

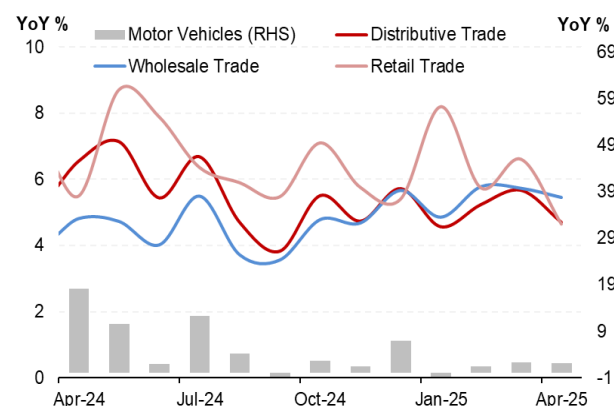
16 June 2025

Malaysia Distributive Trade

Distributive trade slowed in April amid a broad-based deceleration, policy risks looms

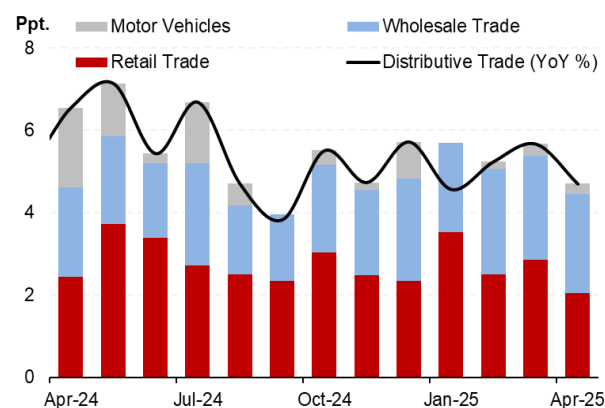
- Distributive trade sales slowed to 4.7% YoY (Mar: 5.7%), a three-month low**
 - MoM** (-1.5%; Mar: 3.7%): contracted after a strong momentum in the previous month, as consumers frontloaded Eid Al Fitr spending.
 - Sales value** (RM151.7b; Mar: RM154.0b): decreased from the previous month but remained above the 2024 average of RM147.2b.
- A broad-based slowdown across all sectors**
 - Motor vehicles** (2.1%; Mar: 2.3%): slowed due to weaker growth across sub-sectors particularly vehicle sales (1.0%; Mar: 1.5%) as monthly unit sales dropped to 60.5k units (Mar: 72.7k). However, strong growth in sale maintenance & repair of motorcycles (13.4%; Mar: 1.3%) partially mitigated the slowdown.
 - Wholesale trade** (5.5%; Mar: 5.7%): eased slightly but stayed above the 2024 average of 4.7%. Growth in machinery, equipment & supplies (9.8%; Mar: 6.4%) helped offset a sharp slowdown in agricultural raw materials & live animals (5.2%; Mar: 9.0).
 - Retail trade** (4.7%; Mar: 6.6%): slowed sharply to a 15-month low, due to a broad-based slowdown across sub-sectors. Notably, moderate growth was recorded in specialised stores (4.5%; Mar: 7.3%), not in stores, stalls or markets (6.5%; Mar: 9.0%) and non-specialised stores (4.2%; Mar: 6.5%). However, growth in information & computer equipment (5.5%; Mar: 5.0%) helped cushion the decline.
- Weak retail sales in selected regional economies**
 - SG (0.3%; Mar: 1.3%): slowed due to weaker department stores sales.
 - HK (-2.3%; Mar: -3.5%): contracted for the 14th straight month, driven by a sharp drop in motor vehicles and parts.
- 2025 distributive trade forecast revised downward to 5.7% (2024: 5.5%) from 6.5%**
 - Outlook:** Year-to-date distributive trade growth averaged 5.0% YoY in the first four months of 2025 (Jan-Apr 2024: 5.7%). Growth is expected to remain steady, supported by rising tourist arrivals, improved household income from higher minimum wages and public sector salaries, and record-high government cash transfers. Still, momentum for the rest of the year may fall short of earlier expectations.
 - Risk:** The impact of upcoming policy reforms, particularly fuel subsidy rationalisation and the Sales & Services Tax (SST) expansion, remains uncertain. While these measures are essential for fiscal consolidation, these reforms may dent consumer sentiment, discourage spending and weigh on private consumption, especially if businesses pass on additional cost. However, the impact should be contained, as the government continues to support vulnerable groups and inflation is expected to remain manageable. External risk persists, notably from conflicts in Eastern Europe and the Middle East, as well as the potential fallout from global trade uncertainties, though US-China trade tensions have eased.
 - GDP Forecast:** We maintain our 2025 GDP growth forecast at 4.3% (2024: 5.1%), expecting domestic demand to stay resilient and support the broader growth outlook.

