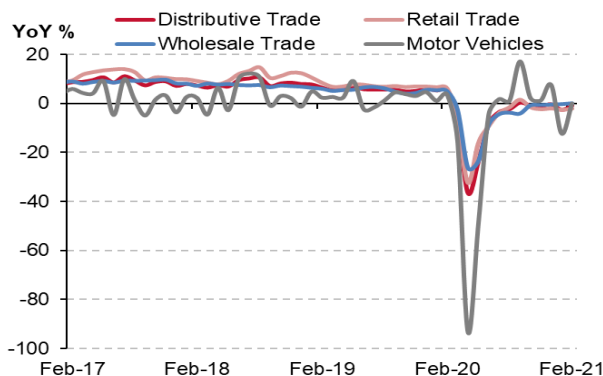


Malaysia Distributive Trade

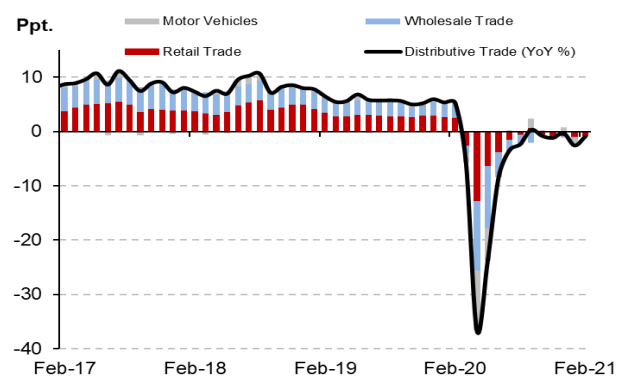
Declined at a slower pace in February due to the low base effect

- Distributive trade sales fell for the fifth straight month, but at a slower pace in February (-0.9% YoY; Jan: -2.6%) due to the low base effect**
 - MoM (-3.4%; Jan: -3.2%): worst monthly contraction in 10 months, despite peak festive season in February.
 - Sales value (RM108.0b; Jan: RM111.8b): marginally below the pre pandemic level (Feb 20: RM109.0b).
- The improved performance was broad-based, propelled mainly by the wholesale trade and motor vehicle sales**
 - Motor vehicles (-0.1%; Jan: -12.4%): almost returned to a positive growth after last month's downturn, driven by higher sales of motor vehicles (3.8%; Jan: -17.6%) as Movement Control Order (MCO 2.0) has been lifted in most states on 19th Feb.
 - Wholesale trade (-0.1%; Jan: -0.4%): smallest contraction in one year, primarily due to higher sales of food, beverages and tobacco (5.4%; Jan: 4.9%).
 - Retail trade (-2.1%; Jan: -2.5%): dropped by less largely due to increased sales at non-specialised stores.
- Retail performance across advanced economies remained mixed**
 - US: fell moderately to 5.5% (Jan: 8.2%) as in-person shopping activities were hindered by bad weather in parts of the country.
 - UK: contracted for the second straight month, but the rate of decline eased in February (-3.6%; Jan: -5.9%) on improved demand for home improvements and garden items from stay-at-home consumers.
 - SG: rebounded sharply to 5.1% (Jan: -6.1%) due to the Lunar New Year spending and a lower base effect, marking its first expansion since March 2019.
- 2021 distributive trade sales forecast maintained at 8.0-10.0% (2020: -5.9%) in anticipation of a vaccine-driven boost in consumer demand, but downside risks remain**
 - Improving local COVID-19 cases, further loosening of COVID-19 restrictions and Malaysia's inoculation campaign are expected to boost consumer spending in the short to medium term. However, we remain cautious about the new COVID-19 variants and the possibility of a fourth wave of COVID-19 infection in Malaysia.
 - Thus, private consumption growth is projected to record a softer contraction in 1Q21 (-0.9%; 4Q20: -4.3%) before rebounding to 16.1% in the 2Q21, bringing the 2Q21 GDP to rebound sharply to 14.3% (1Q21 estimate: -0.4%). Consequently, we have revised our 2021 GDP growth forecast to 6.5% (2020: -5.6%) from 4.5% previously.

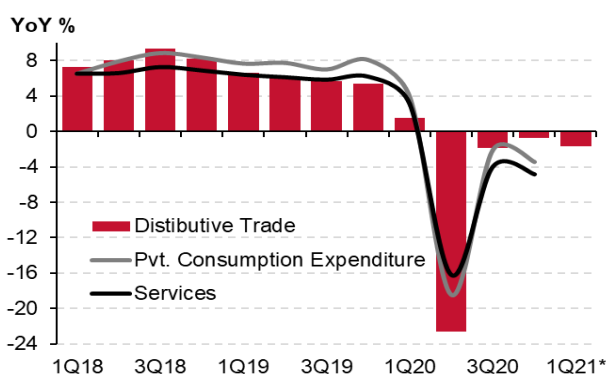
Graph 1: Sales Value Growth



Graph 2: Contribution to Overall Sales Value

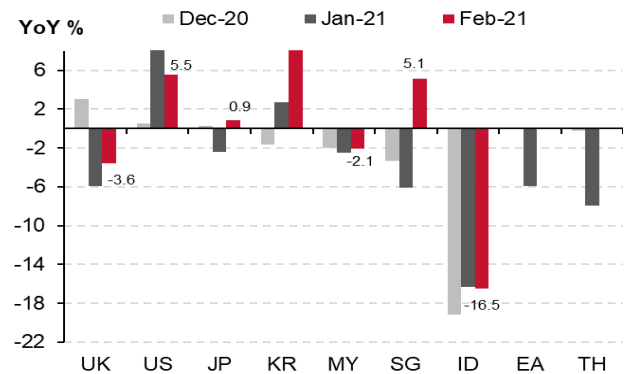


Graph 3: Pvt. Consumption, Services & Distributive Trade



Source: Dept. of Statistics, CEIC, Kenanga Research, *Jan-Feb

Graph 4: Retail Trade Sales of Selected Countries



Source: Dept. of Statistics, CEIC, Kenanga Research

12 April 2021

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

	% Share	2019	2020	Feb-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21
Distributive Trade		5.9	-5.9	5.3	0.3	-0.8	-1.2	-0.3	-2.6	-0.9
Wholesale Trade	48.1	5.4	-5.5	4.9	-4.2	-0.9	-0.7	-0.6	-0.4	-0.1
Retail Trade	40.5	7.5	-5.0	6.3	1.6	-1.5	-2.3	-2.0	-2.5	-2.1
Motor Vehicles	11.4	2.7	-10.9	3.5	17.1	2.2	1.2	7.4	-12.4	-0.1

Source: Dept. of Statistics, Kenanga Research

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