

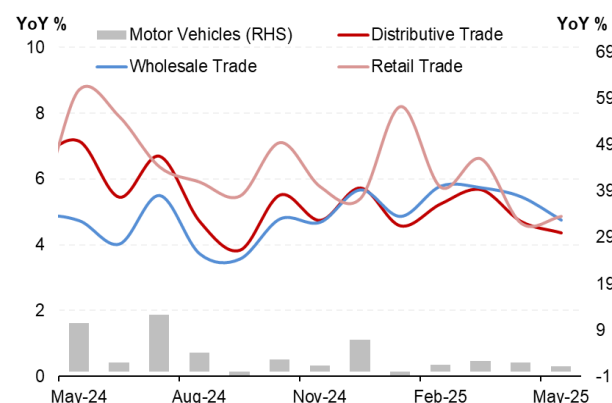
15 July 2025

# Malaysia Distributive Trade

Slows in May, but OPR cut and wage gains set to support 2H25

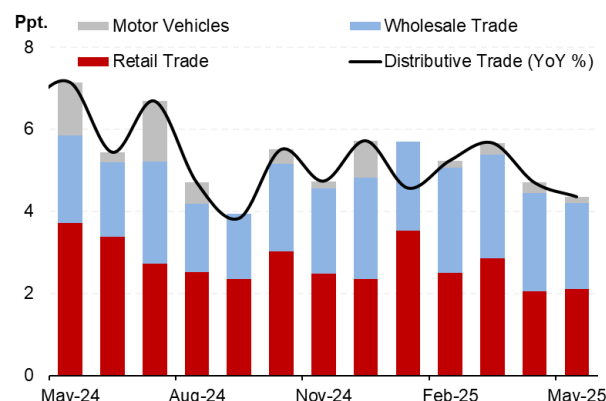
- Distributive trade sales slowed to 4.4% YoY (Apr: 4.7%), a nine-month low**
  - MoM** (1.7%; Apr: -1.5%): rebounded on seasonal demand
  - Sales value** (RM154.3b: Apr: RM151.7b): hit a record high and remained above the 2024 average of RM147.2b.
- Retail trade gains helped offset softness in motor vehicles and wholesale trade**
  - Motor vehicles** (1.2%; Apr: 2.1%): broad-based slowdown led by softer growth in maintenance & repair of motorcycles (8.2%; Apr: 13.4%), followed by vehicle sales (0.2%; Apr: 1.0%) and vehicle parts and accessories (2.1%; Apr: 2.5%). However, monthly unit sales rose to 68.0k (Apr: 60.5k).
  - Wholesale trade** (4.7%; Apr: 5.5%): slowed for a third straight month, in line with the 2024 average of 4.7%. Slower growth was dragged by agricultural raw materials & live animals (3.0%; Apr: 5.2%) and machine, equipment and supplies (5.1%; Apr: 9.8%), though supported by household goods (7.4%; Apr: 6.6%) and food, beverages and tobacco (7.7%; Apr: 7.5%).
  - Retail trade** (4.9%; Apr: 4.7%): accelerated on strong growth in household equipment (5.6%; Apr: 3.6%), specialised store (5.2%; Apr: 4.5%) and cultural & recreation goods (3.8%; Apr: 3.1%). This offset slower growth in not-in-stores, stalls or markets (4.1%; Apr: 6.5%) and stalls and markets (6.7%; Apr: 8.3%).
- Regional retail sales remained positive in May**
  - SG (1.4%; Apr: 0.2%): increased to a two-month high, driven by stronger motor vehicle sales.
  - HK (2.4%; Apr: -2.3%): rebounded, and its first expansion in 15 months, led by clothing, footwear and allied products and department stores.
- 2025 distributive trade growth forecast maintained at 5.7% (2024: 5.5%), with recent OPR cut expected to lift consumption**
  - Outlook:** Distributive trade averaged of 4.9% YoY in the first five months of 2025 (Jan–May 2024: 6.0%). Growth is expected to remain stable in 2H25, supported by a potential uplift in consumption amid BNM's recent OPR cut to 2.75%, rising tourist arrivals, improved household income from minimum wages hikes, investment rollouts, and ongoing government cash transfers.
  - Risk:** The expansion of the Sales & Services Tax (SST) may dampen consumer sentiment and curb spending, particularly if businesses pass on the additional costs to consumers. This will be compounded by concerns on the impact of upcoming RON95 subsidy implementation. However, the impact is expected to be manageable, as price pressures should remain contained in the absence of excess demand. External headwinds from global trade tensions may also affect consumer and business confidence.
  - GDP Forecast:** We maintain our 2025 GDP growth forecast at 4.3% (2024: 5.1%), with 2Q25 growth anticipated to remain steady at 4.5% (1Q25: 4.4%). While momentum may ease in 2H25, a relatively strong 1H25 performance is expected to support full-year growth trajectory despite global economic uncertainty.

