

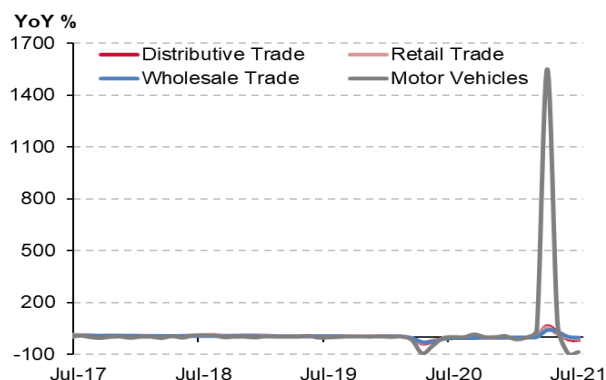
13 September 2021

Malaysia Distributive Trade

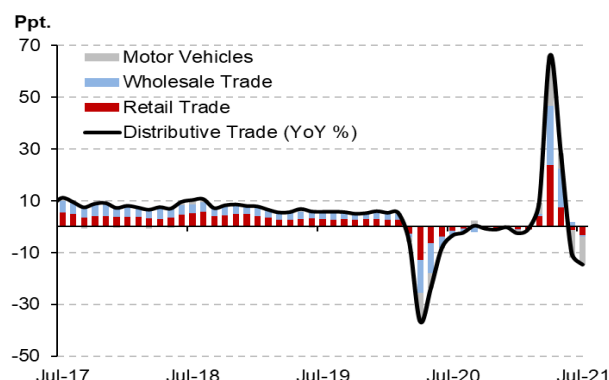
Contraction deepened in July amid weak consumer spending

- Despite partial easing of standard operating procedures in certain states, distributive trade sales contracted for the second consecutive month in July (-14.7%; Jun: -10.3%), partly due to last year's high base**
 - Sales value (RM92.7b; Jun: RM92.2b): remained almost unchanged below the RM100.0b level, but rebounded slightly by 0.5% MoM (Jun: -14.8%) on marginal sales improvement, as eight states have moved into Phase 2 of the National Recovery Plan (NRP) in July.
- The decline was led by a fall in retail and wholesale trade sales, but was partially capped by a marginally softer contraction in the sales of motor vehicle**
 - Motor vehicles (-85.4%; Jun: -92.4%): contraction narrowed as a total of 7,086 units of vehicles were sold in July (Jun: 1,921 units) due to the opening of car showrooms in Sarawak and Sabah.
 - Retail trade (-8.1%; Jun: -2.9%): fell further due to weak sales of items in non-specialised stores (-10.8%; Jun: -7.2%) and others in specialised store (-11.1%; Jun: -0.6%).
 - Wholesale trade (-1.1%; Jun: 3.6%): returned to a contraction after four months of growth on the back of a further drop in sales of household goods (-12.1%; Jun: -9.2%).
- Mixed retail trade performance across advanced economies**
 - US: slowed (15.8%; Jun: 18.6%) for the third straight month, as fears over Delta variant forced Americans to scale back on purchasing. On a mom basis, retail sales declined by 1.1% (Jun: 0.7%), worse than the expected fall of 0.3%, probably as the government aid has dried up.
 - SG: eased sharply to 0.2% from June's 26.0%, due to a sharp drop in sales of motor vehicles and sales at department stores at -9.8% (Jun: 80.6%) and -9.2% (Jun: 63.2%) respectively.
 - KR: climbed to a three-month high of 7.7% (Jun: 1.7%), as demand for online shopping increased amid rising domestic COVID-19 cases.
- 2021 distributive trade sales forecast maintained at 6.0%-8.0% (2020: -5.9%) amid positive NRP progress**
 - As of September 10, all states except for Kedah and Johor have shifted into the NRP's Phase 2 and above. This, coupled with the further loosening of COVID-19 restrictions for fully-vaccinated Malaysians, will definitely help to revitalise the local retail sector in the remaining months of the year.
 - Due to the slowdown in sales activity in July-August period, value-added private consumption is expected to weaken to -4.5% in 3Q21 (2Q21: 11.6%). Consequently, 2021 GDP growth forecast has been revised down to 3.5-4.0% (2020: -5.6%) from 4.0-5.0% previously.

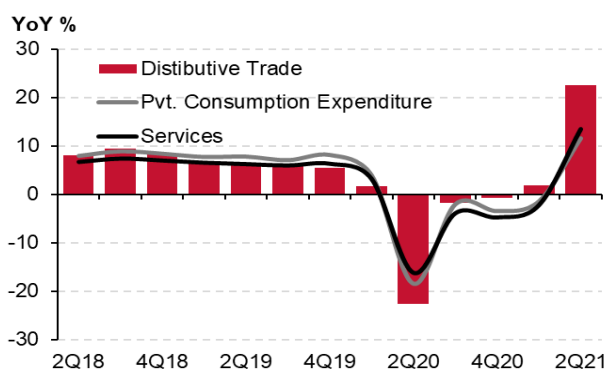
Graph 1: Sales Value Growth



Graph 2: Contribution to Overall Sales Value

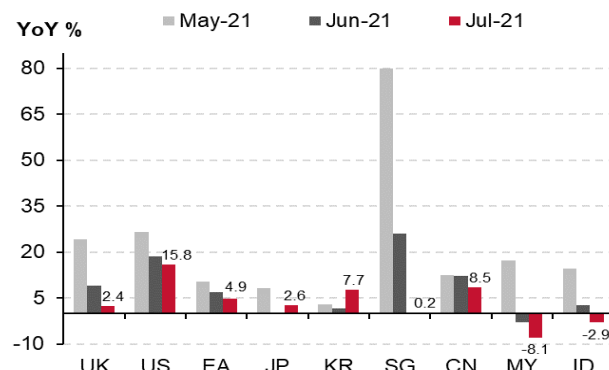


Graph 3: Pvt. Consumption, Services & Distributive Trade



Source: Dept. of Statistics, CEIC, Kenanga Research

Graph 4: Retail Trade Sales of Selected Countries



Source: Dept. of Statistics, CEIC, Kenanga Research

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

	% Share	2019	2020	Jul-20	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21
Distributive Trade		5.9	-5.9	-3.5	-0.9	9.3	66.2	28.2	-10.3	-14.7
Wholesale Trade	48.1	5.4	-5.5	-4.5	-0.1	1.8	40.5	30.9	3.6	-1.1
Retail Trade	40.5	7.5	-5.0	-3.8	-2.1	10.5	56.4	17.3	-2.9	-8.1
Motor Vehicles	11.4	2.7	-10.9	1.7	-0.1	40.7	1551.3	71.1	-92.4	-85.4

Source: Dept. of Statistics, Kenanga Research

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Published and printed by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

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