

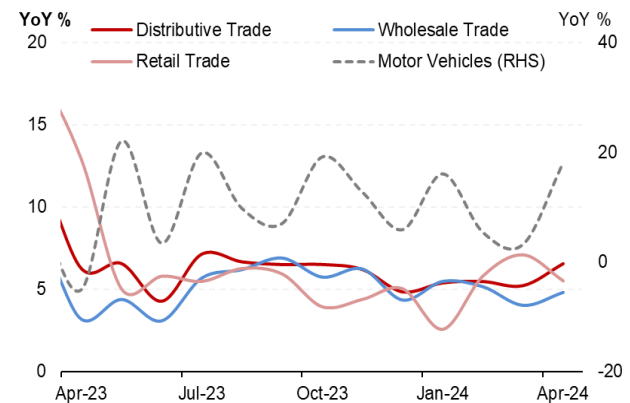
12 June 2024

# Malaysia Distributive Trade

April YoY sales growth hit 8-month high due to strong domestic demand and lower base effect

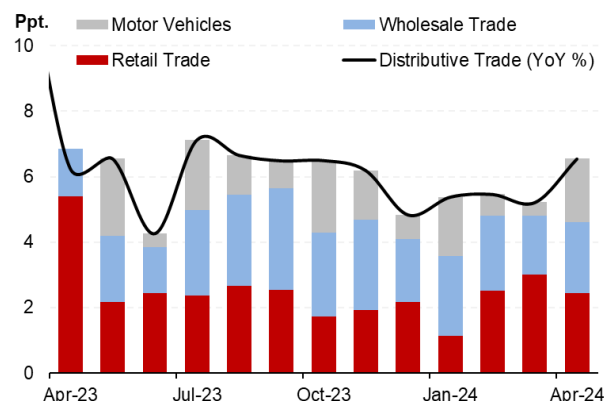
- Distributive trade sales growth reached an eight-month high in April at 6.6% YoY (Mar: 5.2%), driven by strong domestic demand and partly due to the low base effect**
  - MoM growth declined (-0.6%; Mar: 3.3%) after a solid rebound in the previous month.
  - Sales value (RM144.9b; Mar: RM145.7b): fell slightly but remained elevated.
- Positive distributive trade sales growth in April led by expansion in wholesale trade and motor vehicles**
  - Retail trade (5.5%; Mar: 7.1%): growth slowed to a three-month low due to a higher base effect though MoM continue to increase (1.5%; Mar: 2.1%). Growth was mainly contributed by non-specialised stores (5.2%; Mar: 8.4%), followed by specialised stores (8.4%; Mar: 10.9%), and household goods (4.7%; Mar: 4.8%) albeit at a slower pace.
  - Wholesale trade (4.8%; Mar: 4.0%): growth expanded driven by sales of other specialised (4.2%; Mar: 4.5%), albeit slower, followed by an expansion in food, beverages & tobacco (6.6%; Mar: 5.4%) and household goods (4.4%; Mar: 3.5%).
  - Motor vehicles (18.1%; Mar: 3.2%): growth surged to a six-month high, primarily due to the low base effect from the previous year despite lower unit sales (58.0k units; Mar: 71.1k) during the month. Growth was also supported by a sharp rebound in vehicle sales value (26.5%; Mar: -2.8%), followed by motor vehicle parts & accessories (11.8%; 13.8%) and maintenance & repair (13.1%; 14.4%) albeit at a slower rate.
- Mixed performance of retail sales was observed across regional economies in April**
  - China: growth moderated (2.3%; Mar: 3.1%), reflecting a fragile economic recovery and underscoring the lag effect of government measures to boost domestic demand.
  - Japan: expanded (2.4%; Mar: 1.2%) to two-month high, surpassing consensus expectations of 1.5%, driven by higher demand for consumer electronics.
  - Hong Kong: fell sharply (-14.7%; Mar: -7.0%), declining for the second straight month due to lower visitor spending and a surge in outbound trips during the Easter holidays.
- We maintain 2024 sales growth forecast at 8.0% (2023: 7.7%)**
  - Higher distributive trade sales in April is indicative of strong domestic demand at the start of 2Q24, alongside a stable unemployment rate of 3.3% during the month. This is expected to be further supported by an increase in tourist arrivals and consumer spending, as well as recovery in the manufacturing exports driven by an anticipated technology upcycle. Ongoing multi-year public infrastructure projects and the realisation of investment approved from the previous year are expected to boost domestic demand.
  - Against these backdrops, we project 2Q24 GDP growth to slightly expand to 4.3% (1Q24: 4.2%), with overall 2024 GDP growth expected to settle at 4.5% - 5.0% (2023: 3.6%).

