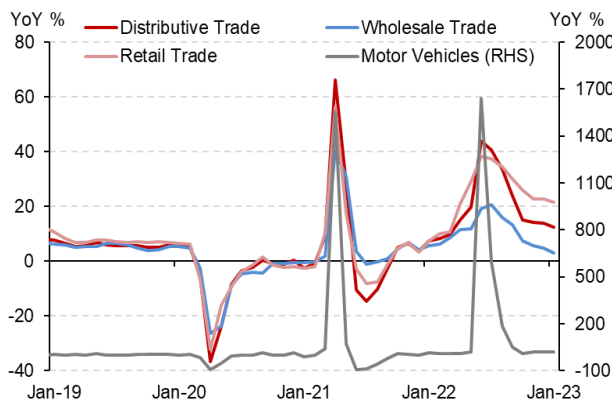


Malaysia Distributive Trade

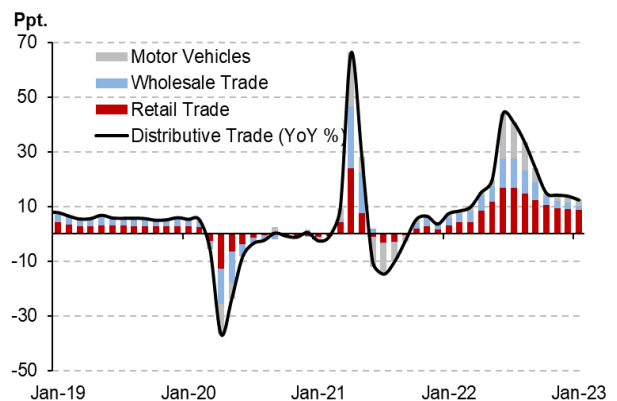
Growth slowed in January amid weak wholesale trade activity

- Distributive trade sales growth moderated further in January (12.4% YoY; Dec 22: 13.8%), its lowest in ten months. Nonetheless, growth remained at double digits for ten straight months on lower base effect**
 - Sales value (RM135.1b; Dec 22: RM137.3b): narrowed as MoM growth (-1.6%; Dec 22: 2.3%) plunged to a six-month low, reflecting a weak demand during the month.
- Growth slowdown was relatively broad-based but led by wholesale trade**
 - Wholesale trade (3.1%; Dec 22: 4.7%): moderated to a 16-month low, with MoM growth grew just marginally (0.1%; Dec 22: 1.4%). However, its share to overall sales expanded to 44.7% (Dec 22: 43.9%).
 - Retail trade (21.7%; Dec 22: 22.7%): slowed slightly due to moderate growth in information & communication equipment (6.4%; Dec 22: 9.8%) and cultural & recreation goods (0.4%; Dec 22: 3.9%).
 - Motor vehicles (20.1%; Dec 22: 20.3%): inched down slightly but relatively remained elevated due to higher YoY vehicle sale growth (19.1%; Dec 22: 17.5%). On a MoM basis, growth fell by 13.4% (Dec 22: 9.3%).
- Retail trade growth expanded across advanced economies in January**
 - US: expanded slightly (7.3%; Dec 22: 7.1%), despite elevated inflation and higher interest rate.
 - JP: growth jumped (6.7%; Dec 22: 3.8%) amid strong consumption as the economy fully reopened.
- 2023 distributive trade sales growth revised to 4.1% from 1.3% (2022: 19.6%)**
 - The revised forecast reflects the resilient domestic demand as sales growth continues to record double-digit growth. However, sales growth may continue to moderate in the following months due to the diminishing effect of a lower base and the waning effect of fiscal stimulus measures. Besides, the risk remains tilted to the downside, particularly associated with external risks such as US-China relations, the Russia-Ukraine crisis, and the prospect of an economic slowdown among major economies due to aggressive monetary policy tightening to tame rising inflation.
 - Against this backdrop, we maintain the 2023 GDP growth forecast at 4.7% (2022: 8.7%). Nonetheless, domestic demand is still expected to support the growth outlook thanks to the robust labour market conditions and increased tourist arrival. This will be further bolstered by the resumption of infrastructure projects and sizeable fiscal spending.

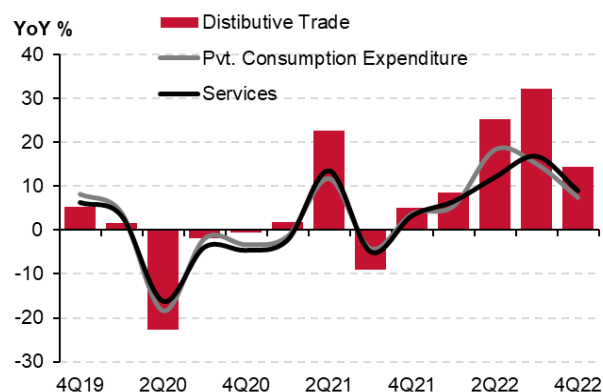
Graph 1: Sales Value Growth



Graph 2: Contribution to Overall Sales Value

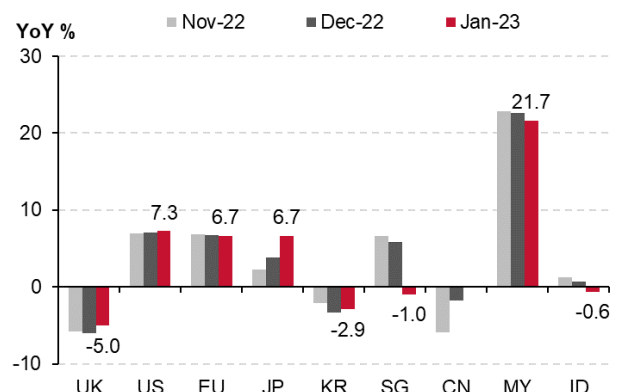


Graph 3: Pvt. Consumption, Services & Distributive Trade



Source: Dept. of Statistics, CEIC, Kenanga Research

Graph 4: Retail Trade Sales of Selected Countries



Source: Dept. of Statistics, CEIC, Kenanga Research

14 March 2023

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

	% Share*	2021	2022	Jan-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
Distributive Trade		4.0	19.6	7.5	33.6	24.0	14.9	14.2	13.8	12.4
Wholesale Trade	45.7	6.4	20.1	5.7	16.0	13.3	7.3	5.6	4.7	3.1
Retail Trade	42.5	4.4	34.9	7.3	34.5	30.0	26.0	22.8	22.7	21.7
Motor Vehicles	11.8	-8.1	61.0	17.0	183.3	51.2	8.9	19.8	20.3	20.1

Source: Dept. of Statistics, Kenanga Research

*Average 2022

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