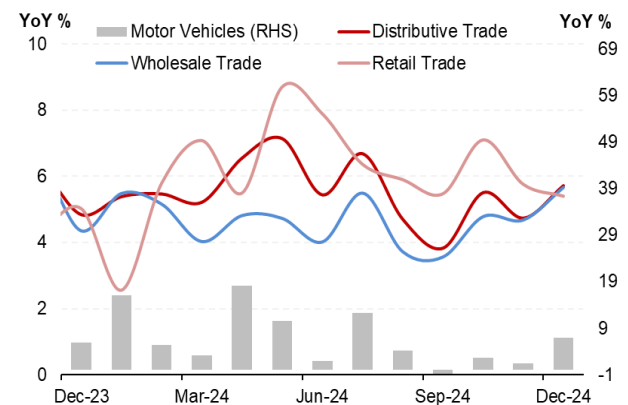


Malaysia Distributive Trade

Distributive trade hits five-month high in December on festive season spending

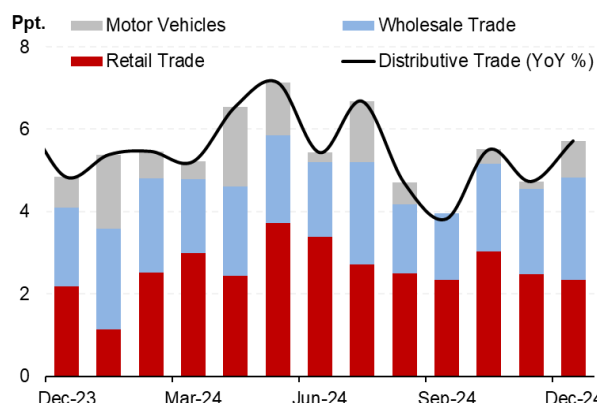
- Distributive trade sales expanded to 5.7% YoY (Nov: 4.7%), a five-month high. Full-year growth reached 5.5% in 2024 (2023: 7.7%), below our forecast of 6.0%**
 - MoM rebounded by 1.9% (Nov: -0.5%), a five-month high, in line with seasonal trends.
 - 4Q24 (5.3%; 3Q24: 5.1%):** expanded slightly from the preceding quarter, reflecting a resilient domestic demand.
 - Sales value:** surged to RM152.2b in Dec (Nov: RM149.3b), a new record high.
- Higher growth in motor vehicles and wholesale trade drive growth as retail trade slows**
 - Motor vehicles** (6.9%; Nov: 1.4%): higher growth across sub-sectors, led by a rebound in vehicle sales (3.6%; Nov: -4.3%), which contributed 0.3 pts (Nov: -0.3 pts) to overall growth. This aligns with higher monthly unit sales at 81.7k units (Dec 2023: 78.4k).
 - Wholesale trade** (5.7%; Nov: 4.7%): expanded, driven by higher other specialised sales (3.6%; Nov: 1.4%).
 - Retail trade** (5.4%; Nov: 5.8%): moderated due to slower growth of others in specialised stores (7.0%; Nov: 8.2%), with its contribution to overall growth easing to 0.6 pts (Nov: 0.7 pts).
- Mixed retail sales performance across regional economies in December**
 - China** (3.7%; Nov: 3.0%): Retail trade expanded slightly, beating market expectations, aided by recent stimulus.
 - Japan** (3.7%; Nov: 2.9%): Rose to a six-month high, driven by higher commercial sales.
 - Hong Kong** (-9.7%; Nov: -7.3%): Contracted for the tenth straight month — the sharpest drop in four months — as residents increased outbound trips during the holidays.
- 2025 distributive trade forecast maintained at 6.5% (2024: 5.5%) on higher income prospect and tourism boost**
 - Outlook:** We expect sales growth to expand in 2025 despite slower-than-expected performance in 2024. Rising household income — driven by higher minimum wages and government salary hikes — should boost private consumption. Increased tourist arrivals and record-high government spending will further support sales growth.
 - Risk:** Downside risk remain, particularly from the impact of subsidy rationalisation, which could impact consumer spending and behaviour in 2H25. However, the impact is likely limited as the government is expected to continue supporting vulnerable groups, though the details remains sketchy.
 - GDP growth outlook:** Against this backdrop, we maintain 2025 GDP growth forecast at 4.8% from an estimated 5.0% in 2024, reflecting a slight moderation due to a high base effect and the normalising domestic economic activities.

