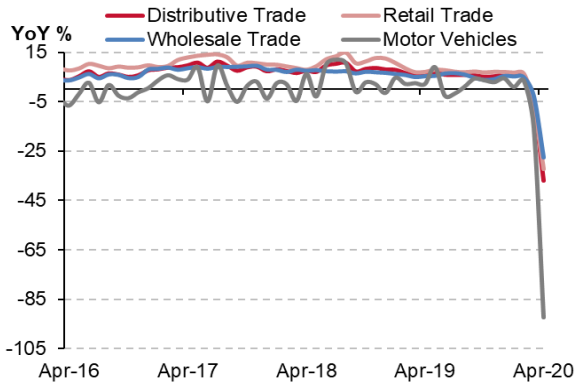
Malaysia Distributive Trade

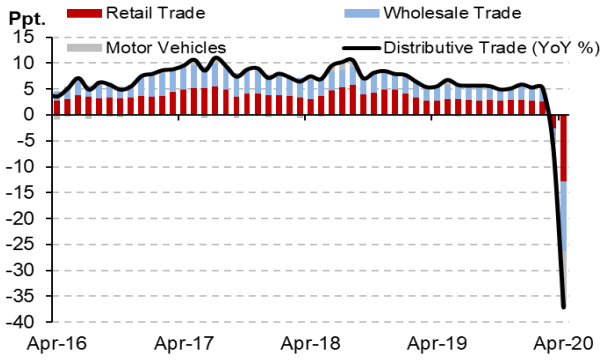
Fell to record low in April as COVID-19 threat forces nationwide lockdown

- **April distributive trade sales YoY growth fell by a record -37.1%, as retailers are forced to temporarily shut operations following the imposition of the Movement Control Order (MCO)**
  - MoM: sharpest drop since data compiled from January 2013 (-35.7%; Mar: -5.3%).
- **All sectors saw a record decline in volume of sales as most stores and outlets are closed for business**
  - Motor vehicles: took the biggest hit after plunging 92.5% (Mar: -15.3%), largest YoY drop ever as car companies are not allowed to open their showrooms and service centres during MCO. On a MoM basis, it continued to fall for the fifth straight month (-91.3%; Mar: -4.4%).
  - Retail trade: deepest slump ever (-32.4%; Mar: -6.6%) weighed by a decline in retail sales in specialised store, retail sales of automotive and retail sales of cultural & recreation goods.
  - Wholesale trade: plummeted to -27.6% (Mar: -2.7%) on slow sales in non-specialised stores (-44.9%; Mar: 0.9%).
- **Retail sales slumped at an unprecedented rate across most advanced and developing economies**
  - US: retail sales tumbled to a record -18.8% in April (Mar: -8.3) due to the collapse in retail spending as COVID-19 pandemic triggered an unemployment crisis.
  - SG: worst ever -40.5% drop in April (Mar: -13.3%) due to the implementation of Singapore's circuit breaker measures which started on 7th April.
- **2020 distributive trade sales forecast revised lower to between -2.5 to -1.5% from -1.5% to -0.5% (2019: 5.9%)**
  - In the near term, the implementation of Recovery MCO (RMCO) and government stimulus packages are expected to spur consumer spending. However, any strong rebound would likely be capped by the uncertainty in the economy, rising unemployment and the possibility of a more devastating impact if a second wave of COVID-19 infection happens.
  - Nevertheless, we maintain our base case scenario that private consumption growth is forecast to significantly ease to 1.5% in 2Q20 (1Q20: 6.7%), prompting GDP growth to severely fall by a projected 7.5% in 2Q20 (1Q20: 0.7%).

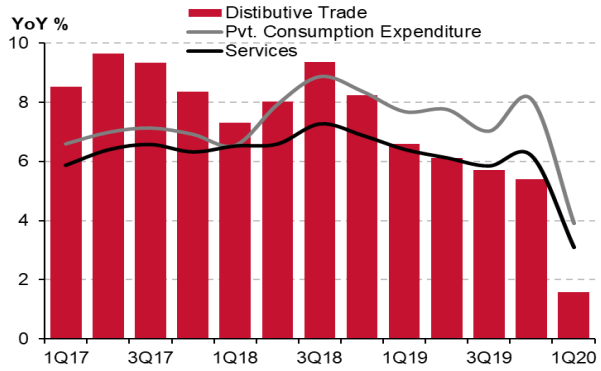
Graph 1: Sales Value Growth



Graph 2: Contribution to Overall Sales Value

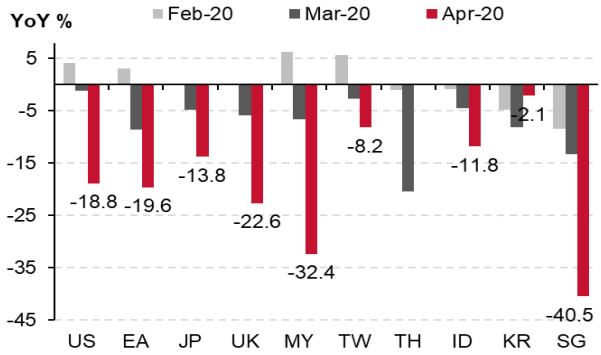


Graph 3: Pvt. Consumption, Services & Distributive Trade



Source: Dept. of Statistics, Kenanga Research

Graph 4: Retail Trade Sales of Selected Countries



Source: Dept. of Statistics, CEIC, Kenanga Research

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

	% Share	2018	2019	*Apr-19*	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
Distributive Trade		**8.2**	**5.9**	***5.6***	**5.2**	**6.0**	**5.4**	**5.3**	**-5.7**	**-37.1**
Wholesale Trade	48.1	7.3	5.4	*5.3*	4.2	5.4	5.2	4.9	-2.7	-27.6
Retail Trade	40.5	11.0	7.5	*7.0*	7.0	7.0	6.7	6.3	-6.6	-32.4
Motor Vehicles	11.4	3.2	2.7	*2.2*	3.0	4.5	1.0	3.5	-15.3	-92.5

Source: Dept. of Statistics, Kenanga Research

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Atiqa Noor Azlan
Economist
atiqa.noorazlan@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saifuddin.sapuan@kenanga.com.my

Afiq Asyraf Syazwan Abd. Rahim
Economist
afiqasyraf@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