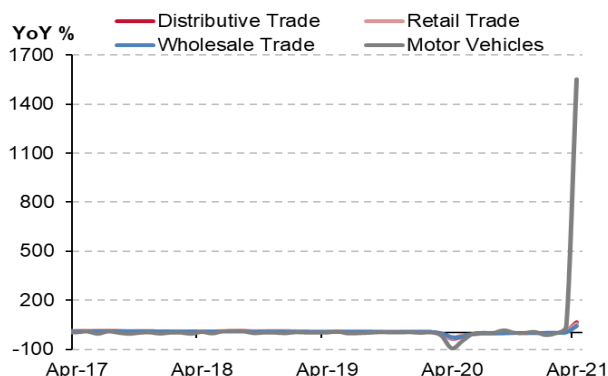


Malaysia Distributive Trade

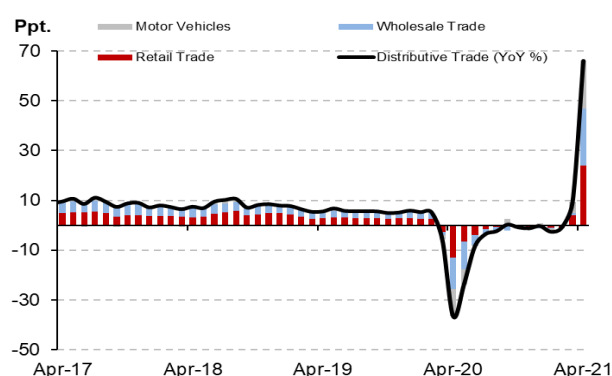
Leaped to a record high in April, largely due to the low base of last year

- Distributive trade sales jumped 66.2% (Mar: 9.3%), the biggest YoY increase since records began, largely attributable to the low base effect, as last year's Movement Control Order (MCO) weighed heavily on business operations and consumer activities**
 - Sales value (RM111.1b; Mar: RM112.8b): remained above the pre-pandemic level (Feb-20: RM109.0b) but fell 1.5% MoM (Mar: 4.4%) on renewed concerns over rising domestic COVID-19 cases and a decrease in spending in non-food sector during the month of Ramadhan.
- Broad-based sales improvement, driven mainly by a quadruple-digit YoY growth in motor vehicle sales**
 - Motor vehicles (1,551.3%; Mar: 40.7%): recorded a parabolic growth due to an extremely low base effect as April 2020's car sales were almost non-existent. However, MoM sales growth fell (-7.9%: Mar: 34.6%) on global chip shortage.
 - Retail trade (56.4%; Mar: 10.5%): expanded significantly due to higher sales of others in specialised stores.
 - Wholesale trade (40.5%; Mar: 1.8%): climbed to a record high, largely due to increased sales of other specialised items (69.1%; Mar: -2.5%) and household goods (35.8%; Mar: 4.5%).
- Mixed retail trade performance across advanced and developing economies**
 - US: soared to a new record high of 40.6% (Mar: 20.1%) on improved demand as more people have been vaccinated in the US.
 - UK: accelerated to a record high of 42.4% (Mar: 7.1%) as non-essential shops were allowed to reopen in April.
 - CN: slowed to 17.7% from a 314-month high of 34.2% in March, indicating that China's economic recovery momentum is tapering as domestic consumption remained weak.
- 2021 distributive trade sales forecast revised down to between 6.0% to 8.0% from 8.0% to 10.0% (YTD: 12.7%; 2020: -5.9%) due to the implementation of a nationwide full-scale MCO**
 - The tightening of government measures starting from the implementation of MCO 3.0 on 6th May until the imposition of a full-scale MCO on 1st June is expected to drag retail sales down in the May-July period. However, starting from August onwards, retail sales are expected to pick up pace due to higher expected vaccination rollout, loosening of COVID-19 restrictions and further extension of the new vehicle sales tax.
 - Thus, we have revised our 2Q21 private consumption growth to 13.3% (1Q21: -1.5%) from 16.1%. Consequently, 2021 GDP growth forecast has been revised down to 5.0-6.0% (2020: -5.6%) from 6.0-6.5% previously.

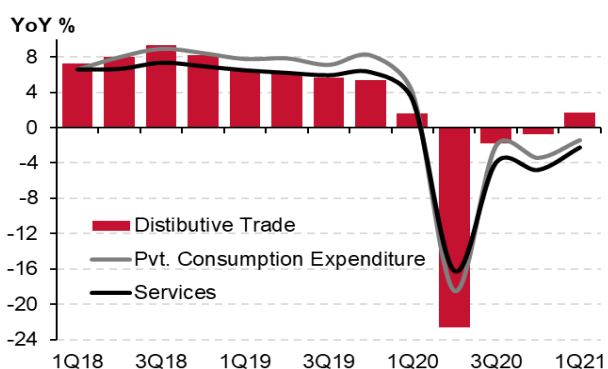
Graph 1: Sales Value Growth



Graph 2: Contribution to Overall Sales Value

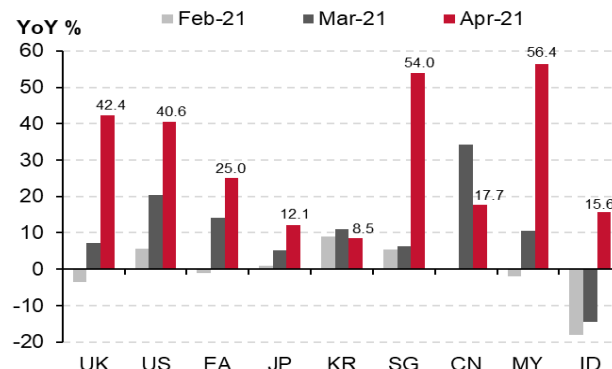


Graph 3: Pvt. Consumption, Services & Distributive Trade



Source: Dept. of Statistics, CEIC, Kenanga Research

Graph 4: Retail Trade Sales of Selected Countries



Source: Dept. of Statistics, CEIC, Kenanga Research

14 June 2021

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

	% Share	2019	2020	Apr-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Apr-21
Distributive Trade		5.9	-5.9	-36.6	-0.8	-1.2	-0.3	-2.6	-0.9	66.2
Wholesale Trade	48.1	5.4	-5.5	-26.3	-0.9	-0.7	-0.6	-0.4	-0.1	40.5
Retail Trade	40.5	7.5	-5.0	-32.4	-1.5	-2.3	-2.0	-2.5	-2.1	56.4
Motor Vehicles	11.4	2.7	-10.9	-93.2	2.2	1.2	7.4	-12.4	-0.1	1551.3

Source: Dept. of Statistics, Kenanga Research

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