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QUOTE OF THE DAY

"(Property) take-up rate should remain steady with more first-time homebuyers coming into the market"

Steel prices likely to rise further

Masteel MD expects prices to increase by 15%-20%

By HANIM ADNAN

East Asia steel prices

Retailers, producers see strong Q1 but cautious on Q2

By DAVID TAN
davidtan@thestar.com.my

GEORGE TOWN: Consumer product retailers and manufacturers in the country are expecting a strong first quarter but are, however, cautious about the second quarter.

Pensonic Holdings Bhd managing director Dixon Chew told *StarBiz* that the group's domestic sales grew about 5% in the second half of 2009 versus a year earlier.

"Sales of consumer electrical and electronics products did well during the festive holidays because of the year-end bonuses. Consumers were more willing to spend due to their perception of an improving economic environment," he said.

Pensonic's domestic sales division was expected to perform better in the first quarter of 2010 compared with the year-ago period, he said.

However, due to the prevailing uncertainties in the global economy, the company was cautious on the second quarter, he said.

"In the US, unemployment still stands at double digit, which means the consumption power is still weak, and our manufacturing sector will be affected eventually," Chew said.

"We are cautious about undertaking expansion plans in the second half."

Wilson Yeoh says Ban Hin Bee enjoyed double-digit growth for the past two months.

Dixon Chew says the domestic sales division is expected to perform better in the first quarter.

On the implementation of the Asean Free Trade Area (Afta) Plus China on Jan 1, Chew said the group could now increase imports of China-made finished and semi-finished raw materials without duties for the group to do manufacturing and assembly work in Penang.

Ban Hin Bee Sdn Bhd general manager Wilson Yeoh said the company had been enjoying double-digit growth for the past two months.

"Manufacturers of our brand-name products all over Asia did not anticipate such high volume of orders during the Christmas, New Year and Chinese New Year holidays.

"The manufacturers in the Asia-Pacific were cautious when they forecast the demand for consumer household items in Malaysia for the last quarter of 2009 and the first quarter of 2010, as they were sceptical about domestic spending power.

"For the first quarter, we expect strong growth over the previous year's corresponding quarter.

"The second quarter is expected to be slower than the first, and we anticipate sales to pick up again in the third quarter," he said.

Ban Hin Bee is setting up two more outlets in the northern region in the second half of 2010. The leading retailer in the north has nine outlets in the country – eight in Penang and one in Kuala Lumpur.

Penang-based Star Electronics Sales & Services expects about 10% growth in sales year-on-year in the first quarter of 2010, while viewing the second quarter with caution.

"For the last two consecutive quarters of 2009, our sales had been growing at about 10% per quarter, compared with the respective quarters of 2008," said managing director Joseph Hon. "However, there is little visibility for the second quarter."

"We do have plans to establish seven more outlets in the Klang Valley and Selangor, as part of our strategy to tap the market in the central region.

"But this expansion exercise will be implemented only if the domestic economy continued to remain stable," he said.

The company currently has 18 outlets in Penang and Kedah.

Meanwhile, Courts country director Chris Yong told *StarBiz* that the company was planning store expansion at eight locations nationwide this year after it increased its market share of consumer and digital electronics by about 8% in 2009, even as the market shrunk by 4%, due to the weak consumer sentiment during the recession.

"We have also identified 10 stores for major refurbishment, while three other stores are being planned for relocation," he said.

Yong said that based on Courts steady market share, the company was optimistic retail consumer confidence would continue to recover.

Meanwhile, OCBC Bank (Malaysia) Bhd retail commercial banking head Wong Chee Seng said that compared with the sluggish January 2009, loan applications were higher last month.

"As the economic strength gathers momentum, we foresee greater demand for loans in the first quarter of this year.

"Aligned to the gradual improvement in domestic demand, we are also seeing improvements in loan drawdowns, by as much as 50% due to higher approval volume and larger deal sizes," he said.