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# Retail industry records 18.3% growth in 1Q

## Sector's recovery has been sustainable, says report

### RETAIL

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Retail Group Malaysia

**KUALA LUMPUR:** The retail industry recorded a growth rate of 18.3% in the first quarter of 2022 (1Q22), spurred by better economic conditions and further easing of movement restrictions.

This is comparable to the -9.9% contraction in retail sales during the first quarter of 2021 (1Q21), said Retail Group Malaysia (RGM), in its latest retail sector report.

"So far, the retail sector's recovery has been sustainable since the end of last year. Shopping traffic has returned to all major shopping malls and commercial centres located across the country.

Shoppers returned to physical stores to enjoy what they missed during the long period of lockdowns last year."

Additionally, RGM said the Chinese New Year festival, during the first quarter of this year, contributed to stronger sales for Malaysian retailers.

"Non-Chinese consumers in Malaysia took advantage of this festival to enjoy shopping and travelling as well, and domestic tourism also contributed to higher retail sales," said RGM.

Despite daily positive cases reaching 10,000 on Feb 6 this year, RGM said major shopping centres were still crowded on both weekdays and weekends.

"When daily positive cases climbed to 20,000 from Feb 11, shoppers could still be seen everywhere. On Feb 23 this year, daily positive cases spiked above 30,000, and sur-

prisingly, major shopping malls were still crowded."

RGM added that retailers are upbeat about their sales prospects for the second quarter of 2022 (2Q22).

The association is projecting an estimated retail sales growth of 25.7% for the second quarter of this year.

"The department store-cum-supermarket operators are expecting to maintain their pace of recovery with a growth rate of 41.8% for the second quarter of this year," said RGM.

However, the association added that said department store operators are expecting their businesses to moderate at a growth of 14.1% during the second quarter.

"The supermarket and hypermarket operators expect to remain in the red, with a -3.5% contraction for the second quarter of 2022. This is the lowest estimate among the retail sub-sectors for this quarter.

"On the other hand, operators of mini-markets, convenience stores and cooperatives are anticipating a sustainable growth rate of 6.8%."

RGM said retailers in the fashion and fashion accessories sector expect their businesses

to continue to thrive and are targeting a 58.9% growth rate during 2Q22.

"This is the highest estimated growth rate among the retail sub-sectors during this quarter.

"Retailers selling children and baby products are optimistic of a strong recovery and are anticipating sales to grow 41.2% during the second quarter of this year."

For the full-year 2022, RGM has revised its retail industry growth forecast upwards to 13.1% from 6.3%, due to the strong retail sales performance anticipated for the second quarter of this year.

A word of caution was thrown in though. "Shopping traffic has returned to pre-Covid levels. Shoppers are visiting physical outlets and dining in their favourite cafes and restaurants. However, the retail industry is anticipating several major challenges for the rest of the year.

"Prices of basic necessities have continued to rise since the beginning of this year. This supply-driven inflation has affected the purchasing power and lifestyles of Malaysians. This trend is expected to continue in the next few months."