Graph 1: Sales Value Growth



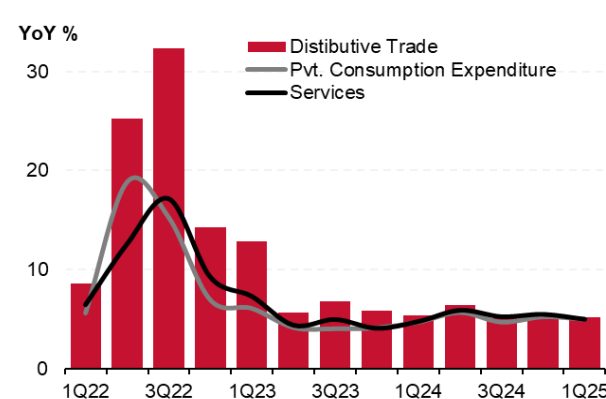
Source: Macrobond, Dept. of Statistics, Kenanga Research

Graph 2: Contribution to Overall Sales Value



Source: Macrobond, Dept. of Statistics, Kenanga Research

Graph 3: Pvt. Consumption, Services & Distributive Trade



Source: Macrobond, Dept. of Statistics, Kenanga Research

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

	% Share*	2023	2024	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Distributive Trade	100.0	7.7	5.5	4.7	5.7	4.6	5.2	5.7	4.7
Wholesale Trade	44.3	5.2	4.7	4.7	5.7	4.9	5.8	5.7	5.5
Other Specialised	16.5	3.0	2.6	3.6	2.6	4.1	2.5	2.8	2.8
Household Goods	9.2	7.0	5.3	4.4	5.3	5.1	7.6	6.6	6.6
Food, Beverages and Tobacco	8.9	7.2	6.4	6.3	5.0	6.7	7.7	7.5	7.5
Agricultural Raw Materials and Live Animals	4.1	7.9	7.2	13.9	8.3	7.5	9.0	5.2	5.2
Machinery, Equipment and Supplies	3.5	2.3	5.4	6.5	10.2	10.3	6.4	9.8	9.8
Non-specialised	1.3	7.0	6.3	8.6	6.4	8.1	8.9	6.7	6.7
Fee or Contract Basis	0.8	7.0	4.1	7.0	5.2	7.3	5.7	6.0	6.0
Retail Trade	43.3	9.0	6.1	5.8	5.4	8.2	5.7	6.6	4.7
Non-specialised Stores	16.6	12.0	6.9	5.4	9.7	5.7	6.5	4.2	4.2
Other Goods in Specialised Stores	9.1	9.9	8.3	7.0	8.3	5.4	7.3	4.5	4.5
Other Household Equipment in Specialised Stores	5.0	3.2	4.2	3.4	4.7	4.5	5.8	3.6	3.6
Automotive Fuel in Specialised Stores	4.0	14.0	5.5	6.5	7.8	6.0	7.9	5.6	5.6
Information and Communication Equipment in Specialised Stores	3.4	0.3	0.5	3.1	5.2	5.9	5.0	5.5	5.5
Food, Beverages and Tobacco in Specialised Stores	2.7	13.3	7.5	6.0	8.8	6.4	8.1	7.8	7.8
Cultural and Recreation Goods in Specialised Stores	1.9	0.1	4.2	4.5	9.4	8.6	3.7	3.1	3.1
Not in Stores, Stalls or Markets	0.4	4.8	6.4	5.9	9.6	9.2	9.0	6.5	6.5
Stalls and Markets	0.1	9.6	5.4	5.5	10.8	7.6	10.0	8.3	8.3
Motor Vehicles	12.4	12.3	6.5	1.4	6.9	-9.1	1.5	2.3	2.1
Sales of Motor Vehicles	6.4	11.4	3.3	3.6	-22.7	0.2	1.5	1.0	1.0
Parts and Accessories	3.4	17.3	10.7	11.2	8.0	2.7	4.1	2.5	2.5
Maintenance and Repair	1.8	18.6	10.6	7.8	5.1	0.6	2.2	0.7	0.7
Sale, Maintenance and Repair of Motorcycles Related	0.8	-8.6	7.0	20.5	-1.2	8.2	1.3	13.4	13.4

Source: Macrobond, Dept. of Statistics, Kenanga Research

*Average 2024

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