

# Malaysia Distributive Trade

Hit a three-month high in October amid resilient domestic demand; growth outlook steady

- **Distributive trade sales grew 5.5% YoY (Sep: 3.8%), reaching a three-month high, indicating a strong start for the final quarter as domestic demand remained resilient.**

- MoM growth rebounded to 1.3% (Sep: -0.7%) to a three-month high.
- Sales value (RM150.1b; Sep: RM148.2b): expanded to a record high, surpassing the RM150.0b mark for the first time.

- **A broad-based expansion led by strong retail trade**

- **Motor vehicles** (2.7%; Sep: -1.0%): rebounded due to higher sales of maintenance & repair (20.7%; Sep: 20.6%) and parts and accessories (9.8%; Sep: 8.5%). However, weak motor vehicle sales (-3.9%; Sep: -10.3%) capped the recovery, reflecting lower unit sales in October (69.9k units; Oct 2023: 76.2k).
- **Wholesale trade** (4.8%; Sep: 3.6%): rose to a three-month high, supported by strong expansion in food, beverages & tobacco (8.9%; Sep: 7.9%), followed by agriculture, raw material and live animals (7.9%; Sep: 4.0%) and a slight rebound in other specialised wholesale (0.9%; Sep: -2.6%).
- **Retail trade** (7.1%; Sep: 5.5%): growth rose to a four-month high due to higher growth in non-specialised stores (8.5%; Sep: 6.2%) and other goods in specialised stores (8.4%; Sep: 5.7%).

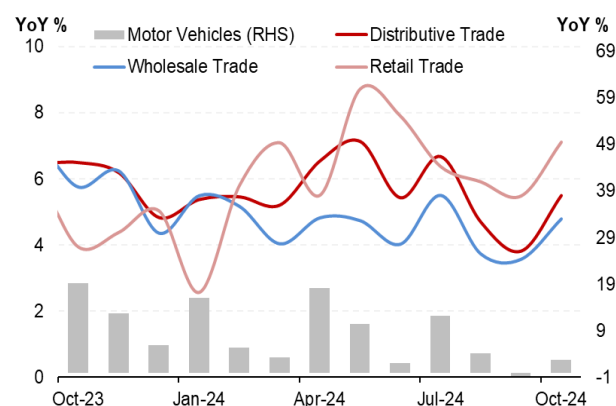
- **Mixed performance of retail sales across regional economies in October**

- China: retail trade rose to an eight-month high (4.8%; Sep: 3.2%), driven by ongoing policy support aims to boost consumer spending.
- Japan: retail sales doubled to 1.6% (Sep: 0.5%) but fell short of expectations (consensus: 2.1%).
- Hong Kong: remained weak (-2.9%; Sep: -6.9%), marking the eighth straight month of contraction due to shifts in consumer habits.

- **2024 sales growth forecast retained at 6.0% (2023: 7.7%); expected to expand to 7.6% in 2025**

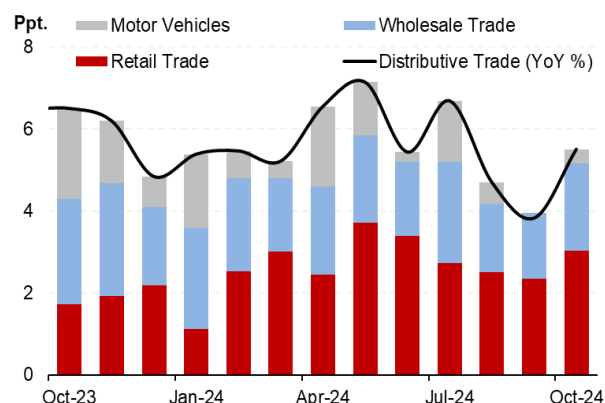
- **Year-to-date performance:** Sales growth grew 5.6% in the first 10 months of this year (Jan-Sep: 5.6%), below our full-year target of 6.0%. Nevertheless, we expect momentum to accelerate towards year-end amid festive season spending.
- **Supporting factors:** Growth will be supported by the government's phase 4 cash transfer under the *Sumbangan Tunai Rahmah* (STR) programme in November, salary hikes for government servant in December, a continued rise in tourist arrivals, and sustained domestic demand growth amid improving household incomes.
- **GDP growth outlook:** Given that 3Q24 GDP growth matched our expectations (5.3%; 2Q24: 5.9%) and is projected to moderate further in the final quarter to 4.6% as the economy normalises, we maintain our 2024 GDP growth forecast at 5.0% (2023: 3.6%) and expect it to moderate slightly to 4.8% in 2025.