Graph 1: Sales Value Growth



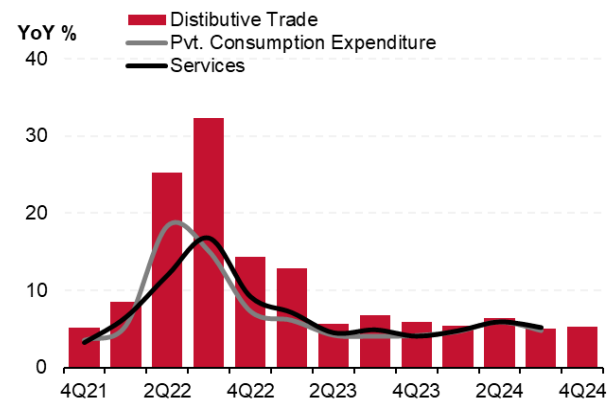
Source: Macrobond, Dept. of Statistics, Kenanga Research

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

13 February 2025

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

	% Share*	2023	2024	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Distributive Trade	100.0	7.7	5.5	6.7	4.7	3.8	5.5	4.7	5.7
Wholesale Trade	44.6	5.2	4.7	5.5	3.7	3.6	4.8	4.7	5.7
Other Specialised	17.0	3.0	2.6	1.0	-1.4	-2.6	0.9	1.4	3.6
Household Goods	9.3	7.0	5.3	8.2	6.7	7.9	5.1	5.0	4.4
Food, Beverages and Tobacco	8.8	7.2	6.4	8.1	7.0	7.9	8.9	5.2	6.3
Agricultural Raw Materials and Live Animals	4.0	7.9	7.2	7.7	7.8	4.0	7.9	13.7	13.9
Machinery, Equipment and Supplies	3.5	2.3	5.4	10.2	7.2	9.6	8.3	7.9	6.5
Non-specialised	1.3	7.0	6.3	9.4	8.1	8.2	7.3	6.6	8.6
Fee or Contract Basis	0.8	7.0	4.1	7.4	5.5	7.3	6.4	3.1	7.0
Retail Trade	43.1	9.0	6.1	6.4	5.9	5.5	7.1	5.8	5.4
Non-specialised Stores	16.4	12.0	6.9	7.7	7.8	6.2	8.5	5.5	5.4
Other Goods in Specialised Stores	8.9	9.9	8.3	6.6	5.8	5.7	8.4	8.2	7.0
Other Household Equipment in Specialised Stores	5.1	3.2	4.2	4.6	2.7	3.8	3.7	3.1	3.4
Automotive Fuel in Specialised Stores	4.0	14.0	5.5	7.1	5.3	6.7	7.3	6.3	6.5
Information and Communication Equipment in Specialised Stores	3.6	0.3	0.5	2.5	2.4	2.0	1.8	4.2	3.1
Food, Beverages and Tobacco in Specialised Stores	2.7	13.3	7.5	6.5	6.8	7.2	9.0	6.5	6.0
Cultural and Recreation Goods in Specialised Stores	1.9	0.1	4.2	3.9	4.8	4.6	4.4	4.0	4.5
Not in Stores, Stalls or Markets	0.4	4.8	6.4	9.2	9.4	6.2	7.4	7.6	5.9
Stalls and Markets	0.1	9.6	5.4	6.5	5.6	7.9	8.4	5.9	5.5
Motor Vehicles	12.3	12.3	6.5	12.2	4.1	-1.0	2.7	1.4	6.9
Sales of Motor Vehicles	6.6	11.4	3.3	14.0	-0.5	-10.3	-3.9	-4.3	3.6
Parts and Accessories	3.2	17.3	10.7	9.6	8.6	8.5	9.8	8.6	11.2
Maintenance and Repair	1.7	18.6	10.6	10.5	9.0	8.7	9.3	6.3	7.8
Sale, Maintenance and Repair	0.8	-8.6	7.0	12.9	16.2	20.6	20.7	13.7	20.5

Source: Macrobond, Dept. of Statistics, Kenanga Research

*Average 2023

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