

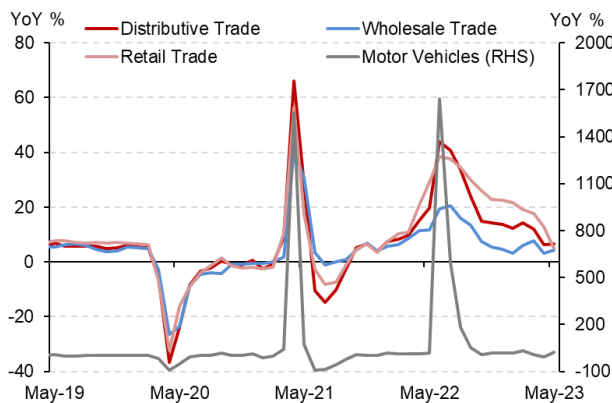
13 July 2023

# Malaysia Distributive Trade

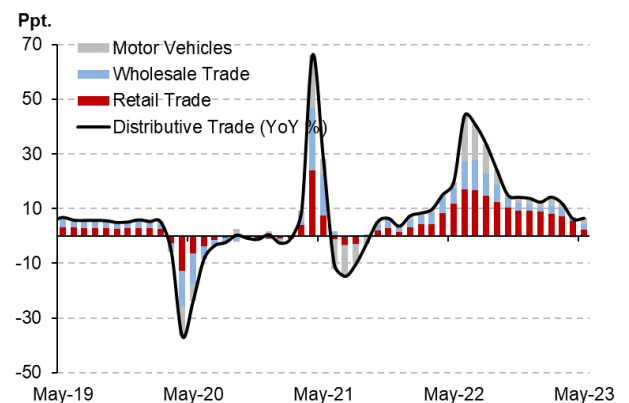
Sales growth expanded 6.6% in May on higher sales of motor vehicles

- Distributive trade sales expanded slightly in May (6.6% YoY; Apr: 6.3%)**
  - Sales value (RM138.0b; Apr: RM136.0b): increased to a two-month high as MoM growth rebounded (1.5%; Apr: -1.8%), following a weak momentum in the previous month.
- Growth was attributable to higher sales of motor vehicles and expansion in the wholesale trade**
  - Motor vehicles (22.0%; Apr: -5.1%): rebounded sharply to a three-month high, supported by surging sales (29.8%; Apr: -17.3%) in line with higher sales of vehicles (61.8k units; Apr: 46.6k units).
  - Wholesale trade (4.4%; Apr: 3.2%): expanded to a two-month high, partly contributed by higher food, beverages and tobacco (9.6%; Apr: 7.7%) and household goods (7.9%; Apr: 5.4%).
  - Retail trade (5.0%; Apr: 12.9%): moderated to the lowest since December 2021, partly due to a broad-based slowdown in the sub-components led by a sharp moderation in the non-specialised stores (8.4%; Apr: 18.0%) and automotive fuel (6.0%; Apr: 19.6%).
- Retail sales slowed in May across regional economies**
  - CN: moderated to a two-month low (12.7%; Apr: 18.4%), but growth remained at double-digit expansion. Despite slower growth, the year-to-date retail sales grew by 9.3% YoY (vs Jan-Apr: 8.5%)
  - SG: moderated (1.8%; Apr: 3.7%) to a four-month low, partly due to a higher base effect recorded last year.
- 2023 distributive trade sales growth forecast maintain at 4.1% (2022: 19.6%) amid a cautious growth outlook and the impending global economic slowdown**
  - Year-to-date, distributive trade grew 10.2%, supported mainly by resilient domestic demand, with further expansion in the services sector following the reopening of economic activities and as the economy returned to normal. Sales growth will remain supported by higher motor vehicle booking backlog (May: 275k units), rising tourist arrivals, and a lower unemployment rate, which we project to average 3.5% for the year (2022: 3.8%). Nevertheless, we maintain our cautious outlook as growth is expected to moderate in 3Q23 due to the diminishing base effect and considering the impact of the global economic slowdown and the absence of pandemic stimulus enjoyed last year.
  - Against this backdrop, we maintain a 2Q23 GDP growth forecast of 6.0% (1Q23: 5.8%). However, we still expect growth to moderate sharply in the 2H23 at 3.6% (1H23F: 5.8%) on the expectation of slower global economic growth. Hence, this brings about a full year 2023 GDP growth forecast of 4.7% (2022: 8.7%).

