value (20.9%; Dec: 4.4%) in line with higher unit sales (65.5k units; Dec: 78.4k units) in comparison to January 2023 (50.2k units).

- Wholesale trade (5.0%; Dec: 4.4%): growth expanded, attributable to higher sales of other specialised (8.3%; Dec: 6.2%) and food, beverages & tobacco (4.6%; Dec: 1.4%), with a combined contribution to overall growth rose to 1.8 ppts (Dec: 1.1 ppts).

- Retail trade (2.6%; Dec: 5.0%): slowed due to a broad-based moderation across the sub-component, led by weaker sales of information & computer equipment (-2.4%; Dec: -2.3%) and a sharp slowdown in non-specialised stores (2.2%; Dec: 6.3%).

- Mixed performance of retail sales across regional economies at the start of the year 2024**

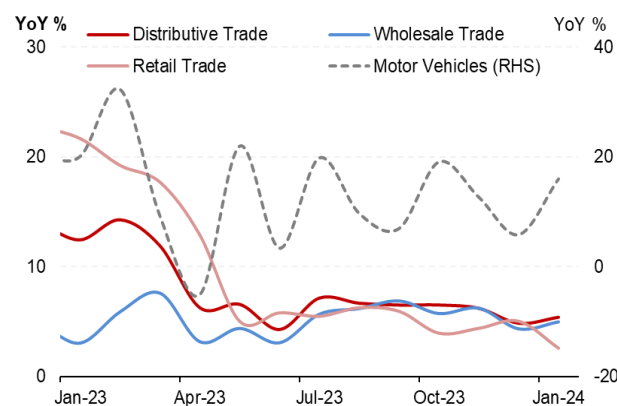
- Japan: remained unchanged in January (2.3%; Dec: 2.3%), marking the lowest since November 2022.
 - Singapore: rebounded (1.3%; Dec: -0.5%), driven by higher sales of motor vehicles amid higher certificate of entitlement (COE) quota.
 - Hong Kong: slowed sharply (0.9%; Dec: 7.8%), weighed by weaker sales of food, alcohol & tobacco, electrical goods and department stores.

- 2024 sales growth forecast remains at 8.0% (2023: 7.7%)**

- We maintain our forecast as we expect sales growth to be driven by strong domestic demand, supported by a stable and lower unemployment rate, projected to average 3.2% this year (2023; 3.4%). This positive outlook is reinforced by the continued increase in tourist arrivals and spending. However, risks to our forecast include the impact of subsidy rationalisation, which could potentially dampen consumer spending and subsequently affect sales growth.

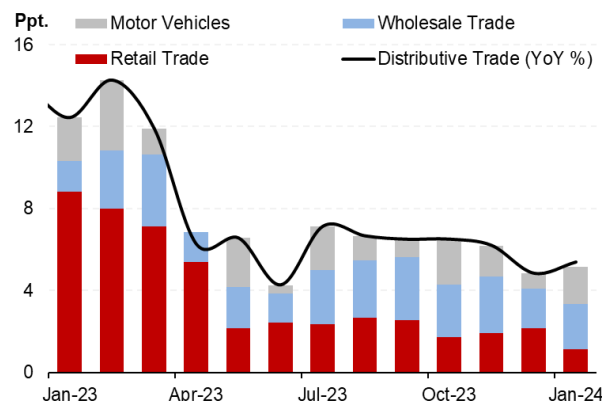
- Against this backdrop, we maintain our 2024 GDP growth forecast at 4.5% - 5.0% (2023: 3.7%), reflecting our expectation of a rebound in the manufacturing sector. This optimism is particularly rooted in the export-oriented segment, buoyed by the technology upswing and China's gradual economic recovery, both pivotal to our overall growth outlook.

Graph 1: Sales Value Growth



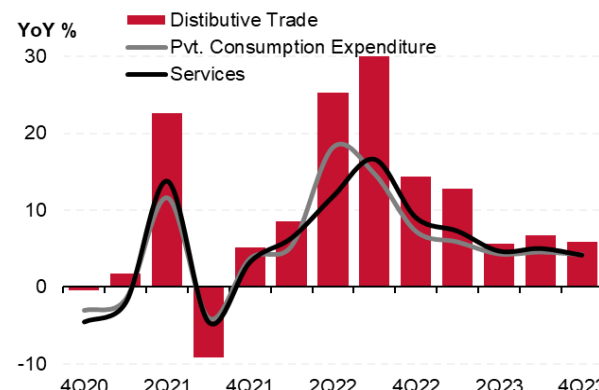
Source: Macrobond, Dept. of Statistics, Kenanga Research

