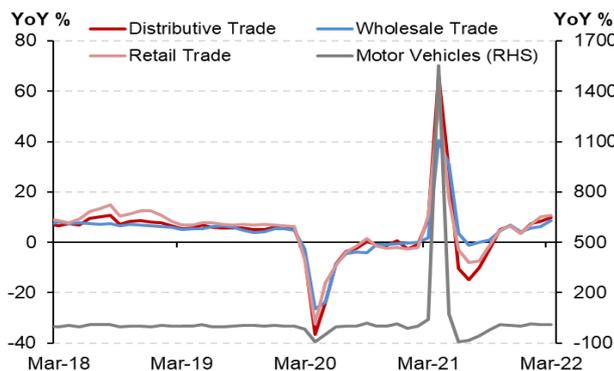


Malaysia Distributive Trade

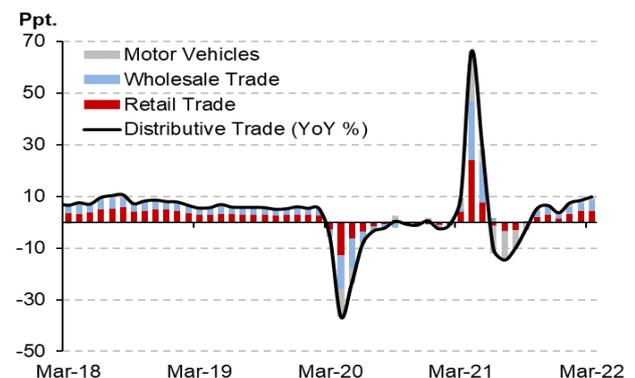
Accelerated to a 10-month high in March amid record-high vehicle sales

- Distributive trade sales increased at the fastest pace in 10 months in March (9.8% YoY; Feb: 8.4%), largely due to a jump in motor vehicle sales**
 - Sales value (RM123.8b; Feb: RM117.1b): hit a new record high due to a double-digit growth in motor vehicles monthly sales (33.9% MoM; Feb: -1.4%). To note, sales jumped to a five-month high of 5.7% MoM (Feb: -2.6%).
 - 1Q22 (8.6%; 4Q21: 5.1%): grew at its fastest rate in three quarters, partly due to the low base effect.
- Broad-based improvement, propelled mainly by higher MoM motor vehicle sales**
 - Motor vehicles (11.1%; Feb: 11.6%): despite moderating on a YoY basis due to March 2021's high base effect, a total of 73,222 vehicles were sold in March (Feb: 45,051) according to the Malaysian Automotive Association. This is equivalent to a total of RM9.9b in sales (Feb: RM6.2b), mainly attributable to an aggressive push by car dealers.
 - Wholesale trade (8.6%; Feb: 6.2%): rose to a 10-month high due to higher sales of other specialised items (6.8%; Feb: 6.0%) and agricultural raw materials and live animals (18.2%; Feb: 15.9%).
 - Retail trade (10.8%; Feb: 10.2%): continued to record a double-digit growth, driven mainly by an increase in sales at non-specialised stores (16.2%; Feb: 15.9%) and others in specialised stores (7.5%; Feb: 5.6%).
- Retail performance across advanced economies remained mixed**
 - US: slowed sharply to 7.3% (Feb: 17.8%) due to weakening consumer spending amid a 40-year high inflation reading of 8.5% in March.
 - JP: rebounded by 0.8% (Feb: -1.0%) due to the full removal of the quasi-state of emergency curbs on March 22.
 - KR: eased to a nine-month low of 2.3% (Feb: 4.1%) as consumers hold back on their spending due to worsening COVID-19 condition and rising inflationary pressure in March.
- 2022 distributive trade sales forecast maintained at 15.0% (2021: 4.0%) despite BNM's faster-than-expected hike**
 - Even though we expect that consumer demand may weaken due to the BNM's 25-basis-point hike and the expiry of various government relief measures in mid-2022, the continued recovery in the labour market and Malaysia's further easing of the COVID-19 restrictions may help to support domestic retailers in 2H22. However, the ongoing supply-chain disruptions may continue to exert downward pressure on consumer spending.
 - Amid strong domestic economic recovery prospects, private consumption growth is projected to expand by 6.1% in 2022 (2021: 1.9%), bringing the overall GDP to potentially settle around the 5.0%-5.5% range (2021: 3.1%).

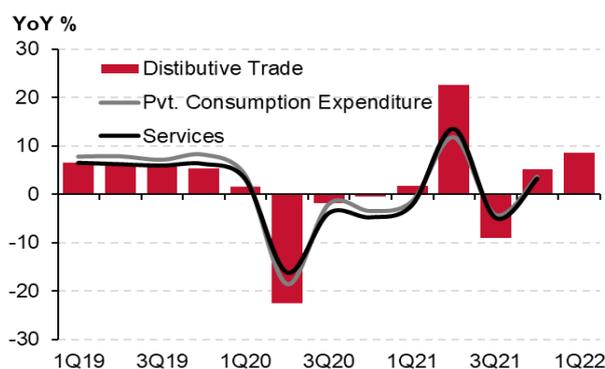
Graph 1: Sales Value Growth



Graph 2: Contribution to Overall Sales Value

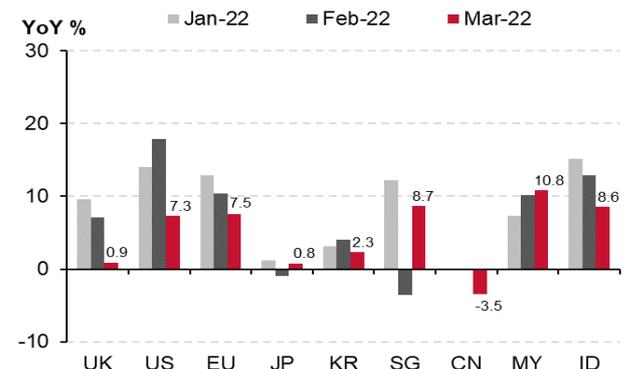


Graph 3: Pvt. Consumption, Services & Distributive Trade



Source: Dept. of Statistics, CEIC, Kenanga Research

Graph 4: Retail Trade Sales of Selected Countries



Source: Dept. of Statistics, CEIC, Kenanga Research

13 May 2022

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

	% Share*	2020	2021	Mar-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Distributive Trade		-5.8	4.0	9.3	5.2	6.5	3.6	7.5	8.4	9.8
Wholesale Trade	49.6	-5.5	6.4	1.8	4.4	6.8	4.1	5.7	6.2	8.6
Retail Trade	41.2	-4.9	4.4	10.5	4.7	6.7	3.5	7.3	10.2	10.8
Motor Vehicles	9.3	-10.3	-8.1	40.7	10.2	4.6	2.2	17.0	11.6	11.1

Source: Dept. of Statistics, Kenanga Research

*Average 2021

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