

Malaysia Distributive Trade

February sales expanded on retail trade boost

- Distributive trade sales growth expanded to a three-month high in February (5.5% YoY; Jan: 5.4%)**

- However, MoM growth contracted (-0.9%; Jan: 1.1%) for the second straight month, albeit at a smaller rate.
- Sales value (RM141.1b; Jan: RM142.4b): fell slightly.

- Sustained sales in February due to higher sales of retail trade, which partially mitigated the sharp slowdown in motor vehicles**

- Retail trade (5.8%; Jan: 2.6%): accelerated, led by higher sales of others in specialised stores (9.5%; Jan: 4.9%), followed by food, beverages & tobacco (8.0%; Jan: 6.2%).
- Motor vehicles (5.4%; Jan: 16.0%): slowed sharply to an eight-month low, largely weighed by lower vehicle sales value (0.2%; Jan: 20.9%) in line with lower unit sales (62.8k units; Jan: 65.5k units) during the month.
- Wholesale trade (5.2%; Jan: 5.5%): growth moderated slightly, weighed by lower sales of other specialised (7.4%; Jan: 8.3%) and machine, equipment & supplies (1.7%; Jan: 4.5%). Nevertheless, it was partially mitigated by higher sales of household goods (3.7%; Jan: 2.9%).

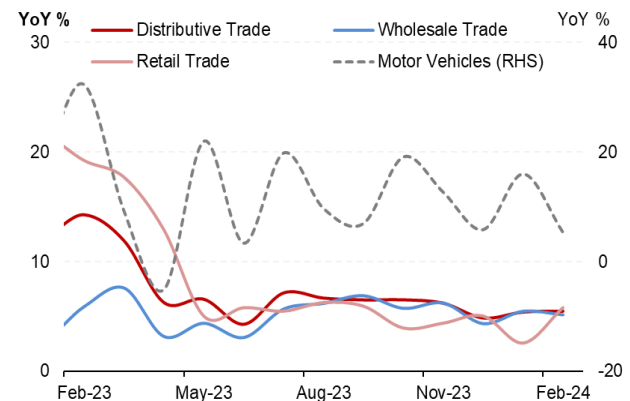
- Mixed performance of retail sales across regional economies in February**

- Japan: expanded (4.6%; Jan: 2.1%) to a three-month high
- Singapore: rose sharply (8.4%; Jan: 1.6%), marking its second straight month of gains driven by the festive season period and tourist spending.
- Hong Kong: edged up (1.9%; Jan: 0.9%), boosted by higher growth in tourism activities and domestic consumption.

- 2024 sales growth forecast is maintained at 8.0% (2023: 7.7%) at the moment**

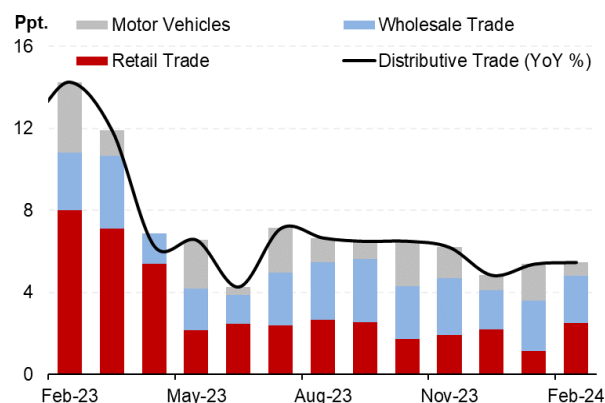
- We maintain our 2024 sales growth, anticipating it to be driven by robust domestic demand. This is supported by a projected decline in the unemployment rate to an average of 3.2% this year (2023; 3.4%), alongside a rise in tourist arrivals and spending. However, we remain cautious in our outlook due to the uncertainty in the mechanism of subsidy rationalisation, which could potentially weigh on consumer spending and subsequently affect overall sales growth.
- Nevertheless, we continue to project an expansion in 1Q24 GDP growth at 3.3% (4Q23: 3.0%) given the sustained domestic demand, backed by recovery in the manufacturing sector. Likewise, we maintain our 2024 GDP growth forecast at 4.5% - 5.0% (2023: 3.7%), reflecting our expectation of a further rebound in the manufacturing sector, particularly the export-oriented sub-sector.

