

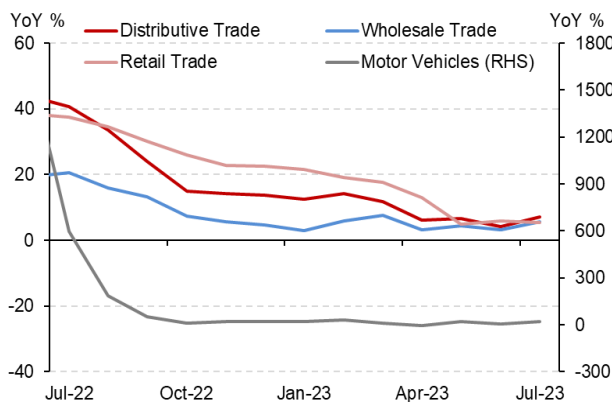
12 September 2023

Malaysia Distributive Trade

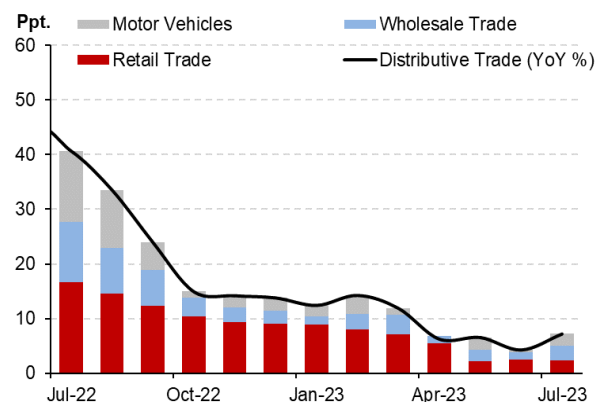
Sales growth hit four-month high, while value hit record high in July

- Distributive trade sales expanded in July (7.2% YoY; Jun: 4.3%) to a four-month high**
 - Sales value (RM139.8b; Jun: RM138.5b): surged to a record high as MoM growth (0.9%; Jun: 0.3%) expanded for the third straight month and at the fastest pace in two months.
- Growth was across the board led by expansion in the sales of motor vehicles and wholesale trade**
 - Motor vehicles (20.5%; Jun: 3.4%): growth surged to a two-month high amid higher sales of motor vehicles (25.9%; Jun: -3.8%), in line with higher MoM unit sales (63.7k units; Jun: 62.6k units) during the month.
 - Wholesale trade (5.7%; Jun: 3.1%): growth expanded, attributable to a higher food, beverages and tobacco (8.8%; Jun: 7.8%) and a rebound in other specialised (5.8%; Jun: -0.8%).
 - Retail trade (5.5%; Jun: 5.8%): moderated, as an expansion in other specialised stores (4.6%; Jun: 2.7%) was partially capped by a growth moderation in non-specialised stores (9.0%; Jun: 10.9%).
- Retail sales normalising in July across regional economies**
 - CN: moderated further to a five-month low in July (2.5%; Jun: 3.1%), pointing to a fragile economic recovery amid disappointing economic data.
 - SG: growth expanded slightly to a two-month high in July (1.1%; Jun: 1.0%), but lower than expectations (consensus: 2.1%), supported by higher sales of food & alcohol.
- 2023 distributive trade sales growth forecast revised up to 7.1% from 4.1% (2022: 19.6%)**
 - As of July, YTD sales growth remained resilient, growing by 8.8% to RM959.6b compared to RM881.7b in the same period last year. The positive performance was primarily attributed to resilient domestic demand, backed by sustained expansion in the services sector fuelled by the gradual increase in tourist arrivals and steady labour market conditions. Moving forward, we expect sales growth to remain positive, supported by a higher motor vehicle booking backlog (235k units), an increase in tourist arrivals, and a lower unemployment rate (Jul: 3.4%; Jun: 3.4%), while further bolstered by the upcoming festive season period and the year-end holiday sales.
 - Likewise, we maintain our 2023 GDP growth forecast at 3.5% - 4.0% (2022: 8.7%) following sharply slower 2Q23 GDP growth and considering the impact of global economic slowdown, notably China's slower-than-expected economic recovery and the impact of higher interest rate environment in the advanced economies.

