

13 January 2021



ECONOMICS

In this report:

Malaysia – Downward pressure remains on distributive sales

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AmBank Research

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Malaysia

Downward pressure remains on distributive sales

Distributive trade fell for the second month in a row, down 1.2% y/y in November – the fastest contraction since August versus -0.8% y/y in October, impacted by the selective restrictive measures taken to contain the spread of the virus.

Downward pressure on distributive trade and retail spending remains, especially with uncertainties on the pandemic virus spread. This will continue to weigh on both business confidence and consumer sentiment, clouded by concerns over the type of restrictive measures imposed to contain the virus spread.

- Distributive trade contracted for the second month in a row, down 1.2% y/y in November – the fastest contraction since August versus -0.8% y/y in October due to the selective restrictive measures introduced to contain the spread of the virus. The poor showing was attributed to the contraction in retail sales (-2.3% y/y in November from -1.5% y/y in October) which more than offset the gains reported from wholesale trade (-0.7% y/y in November from -0.9% y/y in October), and motor vehicles sales (1.2% y/y in November from 2.2% y/y in October).
- The downtrend in retail sales was a result of weaker consumer spending inflicted by the restrictive measures, poor job market and challenging sentiments issues.
- Looking at the details of retail sales, it showed specialised stores falling by 4.9% y/y in November from -4.7% y/y in October, dragged by weaker automotive fuel sales (-14.7% y/y in Nov) due to lower mobility and fuel sales.
- The non-specialized stores (provisions stores, mini market, convenience stores, supermarket, hypermarket, etc.) also slowed down to 2.3% y/y in November from 4.4% y/y in October partly due to base effect. However, spending remained positive in areas like stalls & market (7.2% y/y in Nov from 7.0% y/y) as well as the e-commerce space & direct selling (10.9% y/y from 8.3% y/y).
- Downward pressure on distributive trade and retail spending remains, especially with uncertainties on the pandemic virus spread. This will continue to weigh on both business confidence and consumer sentiments, clouded by concerns over the type of restrictive measures imposed to contain the virus spread.

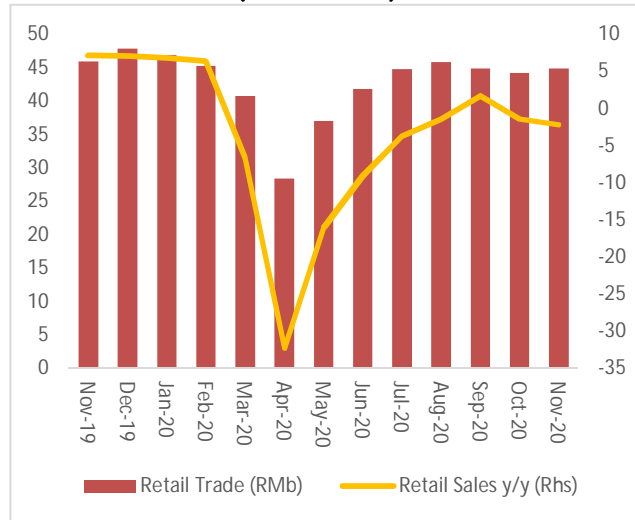


Table 1: Key Wholesale and Retail Sales Data (%)

	Nov'19	Dec	Jan'20	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Wholesale & Retail Trade y/y	5.2	6.0	5.4	5.3	-5.7	-36.6	-23.8	-8.4	-3.5	-2.3	0.3	-0.8	-1.2
Wholesale Trade y/y	4.2	5.4	5.2	4.9	-2.7	-26.3	-23.6	-8.7	-4.5	-3.9	-4.2	-0.9	-0.7
Retail Trade y/y	7.0	7.0	6.7	6.3	-6.6	-32.4	-16.1	-9.2	-3.8	-1.5	1.6	-1.5	-2.3
Motor Vehicles Sales y/y	3.0	4.5	1.0	3.5	-15.3	-93.2	-49.5	-4.5	1.7	1.0	17.1	2.2	1.2
Wholesale & Retail Trade m/m	0.3	3.7	-0.9	-5.1	-5.3	-35.2	26.3	21.8	5.6	2.5	-0.4	-0.5	-0.1
Wholesale Trade m/m	-1.3	4.6	0.1	-5.4	-1.6	-27.2	8.0	20.3	2.2	3.7	1.2	1.7	-1.2
Retail Trade m/m	2.3	4.2	-2.0	-3.4	-9.9	-30.5	30.5	13.0	7.1	2.3	-2.1	-1.4	1.4
Motor Vehicles Sales m/m	0.5	-1.7	-0.9	-9.4	-4.4	-92.2	709.0	78.9	14.3	-0.7	-0.8	-5.8	-0.5