Graph 1: Sales Value Growth



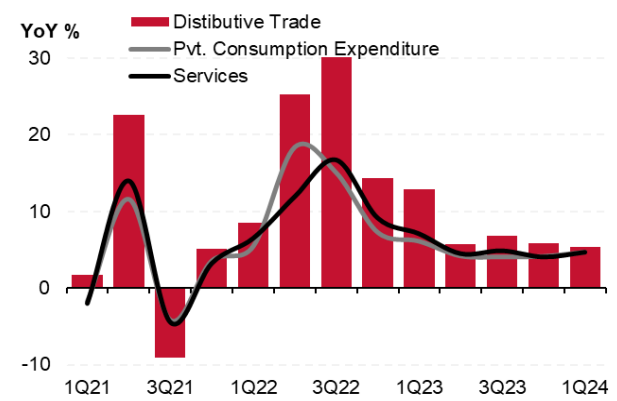
Source: Macrobond, Dept. of Statistics, Kenanga Research

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

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

	% Share*	2022	2023	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
<b>Distributive Trade</b>	<b>100.0</b>	<b>19.6</b>	<b>7.7</b>	<b>6.2</b>	<b>4.8</b>	<b>5.4</b>	<b>5.5</b>	<b>5.2</b>	<b>6.6</b>
<b>Wholesale Trade</b>	<b>44.6</b>	<b>10.7</b>	<b>5.2</b>	<b>6.2</b>	<b>4.4</b>	<b>5.5</b>	<b>5.2</b>	<b>4.0</b>	<b>4.8</b>
Other Specialised	17.0	8.7	7.5	9.3	6.2	8.3	7.4	4.5	4.2
Household Goods	9.3	17.4	4.7	5.2	5.3	2.9	3.7	3.5	4.4
Food, Beverages and Tobacco	8.8	7.4	3.3	2.3	1.4	4.6	4.0	5.4	6.6
Agricultural Raw Materials and Live Animals	4.0	15.1	8.9	9.5	5.4	4.2	5.6	3.2	6.7
Machinery, Equipment and Supplies	3.5	8.6	3.4	2.6	1.1	4.5	1.7	1.4	2.6
Non-specialised	1.3	6.4	5.7	3.3	2.1	4.3	5.4	2.5	4.7
Fee or Contract Basis	0.8	16.2	4.2	4.1	0.4	2.1	0.8	2.0	3.2
<b>Retail Trade</b>	<b>43.1</b>	<b>23.9</b>	<b>9.0</b>	<b>4.4</b>	<b>5.0</b>	<b>2.6</b>	<b>5.8</b>	<b>7.1</b>	<b>5.5</b>
Non-specialised Stores	16.4	26.8	6.1	6.5	6.3	2.2	6.7	8.4	5.2
Other Goods in Specialised Stores	8.9	28.4	2.2	3.7	5.8	4.9	9.5	10.9	8.4
Other Household Equipment in Specialised Stores	5.1	18.0	2.0	3.7	5.9	3.3	4.0	4.8	4.7
Automotive Fuel in Specialised Stores	4.0	43.4	4.8	2.9	2.4	1.0	3.4	4.0	4.9
Information and Communication Equipment in Specialised Stores	3.6	9.0	-2.2	-2.7	-2.3	-2.4	-2.6	-1.8	0.4
Food, Beverages and Tobacco in Specialised Stores	2.7	15.2	10.8	10.3	9.9	6.2	8.0	8.6	7.2
Cultural and Recreation Goods in Specialised Stores	1.9	12.8	1.5	1.6	2.5	1.1	5.4	6.3	5.0
Not in Stores, Stalls or Markets	0.4	23.4	0.2	0.7	1.1	0.7	1.0	6.3	6.4
Stalls and Markets	0.1	18.5	5.2	5.8	6.6	2.0	3.3	3.2	4.0
<b>Motor Vehicles</b>	<b>12.3</b>	<b>47.6</b>	<b>12.3</b>	<b>12.7</b>	<b>5.9</b>	<b>16.0</b>	<b>5.4</b>	<b>3.2</b>	<b>18.1</b>
Sales of Motor Vehicles	6.6	39.6	24.6	13.5	4.4	20.9	0.2	-2.8	26.5
Parts and Accessories	3.2	64.1	16.1	14.5	10.9	11.9	13.7	13.8	11.8
Maintenance and Repair	1.7	70.5	17.7	16.3	12.3	12.4	14.1	14.4	13.1
Sale, Maintenance and Repair	0.8	26.8	-8.0	-8.1	-13.7	5.4	-3.2	-4.7	-0.2

Source: Macrobond, Dept. of Statistics, Kenanga Research

\*Average 2023

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