

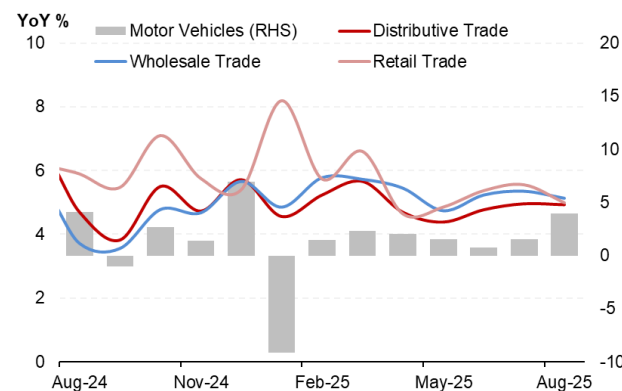
13 October 2025

Malaysia Distributive Trade

Edged down slightly in August, expected to pick up pace in the coming months

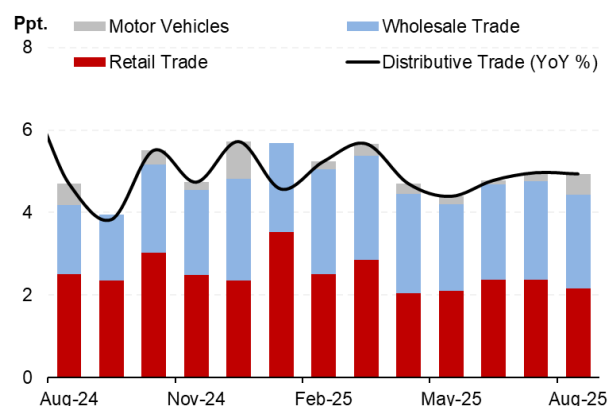
- Distributive trade sales grew 4.9% YoY (Jul: 5.0%), after a brief acceleration in the previous month**
 - MoM** (0.1%; Jul: 2.3%): Slowed to a two-month low following a strong momentum in the previous month.
 - Sales value** (RM156.6b: Jul: RM156.4b): Rose slightly, marking a record high and signalling solid 3Q25 performance.
- Motor vehicle sales strength partially offset slower retail and wholesale trade**
 - Wholesale trade** (5.1%; Jul: 5.4%): Moderated slightly to a three-month low, partly due to slower growth in food, beverages and tobacco (5.4%; Jul: 6.6%), and household goods (5.4%; Jul: 6.7%).
 - Retail trade** (5.0%; Jul: 5.6%): Slowed to a three-month low, dragged by slower sales of other goods in specialised stores (6.0%; Jul: 7.6%), and household equipment (2.6%; Jul: 3.6%).
 - Motor vehicles** (4.0%; Jul: 1.6%): Accelerated, led by a rebound in motor vehicle sales (4.2%; Jul: -1.1%) in line with higher monthly unit sales of 73.0k, compared to 72.6k units recorded in August last year.
- Retail sales across regional peers strengthen in August**
 - SG (5.2%; Jul: 4.6%): Accelerated to an 18-month high on strong recreational goods and motor vehicle sales.
 - HK (3.8%; Jul: 1.8%): Hit a 20-month high, marking the fourth straight month of gains amid sustained recovery.
- 2025 distributive trade forecast maintained at 5.0% (2024: 5.5%), with expansion projected at 6.1% in 2026 driven by Visit Malaysia 2026 momentum**
 - Outlook:** Distributive trade grew 4.9% YoY on average in the first eight months of 2025 with 3Q25 expected to expand at 5.0% (2Q25: 4.6%). The growth momentum is likely to strengthen towards year-end and into 2026, supported by rising tourist arrivals, sustained domestic demand, higher government spending, a favourable interest rate environment, and the prospect of higher household income from the implementation of minimum wage hike and the second phase of civil service pay adjustments. The Federal Budget 2026 includes measures boost retail activity, such as an individual income tax relief of up to RM1,000 for entry fees to local tourist attractions and cultural events, as well as over RM700.0m in tourism allocations under Visit Malaysia 2026 to boost the tourism industry. These initiatives are expected to stimulate consumer spending and further the retail sector.
 - Risk:** Domestic risks remained contained. Targeted cash transfers and relatively low fuel retail prices are helping keep inflation in check, easing cost of living pressures and sustaining consumer sentiment.
 - GDP Forecast:** Strong distributive trade performance in 3Q25, combined with better-than-expected industrial production is expected to lift 3Q25 GDP growth (KIBB: 4.5%; 2Q25: 4.4%). However, we remain cautious on 4Q25 outlook, given potential headwinds from higher US tariff on Malaysia's exports. Nonetheless, we maintain our 2025 GDP growth forecast at 4.3% (2024: 5.1%).