Graph 1: Sales Value Growth



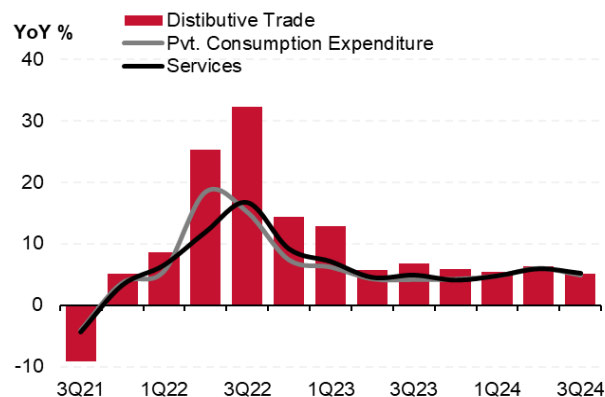
Source: Macrobond, Dept. of Statistics, Kenanga Research

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

12 December 2024

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

	% Share*	2022	2023	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
<b>Distributive Trade</b>	<b>100.0</b>	<b>19.6</b>	<b>7.7</b>	<b>7.1</b>	<b>5.4</b>	<b>6.7</b>	<b>4.7</b>	<b>3.8</b>	<b>5.5</b>
<b>Wholesale Trade</b>	<b>44.6</b>	<b>10.7</b>	<b>5.2</b>	<b>4.7</b>	<b>4.0</b>	<b>5.5</b>	<b>3.7</b>	<b>3.6</b>	<b>4.8</b>
Other Specialised	17.0	8.7	4.0	4.0	1.2	1.0	-1.4	-2.6	0.9
Household Goods	9.3	17.4	6.5	6.5	5.6	8.2	6.7	7.9	5.1
Food, Beverages and Tobacco	8.8	7.4	6.2	6.2	6.7	8.1	7.0	7.9	8.9
Agricultural Raw Materials and Live Animals	4.0	15.1	3.9	3.9	7.9	7.7	7.8	4.0	7.9
Machinery, Equipment and Supplies	3.5	8.6	1.8	1.8	2.4	10.2	7.2	9.6	8.3
Non-specialised	1.3	6.4	4.3	4.3	6.2	9.4	8.1	8.2	7.3
Fee or Contract Basis	0.8	16.2	2.2	2.2	2.9	7.4	5.5	7.3	6.4
<b>Retail Trade</b>	<b>43.1</b>	<b>23.9</b>	<b>9.0</b>	<b>8.7</b>	<b>7.9</b>	<b>6.4</b>	<b>5.9</b>	<b>5.5</b>	<b>7.1</b>
Non-specialised Stores	16.4	26.8	5.2	10.7	8.8	7.7	7.8	6.2	8.5
Other Goods in Specialised Stores	8.9	28.4	8.4	12.8	12.6	6.6	5.8	5.7	8.4
Other Household Equipment in Specialised Stores	5.1	18.0	4.7	5.3	7.3	4.6	2.7	3.8	3.7
Automotive Fuel in Specialised Stores	4.0	43.4	4.9	8.1	5.0	7.1	5.3	6.7	7.3
Information and Communication Equipment in Specialised Stores	3.6	9.0	0.4	-2.2	-1.7	2.5	2.4	2.0	1.8
Food, Beverages and Tobacco in Specialised Stores	2.7	15.2	7.2	9.6	8.7	6.5	6.8	7.2	9.0
Cultural and Recreation Goods in Specialised Stores	1.9	12.8	5.0	3.4	3.1	3.9	4.8	4.6	4.4
Not in Stores, Stalls or Markets	0.4	23.4	6.4	8.0	8.1	9.2	9.4	6.2	7.4
Stalls and Markets	0.1	18.5	4.0	5.9	6.1	6.5	5.6	7.9	8.4
<b>Motor Vehicles</b>	<b>12.3</b>	<b>47.6</b>	<b>12.3</b>	<b>10.5</b>	<b>2.0</b>	<b>12.2</b>	<b>4.1</b>	<b>-1.0</b>	<b>2.7</b>
Sales of Motor Vehicles	6.6	39.6	26.5	11.1	-3.4	14.0	-0.5	-10.3	-3.9
Parts and Accessories	3.2	64.1	11.8	11.9	9.2	9.6	8.6	8.5	9.8
Maintenance and Repair	1.7	70.5	13.1	12.8	10.0	10.5	9.0	8.7	9.3
Sale, Maintenance and Repair	0.8	26.8	-0.2	-4.5	-3.5	12.9	16.2	20.6	20.7

Source: Macrobond, Dept. of Statistics, Kenanga Research

\*Average 2023

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