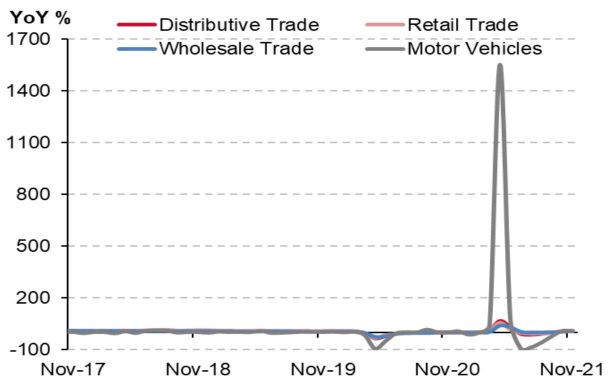
Malaysia Distributive Trade

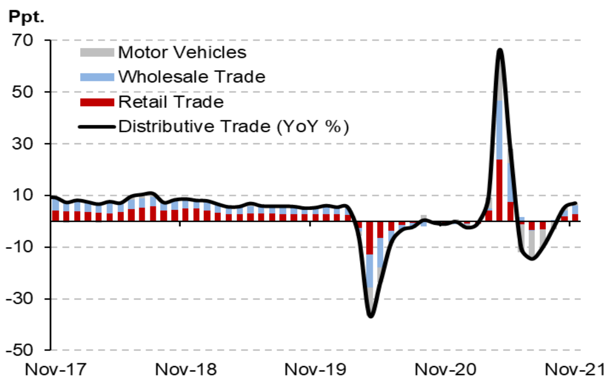
Up 7.0% in November amid further reopening of the economy

- **Distributive trade sales expanded for the second straight month in November (7.0% YoY; Oct: 5.2%) due to the reopening of most economic activities under the National Recovery Plan**
  - Sales value (RM118.1b; Oct: RM116.2b): hit another record high on the back of increased economic activities, but softened sharply on a monthly basis (1.6%; Oct: 7.5%) mainly due to lower monthly motor vehicle sales.
- **Broad-based sales improvement, driven mainly by higher retail and wholesale trade sales**
  - Retail trade (6.7%; Oct: 4.7%): increased to the highest level since May 2021 due to higher sales at non-specialised stores (9.9%; Oct: 8.2%) and sales of automotive fuel (18.2%; Oct: 12.8%) and household equipment (6.4%; Oct: 3.8%).
  - Wholesale trade (6.8%; Oct: 4.4%): rose to a six-month high on better growth in sales of food, beverages and tobacco products (11.2%; Oct: 10.6%) and a rebound in sales of household goods (1.1%; Oct: -2.6%) amid December's holiday season preparation.
  - Motor vehicles (8.6%; Oct: 10.2%): slowed slightly, attributable to lower sales of motor vehicles (11.8%; Oct: 25.5%) amid the ongoing global microchip shortage.
- **Mixed retail trade performance across advanced economies**
  - US: climbed for the third straight month in November (19.5%; Oct: 17.5%) as Americans are spending more on food outside the home. However, on a MoM basis, retail sales softened by 0.3% (Oct: 1.8%) due to the early Christmas shopping in October and higher cost of living (US CPI Nov: 6.8%).
  - EU: soared to a 7-month high of 11.8% (Oct: 4.7%) despite a rise in new COVID-19 cases across Europe.
  - SG: slowed sharply to 1.9% from October's phone-boosted growth pace of 7.5%, mainly due to a sharp drop in sales of computer and telecommunications equipment (-6.7%; Oct: 72.9%).
- **2021 distributive trade sales may likely fall below our forecast range of 7.0% - 9.0% (2020: -5.9%) amid global supply chain disruption and slower-than-expected demand recovery**
  - Even though the domestic COVID-19 situation is improving, we expect that sales value may increase at a slower pace in the near term, due to the global product shortages and slowing demand momentum. The Omicron-driven supply chain disruption may obstruct Malaysia's strong recovery momentum and impact GDP growth in 2022.
  - For 2021, private consumption growth is projected to rebound by 3.4% (2020: -4.3%), with the overall GDP growth expected to settle around the 3.5%-4.0% range (2020: -5.6%).

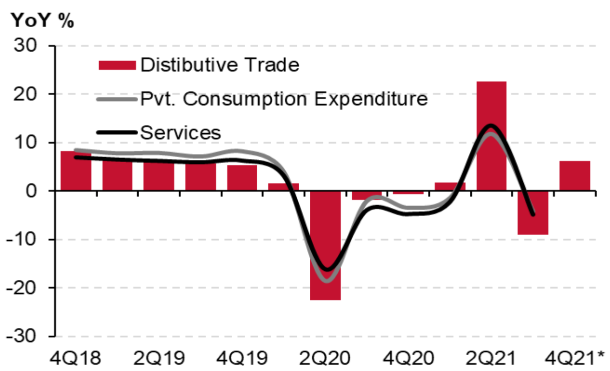
Graph 1: Sales Value Growth



Graph 2: Contribution to Overall Sales Value

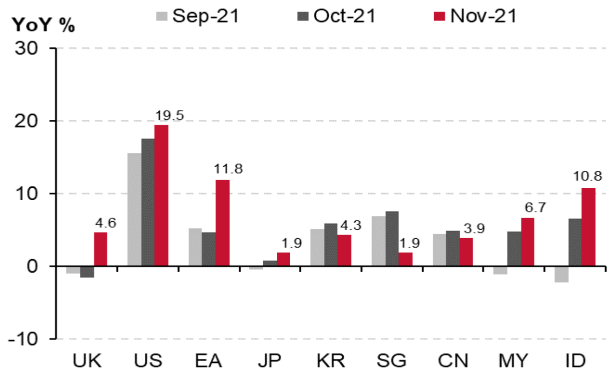


Graph 3: Pvt. Consumption, Services & Distributive Trade



Source: Dept. of Statistics, CEIC, Kenanga Research, *Oct-Nov

Graph 4: Retail Trade Sales of Selected Countries



Source: Dept. of Statistics, CEIC, Kenanga Research

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

	% Share	2019	2020	Nov-20	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
Distributive Trade		**5.9**	**-5.9**	**-1.2**	**-10.3**	**-14.7**	**-10.2**	**-2.6**	**5.2**	**7.0**
Wholesale Trade	48.1	5.4	-5.5	-0.7	3.6	-1.1	-0.1	0.9	4.4	6.8
Retail Trade	40.5	7.5	-5.0	-2.3	-2.9	-8.1	-7.5	-1.1	4.7	6.7
Motor Vehicles	11.4	2.7	-10.9	1.2	-92.4	-85.4	-57.6	-20.9	10.2	8.6

Source: Dept. of Statistics, Kenanga Research

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saifuddin.sapuan@kenanga.com.my

Afiq Asyraf Syazwan Abd. Rahim
Economist
afiqasyraf@kenanga.com.my

Zalman Basree
Economist
zalman@kenanga.com.my

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KENANGA INVESTMENT BANK BERHAD (15678-H)
Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my