Graph 2: Contribution to Overall Sales Value



Source: Macrobond, Dept. of Statistics, Kenanga Research

Graph 3: Pvt. Consumption, Services & Distributive Trade



Source: Macrobond, Dept. of Statistics, Kenanga Research

14 March 2024

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

| | % Share* | 2022 | 2023 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 |
|---|--------------|-------------|-------------|------------|------------|-------------|-------------|------------|-------------|
| Distributive Trade | 100.0 | 19.6 | 7.7 | 6.7 | 6.5 | 6.5 | 6.2 | 4.8 | 5.4 |
| Wholesale Trade | 44.6 | 10.7 | 5.2 | 6.2 | 6.9 | 5.7 | 6.2 | 4.4 | 5.0 |
| Other Specialised | 17.0 | 8.7 | 6.2 | 6.2 | 8.6 | 7.5 | 9.3 | 6.2 | 8.3 |
| Household Goods | 9.3 | 17.4 | 5.4 | 5.4 | 4.0 | 4.7 | 5.2 | 5.3 | 2.9 |
| Food, Beverages and Tobacco | 8.8 | 7.4 | 8.1 | 8.1 | 7.7 | 3.3 | 2.3 | 1.4 | 4.6 |
| Agricultural Raw Materials and Live Animals | 4.0 | 15.1 | 7.9 | 7.9 | 9.9 | 8.9 | 9.5 | 5.4 | 4.2 |
| Machinery, Equipment and Supplies | 3.5 | 8.6 | 1.0 | 1.0 | 1.4 | 3.4 | 2.6 | 1.1 | 4.4 |
| Non-specialised | 1.3 | 6.4 | 6.3 | 6.3 | 6.6 | 5.7 | 3.3 | 2.1 | 4.3 |
| Fee or Contract Basis | 0.8 | 16.2 | 10.3 | 10.3 | 7.3 | 4.2 | 4.1 | 0.4 | 2.1 |
| Retail Trade | 43.1 | 23.9 | 9.0 | 6.3 | 5.9 | 3.9 | 4.4 | 5.0 | 2.6 |
| Non-specialised Stores | 16.4 | 26.8 | 9.2 | 9.2 | 8.9 | 6.1 | 6.5 | 6.3 | 2.2 |
| Other Goods in Specialised Stores | 8.9 | 28.4 | 5.7 | 5.7 | 5.5 | 2.2 | 3.7 | 5.8 | 4.9 |
| Other Household Equipment in Specialised Stores | 5.1 | 18.0 | 1.9 | 1.9 | 2.4 | 2.0 | 3.7 | 5.9 | 3.3 |
| Automotive Fuel in Specialised Stores | 4.0 | 43.4 | 8.9 | 8.9 | 5.5 | 4.8 | 2.9 | 2.4 | 1.0 |
| Information and Communication Equipment in Specialised Stores | 3.6 | 9.0 | -2.3 | -2.3 | -1.5 | -2.2 | -2.7 | -2.3 | -2.4 |
| Food, Beverages and Tobacco in Specialised Stores | 2.7 | 15.2 | 13.3 | 13.3 | 13.4 | 10.8 | 10.3 | 9.9 | 6.1 |
| Cultural and Recreation Goods in Specialised Stores | 1.9 | 12.8 | 0.5 | 0.5 | 0.5 | 1.5 | 1.6 | 2.5 | 1.1 |
| Not in Stores, Stalls or Markets | 0.4 | 23.4 | 1.3 | 1.3 | 1.2 | 0.2 | 0.7 | 1.1 | 0.7 |
| Stalls and Markets | 0.1 | 18.5 | 7.1 | 7.1 | 5.4 | 5.2 | 5.8 | 6.6 | 1.9 |
| Motor Vehicles | 12.3 | 47.6 | 12.3 | 9.7 | 7.0 | 19.1 | 12.7 | 5.9 | 16.0 |
| Sales of Motor Vehicles | 6.6 | 39.6 | 6.2 | 6.2 | 3.8 | 24.6 | 13.5 | 4.4 | 20.9 |
| Parts and Accessories | 3.2 | 64.1 | 20.7 | 20.7 | 17.2 | 16.1 | 14.5 | 10.9 | 11.8 |
| Maintenance and Repair | 1.7 | 70.5 | 21.6 | 21.6 | 18.6 | 17.7 | 16.3 | 12.3 | 12.4 |
| Sale, Maintenance and Repair | 0.8 | 26.8 | -17.6 | -17.6 | -22.5 | -8.0 | -8.1 | -13.7 | 5.4 |

Source: Macrobond, Dept. of Statistics, Kenanga Research

*Average 2022

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