Graph 1: Sales Value Growth



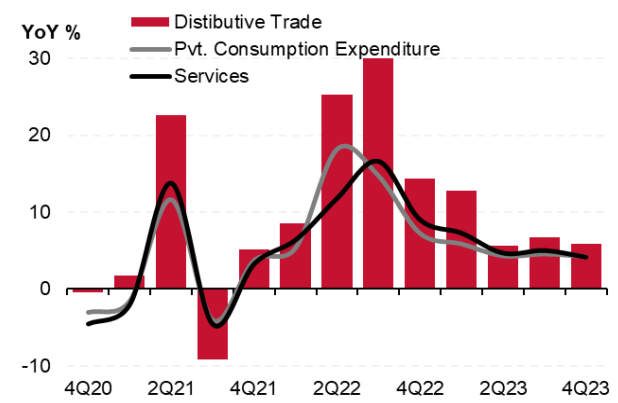
Source: Macrobond, Dept. of Statistics, Kenanga Research

Graph 2: Contribution to Overall Sales Value



Source: Macrobond, Dept. of Statistics, Kenanga Research

Graph 3: Pvt. Consumption, Services & Distributive Trade



Source: Macrobond, Dept. of Statistics, Kenanga Research

09 April 2024

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

	% Share*	2022	2023	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Distributive Trade	100.0	19.6	7.7	6.5	6.5	6.2	4.8	5.4	5.5
Wholesale Trade	44.6	10.7	5.2	6.9	5.7	6.2	4.4	5.5	5.2
Other Specialised	17.0	8.7	6.2	8.6	7.5	9.3	6.2	8.3	7.4
Household Goods	9.3	17.4	5.4	4.0	4.7	5.2	5.3	2.9	3.7
Food, Beverages and Tobacco	8.8	7.4	8.1	7.7	3.3	2.3	1.4	4.6	4.0
Agricultural Raw Materials and Live Animals	4.0	15.1	7.9	9.9	8.9	9.5	5.4	4.2	5.6
Machinery, Equipment and Supplies	3.5	8.6	1.0	1.4	3.4	2.6	1.1	4.5	1.7
Non-specialised	1.3	6.4	6.3	6.6	5.7	3.3	2.1	4.3	5.4
Fee or Contract Basis	0.8	16.2	10.3	7.3	4.2	4.1	0.4	2.1	0.8
Retail Trade	43.1	23.9	9.0	5.9	3.9	4.4	5.0	2.6	5.8
Non-specialised Stores	16.4	26.8	9.2	8.9	6.1	6.5	6.3	2.2	6.7
Other Goods in Specialised Stores	8.9	28.4	5.7	5.5	2.2	3.7	5.8	4.9	9.5
Other Household Equipment in Specialised Stores	5.1	18.0	1.9	2.4	2.0	3.7	5.9	3.3	4.0
Automotive Fuel in Specialised Stores	4.0	43.4	8.9	5.5	4.8	2.9	2.4	1.0	3.4
Information and Communication Equipment in Specialised Stores	3.6	9.0	-2.3	-1.5	-2.2	-2.7	-2.3	-2.4	-2.6
Food, Beverages and Tobacco in Specialised Stores	2.7	15.2	13.3	13.4	10.8	10.3	9.9	6.2	8.0
Cultural and Recreation Goods in Specialised Stores	1.9	12.8	0.5	0.5	1.5	1.6	2.5	1.1	5.4
Not in Stores, Stalls or Markets	0.4	23.4	1.3	1.2	0.2	0.7	1.1	0.7	1.0
Stalls and Markets	0.1	18.5	7.1	5.4	5.2	5.8	6.6	2.0	3.3
Motor Vehicles	12.3	47.6	12.3	7.0	19.1	12.7	5.9	16.0	5.4
Sales of Motor Vehicles	6.6	39.6	6.2	3.8	24.6	13.5	4.4	20.9	0.2
Parts and Accessories	3.2	64.1	20.7	17.2	16.1	14.5	10.9	11.9	13.7
Maintenance and Repair	1.7	70.5	21.6	18.6	17.7	16.3	12.3	12.4	14.1
Sale, Maintenance and Repair	0.8	26.8	-17.6	-22.5	-8.0	-8.1	-13.7	5.4	-3.2

Source: Macrobond, Dept. of Statistics, Kenanga Research

*Average 2022

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