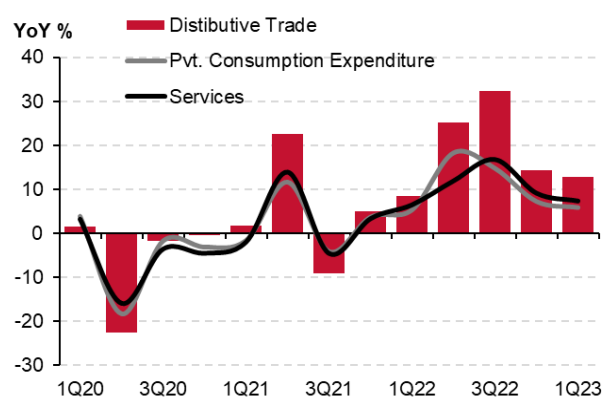
Graph 1: Sales Value Growth



Graph 2: Contribution to Overall Sales Value

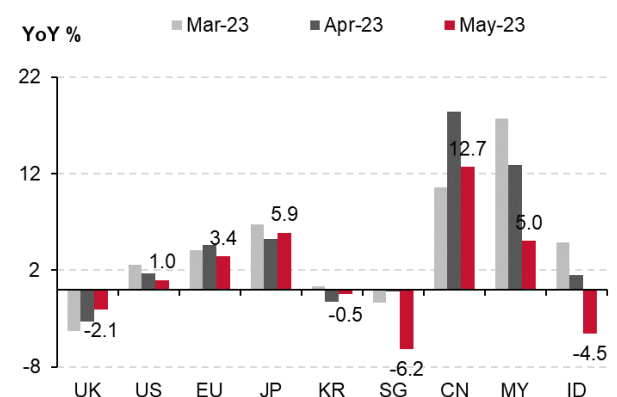


Graph 3: Pvt. Consumption, Services & Distributive Trade



Source: Macrobond, Dept. of Statistics, Kenanga Research

Graph 4: Retail Trade Sales of Selected Countries



Source: Macrobond, Dept. of Statistics, Kenanga Research

13 July 2023

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

	% Share*	2021	2022	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
<b>Distributive Trade</b>	<b>100.0</b>	<b>4.0</b>	<b>19.6</b>	<b>13.8</b>	<b>12.4</b>	<b>14.3</b>	<b>11.9</b>	<b>6.3</b>	<b>6.6</b>
<b>Wholesale Trade</b>	<b>45.7</b>	<b>6.4</b>	<b>10.7</b>	<b>4.7</b>	<b>3.1</b>	<b>5.9</b>	<b>7.6</b>	<b>3.2</b>	<b>4.4</b>
Other Specialised	17.8	10.5	8.7	-0.3	-2.8	-1.0	0.8	-1.1	-1.8
Household Goods	9.3	0.7	17.4	7.6	8.6	15.8	16.4	5.4	7.9
Food, Beverages and Tobacco	8.8	6.0	7.4						
Agricultural Raw Materials and Live Animals	4.0	6.2	15.1	6.1	7.6	9.9	12.9	7.7	9.6
Machinery, Equipment and Supplies	3.7	4.0	8.6	18.2	12.8	10.0	7.2	5.1	8.6
Non-specialised	1.3	9.8	6.4	2.7	-4.0	1.9	7.7	2.7	5.8
Fee or Contract Basis	0.8	-5.3	16.2	5.9	2.6	6.1	10.7	8.5	11.6
<b>Retail Trade</b>	<b>42.5</b>	<b>4.4</b>	<b>23.9</b>	<b>22.7</b>	<b>21.7</b>	<b>19.2</b>	<b>17.7</b>	<b>12.9</b>	<b>5.0</b>
Non-specialised Stores	15.8	2.5	26.8	24.7	24.6	21.1	19.8	18.0	8.4
Other Goods in Specialised Stores	8.7	2.3	28.4	30.7	29.1	24.2	21.9	17.4	6.0
Other Household Equipment in Specialised Stores	5.3	7.7	18.0	12.6	10.9	7.5	7.8	1.5	-1.9
Automotive Fuel in Specialised Stores	3.8	5.6	43.4	44.4	45.0	45.9	38.1	19.6	6.0
Information and Communication Equipment in Specialised Stores	3.8	7.2	9.0	9.8	6.4	8.0	6.3	-1.1	-2.4
Food, Beverages and Tobacco in Specialised Stores	2.6	5.1	15.2	16.0	17.5	18.4	17.9	15.1	10.0
Cultural and Recreation Goods in Specialised Stores	2.0	7.4	12.8	3.9	0.4	-1.2	-0.9	-2.1	-0.8
Not in Stores, Stalls or Markets	0.5	20.0	23.4	11.4	10.9	14.0	18.9	8.9	2.5
Stalls and Markets	0.1	8.2	18.5	17.8	19.8	21.0	18.8	13.1	6.0
<b>Motor Vehicles</b>	<b>11.8</b>	<b>-8.1</b>	<b>47.6</b>	<b>20.3</b>	<b>20.1</b>	<b>32.3</b>	<b>9.3</b>	<b>-5.1</b>	<b>22.0</b>
Sales of Motor Vehicles	6.3	-5.7	39.6	24.8	25.0	42.4	3.8	-17.3	29.8
Parts and Accessories	3.0	-12.8	64.1	27.3	15.9	22.6	20.2	17.4	17.7
Maintenance and Repair	1.6	-14.2	70.5	30.9	16.8	21.2	20.9	20.5	20.4
Sale, Maintenance and Repair	0.9	-1.8	26.8	-29.8	12.1	24.4	3.2	-29.8	-5.0

Source: Macrobond, 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](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. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published 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)