

# Malaysia Distributive Trade

Eased in November, but likely to accelerate in December on festive spending

- **Distributive trade sales moderated to 4.7% YoY (Oct: 5.5%) after an uptick in the previous month**

- **MoM growth:** fell by 0.5% (Oct: 1.3%), the slowest in two months.
- **Sales value:** Fell slightly to RM149.3b (Oct: RM150.1b) after hitting a record high the prior month.

- **A broad-based slowdown led by a sharp moderation in retail trade**

- **Motor vehicles** (1.4%; Oct: 2.7%): slower growth across sub-sectors, notably in sales, maintenance and repair (13.7%; Oct: 20.7%), parts and accessories (8.6%; Oct: 9.8%), and maintenance and repair (6.3%; Oct: 9.3%). Weak motor vehicle sales (-4.3%; Oct: -3.9%) due to a high base effect also weighed down on growth, with unit sales in November falling to 67.5k units (Nov 2023: 73.3k).
- **Wholesale trade** (4.7%; Oct: 4.8%): slightly lower growth, with moderation across sub-sectors partly offset by strong performance in agriculture, raw materials, and live animals (13.7%; Oct: 7.9%).
- **Retail trade** (5.8%; Oct: 7.1%): growth slowed due to a broad-based slowdown, led by a sharp slowdown in non-specialised stores (5.5%; Oct: 8.5%) and food, beverages & tobacco (6.5%; Oct: 9.0%).

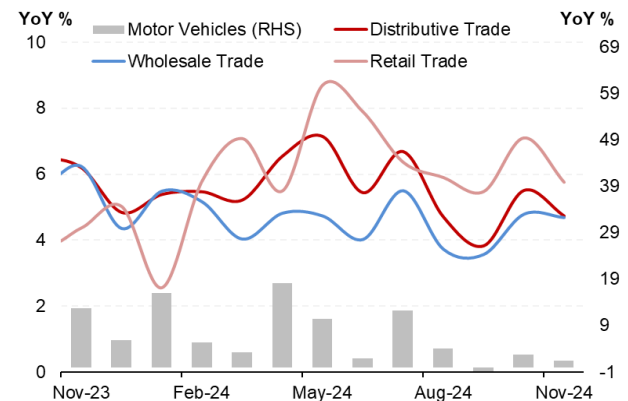
- **Mixed retail sales performance across regional economies in November**

- **China** (3.0%; Oct: 4.8%): Retail trade hit a three-month low, showing limited recovery.
- **Japan** (2.8%; Oct: 1.3%): Outperformed expectations (consensus: 1.6%), driven by rising wages.
- **Hong Kong** (-7.3%; Oct: -2.8%): Contracted for the ninth straight month, reflecting shifts in consumption patterns and a strong Hong Kong Dollar.

- **2024 sales growth may miss 6.0% target (2023: 7.7%); 2025 forecast revised to 6.5% from 7.6%**

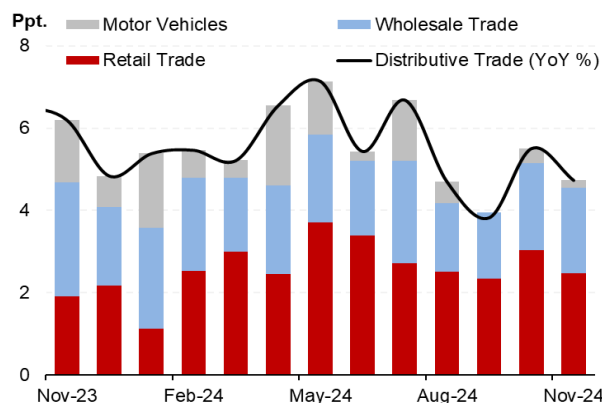
- **Year-to-date performance:** Sales grew 5.5% in the first 11 months (Jan-Oct: 5.6%), below our full-year target of 6.0%. Weaker-than-expected November growth, driven by seasonal factors, limits the likelihood of reaching the target, even with the surge in festive season spending in December.
- **Supporting factors:** Despite our forecast revision, sales growth in 2025 is expected to remain stable, supported by record-high cash transfers under *Sumbangan Tunai Rahmah (STR)*, salary hikes for government servants, minimum wage hikes in the private sector, rising tourist arrivals, and continued government spending under record-high Budget 2025 allocation.
- **GDP growth outlook:** Against this backdrop, we project 2025 GDP growth to moderate to 4.8% (2024E: 5.0%), reflecting a high base effect from 2024 and normalisation of economic activities.