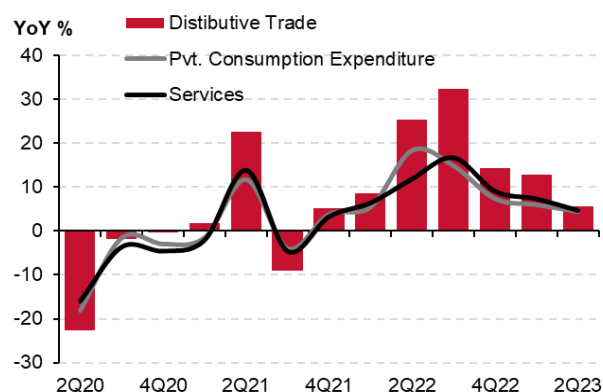
Graph 1: Sales Value Growth



Graph 2: Contribution to Overall Sales Value

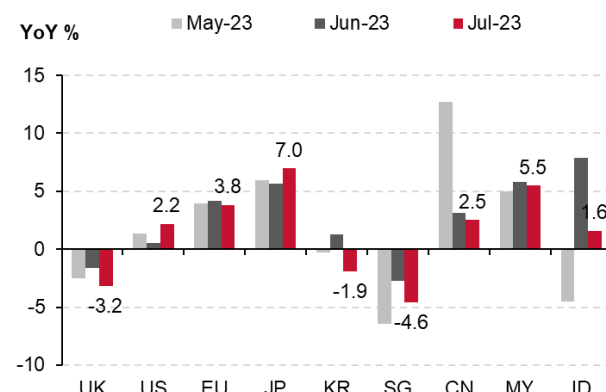


Graph 3: Pvt. Consumption, Services & Distributive Trade



Source: Macrobond, Dept. of Statistics, Kenanga Research

Graph 4: Retail Trade Sales of Selected Countries



Source: Macrobond, Dept. of Statistics, Kenanga Research

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

	% Share*	2021	2022	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
Distributive Trade	100.0	4.0	19.6	14.3	11.9	6.3	6.6	4.3	7.2
Wholesale Trade	45.7	6.4	10.7	5.9	7.6	3.2	4.4	3.1	5.7
Other Specialised	17.8	10.5	8.7	0.8	-1.1	-1.8	-0.8	5.8	5.8
Household Goods	9.3	0.7	17.4	16.4	5.4	7.9	4.8	2.8	2.8
Food, Beverages and Tobacco	8.8	6.0	7.4	12.9	7.7	9.6	7.8	8.8	8.8
Agricultural Raw Materials and Live Animals	4.0	6.2	15.1	7.2	5.1	8.6	4.7	5.4	5.4
Machinery, Equipment and Supplies	3.7	4.0	8.6	7.7	2.7	5.8	1.1	3.4	3.4
Non-specialised	1.3	9.8	6.4	10.7	8.5	11.6	11.4	10.3	10.3
Fee or Contract Basis	0.8	-5.3	16.2	5.5	8.0	7.3	9.2	10.5	10.5
Retail Trade	42.5	4.4	23.9	19.2	17.7	12.9	5.0	5.8	5.5
Non-specialised Stores	15.8	2.5	26.8	19.8	18.0	8.4	10.9	9.0	9.0
Other Goods in Specialised Stores	8.7	2.3	28.4	21.9	17.4	6.0	2.7	4.6	4.6
Other Household Equipment in Specialised Stores	5.3	7.7	18.0	7.8	1.5	-1.9	-2.1	0.2	0.2
Automotive Fuel in Specialised Stores	3.8	5.6	43.4	38.1	19.6	6.0	8.5	5.4	5.4
Information and Communication Equipment in Specialised Stores	3.8	7.2	9.0	6.3	-1.1	-2.4	-0.8	-0.6	-0.6
Food, Beverages and Tobacco in Specialised Stores	2.6	5.1	15.2	17.9	15.1	10.0	12.6	12.5	12.5
Cultural and Recreation Goods in Specialised Stores	2.0	7.4	12.8	-0.9	-2.1	-0.8	-0.2	-0.1	-0.1
Not in Stores, Stalls or Markets	0.5	20.0	23.4	18.9	8.9	2.5	2.0	0.6	0.6
Stalls and Markets	0.1	8.2	18.5	18.8	13.1	6.0	5.8	5.7	5.7
Motor Vehicles	11.8	-8.1	47.6	32.3	9.3	-5.1	22.0	3.4	20.5
Sales of Motor Vehicles	6.3	-5.7	39.6	42.4	3.8	-17.3	29.8	-3.8	25.9
Parts and Accessories	3.0	-12.8	64.1	22.6	20.2	17.4	17.7	18.3	17.3
Maintenance and Repair	1.6	-14.2	70.5	21.2	20.9	20.5	20.4	20.0	18.3
Sale, Maintenance and Repair	0.9	-1.8	26.8	24.4	3.2	-29.8	-5.0	-16.6	2.6

Source: Macrobond, Dept. of Statistics, Kenanga Research

*Average 2022

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