

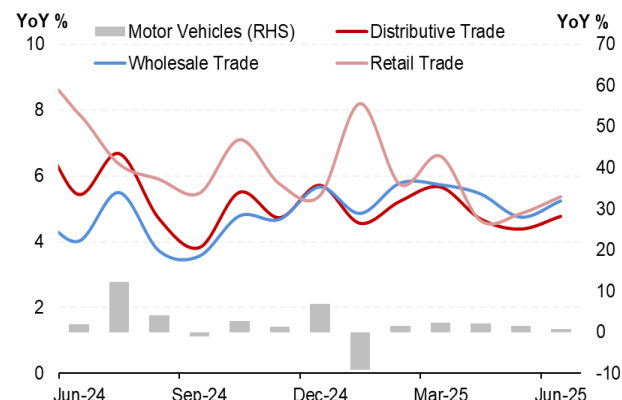
11 August 2025

Malaysia Distributive Trade

Gathers pace in June but tariff tensions keep a lid on 2H25 upside

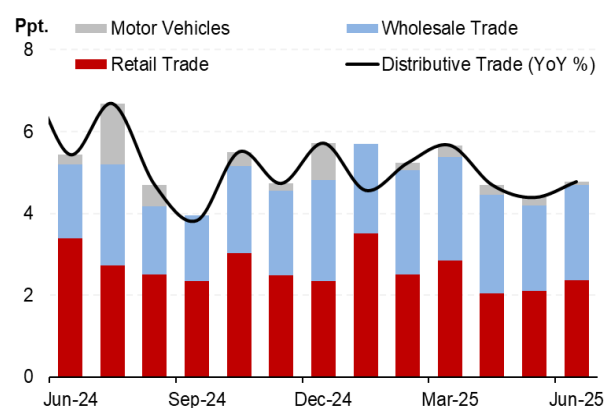
- Distributive trade sales expanded to 4.8% YoY (May: 4.4%), the fastest pace in three months**
 - MoM** (-0.9%; May: 1.7%): fell slightly after a modest rebound in May.
 - Sales value** (RM153.0b; May: RM154.3b): narrowed but remained above the 2024 average of RM147.2b.
- Retail and wholesale trade gains drove June's growth, partly offset by weaker motor vehicles**
 - Motor vehicles** (0.7%; May: 1.5%): slower growth due to a drop in motor vehicles sales (-2.8%; May: 0.2%) in line with weaker monthly unit sales (54.8k; May: 68.0k). Still growth was supported by gains in maintenance & repair (4.8%; May: 2.6%) and vehicle parts and accessories (3.0%; May: 2.1%).
 - Wholesale trade** (5.2%; May: 4.7%): expanded sharply, attributed to strong agricultural raw materials & live animals (12.2%; May: 3.0%), fee or contract basis (5.2%; May: 4.4%), and non-specialised items (9.0%; May: 7.5%).
 - Retail trade** (5.4%; May: 4.9%): accelerated on strong growth in non-specialised stores (5.7%; May: 4.0%), food, beverages & tobacco (6.5%; May: 6.4%) and others in specialised store (5.9%; May: 5.2%).
- Mixed retail sales performance across regional economies in June**
 - SG (2.3%; May: 1.3%): expanded to a five-month high, led by motor vehicle sales.
 - HK (0.7%; May: 2.4%): slowed in June but remain positive for the second straight month.
- 2025 distributive trade forecast maintained at 5.7% (2024: 5.5%), with stronger 2H25 momentum expected**
 - Outlook:** Distributive trade averaged 4.9% YoY in 1H25 (2H24: 5.2%) with a notable growth in wholesale (5.3%; 2H24: 4.7%) and retail trade (5.9%; 2H24: 6.0%). We expect momentum to gradually pick up in 2H25, driven by rising tourist arrivals, continued domestic demand, and higher government spending in line with seasonal trends. A favourable policy rate and higher minimum wage may further support household spending capacity.
 - Risk:** Domestic risks appear limited following Prime Minister's special announcement lowering RON95 price to RM1.99/litre from RM2.05/litre for 18.0m people and increasing cash handouts. These measures are expected to ease cost-of-living pressures and helped mitigate concerns over subsidy rationalisation.
 - GDP Forecast:** We maintain our 2025 GDP growth forecast at 4.3% (2024: 5.1%). Actual 2Q25 GDP, due next week, is projected at 4.5% (1Q25: 4.4%), supported mainly by the services sector. However, softer manufacturing and ongoing mining weakness may cap overall momentum. While our base case expectation is for momentum to ease in 2H25, there's potential for upside surprise, given the July Manufacturing PMI edge up to 49.7 (Jun: 49.3), nearing neutral 50.0 mark. Trump's latest threat of a 100.0% tariff on selected chip imports adds new uncertainty to global trade and exports prospects, particularly for Malaysia's E&E sector, which remains a key export driver.