Graph 1: Sales Value Growth



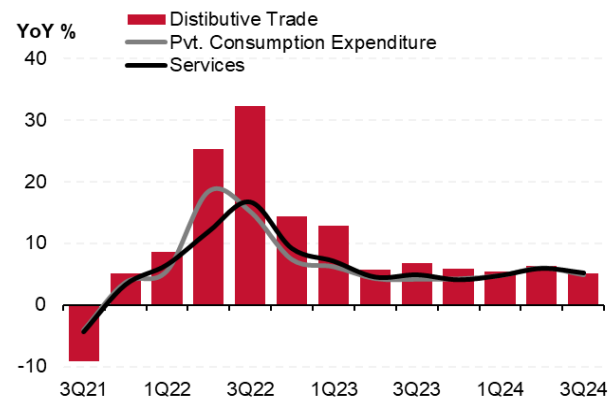
Source: Macrobond, Dept. of Statistics, Kenanga Research

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 January 2025

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

	% Share*	2022	2023	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
<b>Distributive Trade</b>	<b>100.0</b>	<b>19.6</b>	<b>7.7</b>	<b>5.4</b>	<b>6.7</b>	<b>4.7</b>	<b>3.8</b>	<b>5.5</b>	<b>4.7</b>
<b>Wholesale Trade</b>	<b>44.6</b>	<b>10.7</b>	<b>5.2</b>	<b>4.0</b>	<b>5.5</b>	<b>3.7</b>	<b>3.6</b>	<b>4.8</b>	<b>4.7</b>
Other Specialised	17.0	8.7	1.2	1.2	1.0	-1.4	-2.6	0.9	1.4
Household Goods	9.3	17.4	5.6	5.6	8.2	6.7	7.9	5.1	5.0
Food, Beverages and Tobacco	8.8	7.4	6.7	6.7	8.1	7.0	7.9	8.9	5.2
Agricultural Raw Materials and Live Animals	4.0	15.1	7.9	7.9	7.7	7.8	4.0	7.9	13.7
Machinery, Equipment and Supplies	3.5	8.6	2.4	2.4	10.2	7.2	9.6	8.3	7.9
Non-specialised	1.3	6.4	6.2	6.2	9.4	8.1	8.2	7.3	6.6
Fee or Contract Basis	0.8	16.2	2.9	2.9	7.4	5.5	7.3	6.4	3.1
<b>Retail Trade</b>	<b>43.1</b>	<b>23.9</b>	<b>9.0</b>	<b>7.9</b>	<b>6.4</b>	<b>5.9</b>	<b>5.5</b>	<b>7.1</b>	<b>5.8</b>
Non-specialised Stores	16.4	26.8	8.8	8.8	7.7	7.8	6.2	8.5	5.5
Other Goods in Specialised Stores	8.9	28.4	12.6	12.6	6.6	5.8	5.7	8.4	8.2
Other Household Equipment in Specialised Stores	5.1	18.0	7.3	7.3	4.6	2.7	3.8	3.7	3.1
Automotive Fuel in Specialised Stores	4.0	43.4	5.0	5.0	7.1	5.3	6.7	7.3	6.3
Information and Communication Equipment in Specialised Stores	3.6	9.0	-1.7	-1.7	2.5	2.4	2.0	1.8	4.2
Food, Beverages and Tobacco in Specialised Stores	2.7	15.2	8.7	8.7	6.5	6.8	7.2	9.0	6.5
Cultural and Recreation Goods in Specialised Stores	1.9	12.8	3.1	3.1	3.9	4.8	4.6	4.4	4.0
Not in Stores, Stalls or Markets	0.4	23.4	8.1	8.1	9.2	9.4	6.2	7.4	7.6
Stalls and Markets	0.1	18.5	6.1	6.1	6.5	5.6	7.9	8.4	5.9
<b>Motor Vehicles</b>	<b>12.3</b>	<b>47.6</b>	<b>12.3</b>	<b>2.0</b>	<b>12.2</b>	<b>4.1</b>	<b>-1.0</b>	<b>2.7</b>	<b>1.4</b>
Sales of Motor Vehicles	6.6	39.6	-3.4	-3.4	14.0	-0.5	-10.3	-3.9	-4.3
Parts and Accessories	3.2	64.1	9.2	9.2	9.6	8.6	8.5	9.8	8.6
Maintenance and Repair	1.7	70.5	10.0	10.0	10.5	9.0	8.7	9.3	6.3
Sale, Maintenance and Repair	0.8	26.8	-3.5	-3.5	12.9	16.2	20.6	20.7	13.7

Source: Macrobond, Dept. of Statistics, Kenanga Research

\*Average 2023

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