Graph 1: Sales Value Growth



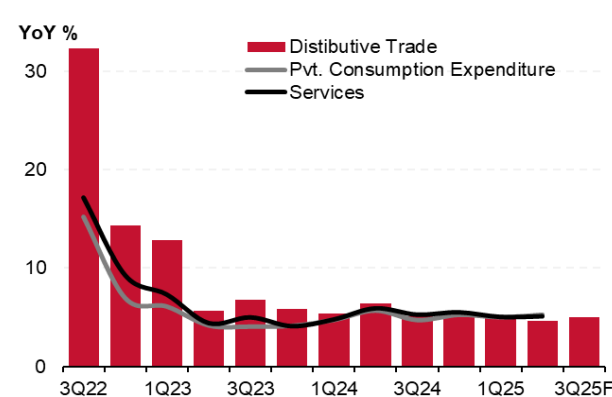
Source: Macrobond, Dept. of Statistics, Kenanga Research

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	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
Distributive Trade	100.0	7.7	5.5	5.7	4.7	4.4	4.8	5.0	4.9
Wholesale Trade	44.3	5.2	4.7	5.7	5.5	4.7	5.2	5.4	5.1
Other Specialised	16.5	3.0	2.6	2.5	2.8	1.8	2.8	4.0	4.8
Household Goods	9.2	7.0	5.3	7.6	6.6	7.4	5.3	6.7	5.4
Food, Beverages and Tobacco	8.9	7.2	6.4	7.7	7.5	7.7	6.7	6.6	5.4
Agricultural Raw Materials and Live Animals	4.1	7.9	7.2	9.0	5.2	3.0	12.2	4.7	5.2
Machinery, Equipment and Supplies	3.5	2.3	5.4	6.4	9.8	5.1	3.9	5.9	4.9
Non-specialised	1.3	7.0	6.3	8.9	6.7	7.5	9.0	5.8	6.1
Fee or Contract Basis	0.8	7.0	4.1	5.7	6.0	4.4	5.2	5.5	4.9
Retail Trade	43.3	9.0	6.1	6.6	4.7	4.9	5.4	5.6	5.0
Non-specialised Stores	16.6	12.0	6.9	6.5	4.2	4.0	5.7	5.5	5.6
Other Goods in Specialised Stores	9.1	9.9	8.3	7.3	4.5	5.2	5.9	7.6	6.0
Other Household Equipment in Specialised Stores	5.0	3.2	4.2	5.8	3.6	5.6	3.8	3.6	2.6
Automotive Fuel in Specialised Stores	4.0	14.0	5.5	7.9	5.6	5.7	6.0	6.6	5.3
Information and Communication Equipment in Specialised Stores	3.4	0.3	0.5	5.0	5.5	5.3	4.1	3.3	3.1
Food, Beverages and Tobacco in Specialised Stores	2.7	13.3	7.5	8.1	7.8	6.4	6.5	6.1	5.5
Cultural and Recreation Goods in Specialised Stores	1.9	0.1	4.2	3.7	3.1	3.8	3.4	3.0	3.1
Not in Stores, Stalls or Markets	0.4	4.8	6.4	9.0	6.5	4.1	5.4	5.1	5.0
Stalls and Markets	0.1	9.6	5.4	10.0	8.3	6.7	5.8	5.5	5.2
Motor Vehicles	12.4	12.3	6.5	2.3	2.1	1.5	0.7	1.6	4.0
Sales of Motor Vehicles	6.4	11.4	3.3	1.5	1.0	0.2	-2.8	-1.1	4.2
Parts and Accessories	3.4	17.3	10.7	4.1	2.5	2.1	3.0	2.9	2.0
Maintenance and Repair	1.8	18.6	10.6	2.2	0.7	2.6	4.8	6.2	5.2
Sale, Maintenance and Repair of Motorcycles Related	0.8	-8.6	7.0	1.3	13.4	8.2	7.1	7.5	7.8

Source: Macrobond, Dept. of Statistics, Kenanga Research

*Average 2024

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