Graph 1: Sales Value Growth



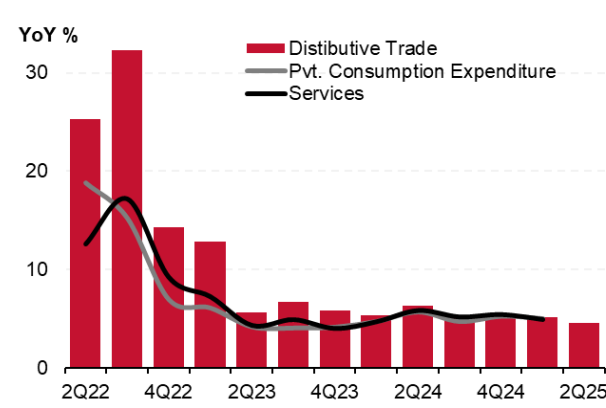
Source: Macrobond, Dept. of Statistics, Kenanga Research

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

11 August 2025

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

	% Share*	2023	2024	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Distributive Trade	100.0	7.7	5.5	4.6	5.2	5.7	4.7	4.4	4.8
Wholesale Trade	44.3	5.2	4.7	4.9	5.8	5.7	5.5	4.7	5.2
Other Specialised	16.5	3.0	2.6	2.6	4.1	2.5	2.8	1.8	2.8
Household Goods	9.2	7.0	5.3	5.3	5.1	7.6	6.6	7.4	5.3
Food, Beverages and Tobacco	8.9	7.2	6.4	5.0	6.7	7.7	7.5	7.7	6.7
Agricultural Raw Materials and Live Animals	4.1	7.9	7.2	8.3	7.5	9.0	5.2	3.0	12.2
Machinery, Equipment and Supplies	3.5	2.3	5.4	10.2	10.3	6.4	9.8	5.1	3.9
Non-specialised	1.3	7.0	6.3	6.4	8.1	8.9	6.7	7.5	9.0
Fee or Contract Basis	0.8	7.0	4.1	5.2	7.3	5.7	6.0	4.4	5.2
Retail Trade	43.3	9.0	6.1	8.2	5.7	6.6	4.7	4.9	5.4
Non-specialised Stores	16.6	12.0	6.9	9.7	5.7	6.5	4.2	4.0	5.7
Other Goods in Specialised Stores	9.1	9.9	8.3	8.3	5.4	7.3	4.5	5.2	5.9
Other Household Equipment in Specialised Stores	5.0	3.2	4.2	4.7	4.5	5.8	3.6	5.6	3.8
Automotive Fuel in Specialised Stores	4.0	14.0	5.5	7.8	6.0	7.9	5.6	5.7	6.0
Information and Communication Equipment in Specialised Stores	3.4	0.3	0.5	5.2	5.9	5.0	5.5	5.3	4.1
Food, Beverages and Tobacco in Specialised Stores	2.7	13.3	7.5	8.8	6.4	8.1	7.8	6.4	6.5
Cultural and Recreation Goods in Specialised Stores	1.9	0.1	4.2	9.4	8.6	3.7	3.1	3.8	3.4
Not in Stores, Stalls or Markets	0.4	4.8	6.4	9.6	9.2	9.0	6.5	4.1	5.4
Stalls and Markets	0.1	9.6	5.4	10.8	7.6	10.0	8.3	6.7	5.8
Motor Vehicles	12.4	12.3	6.5	-9.1	1.5	2.3	2.1	1.5	0.7
Sales of Motor Vehicles	6.4	11.4	3.3	-22.7	0.2	1.5	1.0	0.2	-2.8
Parts and Accessories	3.4	17.3	10.7	8.0	2.7	4.1	2.5	2.1	3.0
Maintenance and Repair	1.8	18.6	10.6	5.1	0.6	2.2	0.7	2.6	4.8
Sale, Maintenance and Repair of Motorcycles Related	0.8	-8.6	7.0	-1.2	8.2	1.3	13.4	8.2	7.1

Source: Macrobond, Dept. of Statistics, Kenanga Research

*Average 2024

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