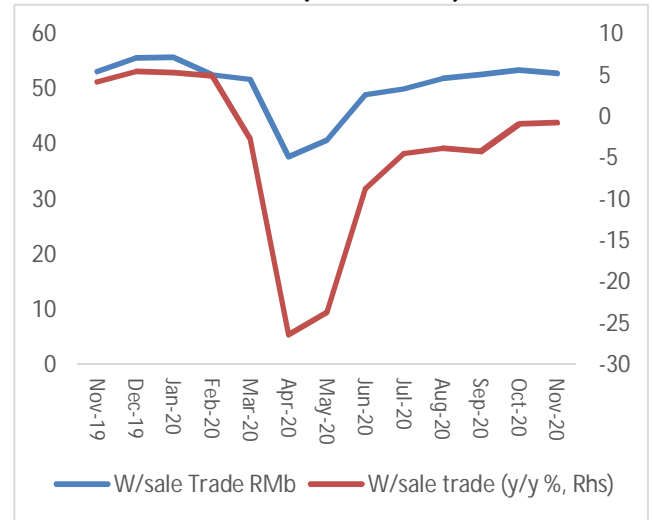
Source: CEIC/AmBank Research

Chart 1: Retail Sales (RM'bil and %)



Source: CEIC/AmBank Research

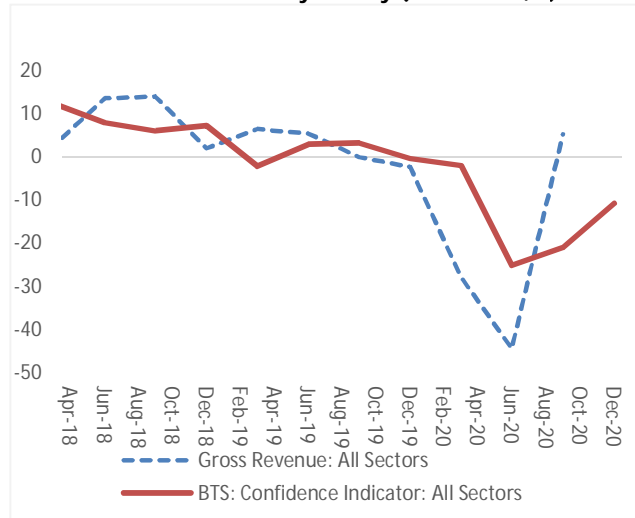
Chart 2: Wholesale Trade (RM'bil and %)



Source: CEIC/AmBank Research

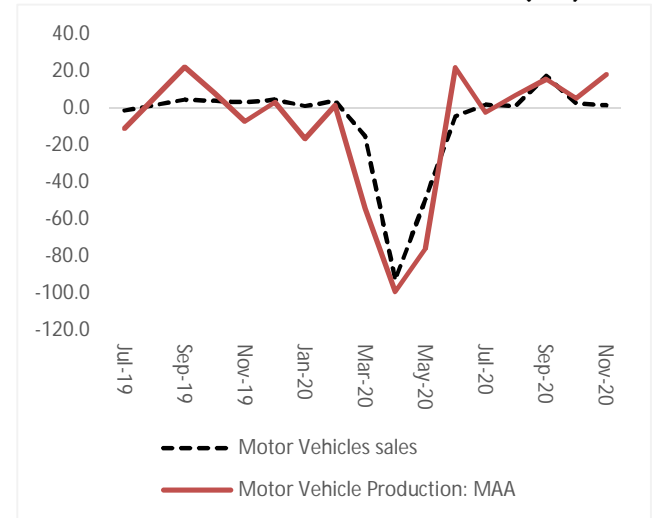


Chart 3: Business Tendency Survey (All Sectors,%)



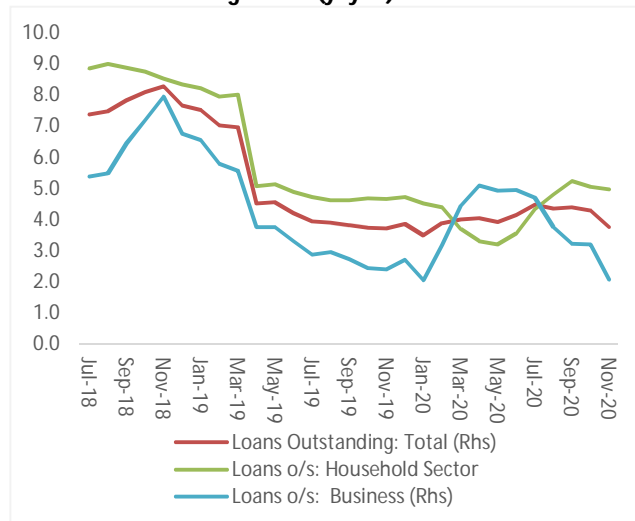
Source: CEIC/AmBank Research

Chart 4: Motor Vehicles Sales and Production (unit)



Source: CEIC/AmBank Research

Chart 5: Outstanding Loans (y/y %)



Source: CEIC/AmBank Research

Chart 6: Consumer Goods Imports (sa, y/y %)



Source: CEIC/AmBank Research



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