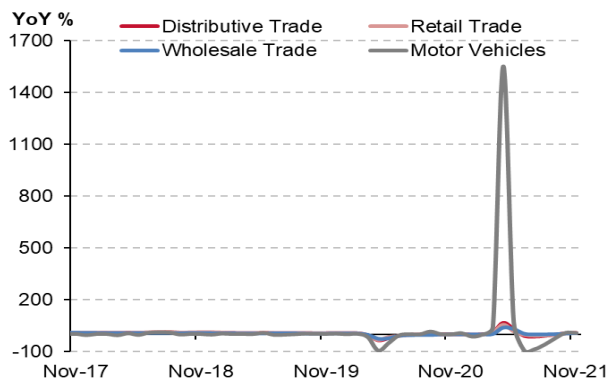


# Malaysia Distributive Trade

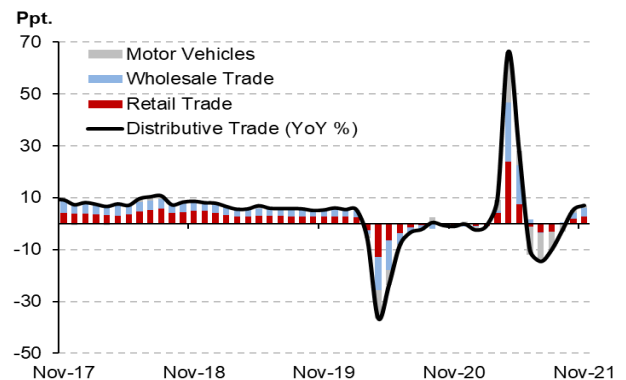
Up 7.0% in November amid further reopening of the economy

- 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%).

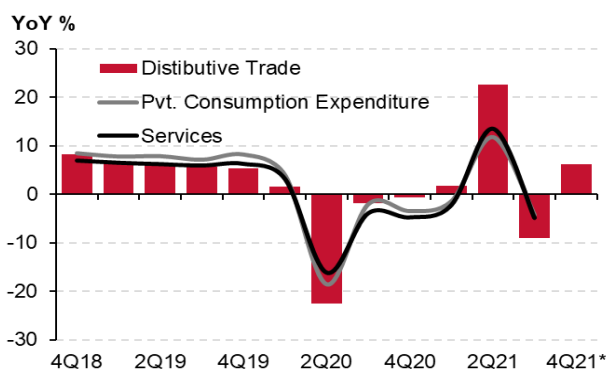
Graph 1: Sales Value Growth



Graph 2: Contribution to Overall Sales Value

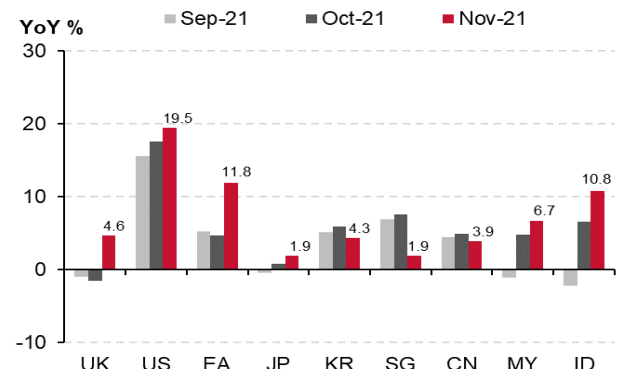


Graph 3: Pvt. Consumption, Services & Distributive Trade



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

Graph 4: Retail Trade Sales of Selected Countries



Source: Dept. of Statistics, CEIC, Kenanga Research

12 January 2022

**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
<b>Distributive Trade</b>		<b>5.9</b>	<b>-5.9</b>	<b>-1.2</b>	<b>-10.3</b>	<b>-14.7</b>	<b>-10.2</b>	<b>-2.6</b>	<b>5.2</b>	<b>7.0</b>
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](mailto:wansuhaimi@kenanga.com.my)

**Muhammad Saifuddin Sapuan**  
Economist  
[saifuddin.sapuan@kenanga.com.my](mailto:saifuddin.sapuan@kenanga.com.my)

**Afiq Asyraf Syazwan Abd. Rahim**  
Economist  
[afiqasyraf@kenanga.com.my](mailto:afiqasyraf@kenanga.com.my)

**Zalman Basree**  
Economist  
[zalman@kenanga.com.my](mailto:zalman@kenanga.com.my)

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

Published and printed by:

**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](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)