Graph 1: Sales Value Growth



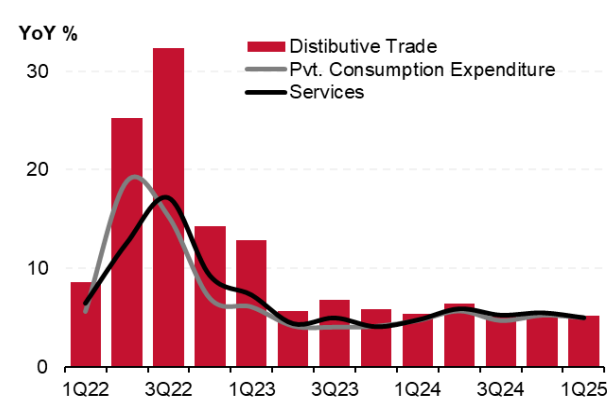
Source: Macrobond, Dept. of Statistics, Kenanga Research

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	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
<b>Distributive Trade</b>	<b>100.0</b>	<b>7.7</b>	<b>5.5</b>	<b>5.7</b>	<b>4.6</b>	<b>5.2</b>	<b>5.7</b>	<b>4.7</b>	<b>4.4</b>
<b>Wholesale Trade</b>	<b>44.3</b>	<b>5.2</b>	<b>4.7</b>	<b>5.7</b>	<b>4.9</b>	<b>5.8</b>	<b>5.7</b>	<b>5.5</b>	<b>4.7</b>
Other Specialised	16.5	3.0	2.6	3.6	2.6	4.1	2.5	2.8	1.8
Household Goods	9.2	7.0	5.3	4.4	5.3	5.1	7.6	6.6	7.4
Food, Beverages and Tobacco	8.9	7.2	6.4	6.3	5.0	6.7	7.7	7.5	7.7
Agricultural Raw Materials and Live Animals	4.1	7.9	7.2	13.9	8.3	7.5	9.0	5.2	3.0
Machinery, Equipment and Supplies	3.5	2.3	5.4	6.5	10.2	10.3	6.4	9.8	5.1
Non-specialised	1.3	7.0	6.3	8.6	6.4	8.1	8.9	6.7	7.5
Fee or Contract Basis	0.8	7.0	4.1	7.0	5.2	7.3	5.7	6.0	4.4
<b>Retail Trade</b>	<b>43.3</b>	<b>9.0</b>	<b>6.1</b>	<b>5.4</b>	<b>8.2</b>	<b>5.7</b>	<b>6.6</b>	<b>4.7</b>	<b>4.9</b>
Non-specialised Stores	16.6	12.0	6.9	5.4	9.7	5.7	6.5	4.2	4.0
Other Goods in Specialised Stores	9.1	9.9	8.3	7.0	8.3	5.4	7.3	4.5	5.2
Other Household Equipment in Specialised Stores	5.0	3.2	4.2	3.4	4.7	4.5	5.8	3.6	5.6
Automotive Fuel in Specialised Stores	4.0	14.0	5.5	6.5	7.8	6.0	7.9	5.6	5.7
Information and Communication Equipment in Specialised Stores	3.4	0.3	0.5	3.1	5.2	5.9	5.0	5.5	5.3
Food, Beverages and Tobacco in Specialised Stores	2.7	13.3	7.5	6.0	8.8	6.4	8.1	7.8	6.4
Cultural and Recreation Goods in Specialised Stores	1.9	0.1	4.2	4.5	9.4	8.6	3.7	3.1	3.8
Not in Stores, Stalls or Markets	0.4	4.8	6.4	5.9	9.6	9.2	9.0	6.5	4.1
Stalls and Markets	0.1	9.6	5.4	5.5	10.8	7.6	10.0	8.3	6.7
<b>Motor Vehicles</b>	<b>12.4</b>	<b>12.3</b>	<b>6.5</b>	<b>6.9</b>	<b>-9.1</b>	<b>1.5</b>	<b>2.3</b>	<b>2.1</b>	<b>1.2</b>
Sales of Motor Vehicles	6.4	11.4	3.3	3.6	-22.7	0.2	1.5	1.0	0.2
Parts and Accessories	3.4	17.3	10.7	11.2	8.0	2.7	4.1	2.5	2.1
Maintenance and Repair	1.8	18.6	10.6	7.8	5.1	0.6	2.2	0.7	0.6
Sale, Maintenance and Repair of Motorcycles Related	0.8	-8.6	7.0	20.5	-1.2	8.2	1.3	13.4	8.2

Source: Macrobond, Dept. of Statistics, Kenanga Research

\*Average 2024

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