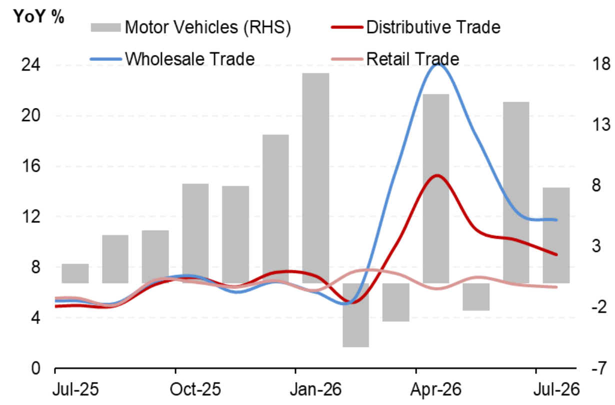
Malaysia Distributive Trade (Jul-26)

Spending loss steam as 2H26 leans on labour and tourism

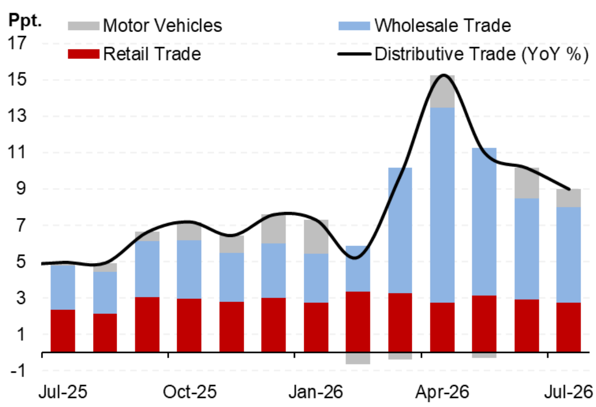
- **Distributive trade sales eased for the third straight month to 9.0% YoY in July (Jun: 10.1%), the slowest pace in five months**
  - **MoM** (1.2%; Jun: -1.6%): Rebounded after two straight months of contraction, signalling a pick up in spending during the month.
  - **Sales value** (RM170.5b; Jun: RM168.5b): Rose to a two-month high and remained above the year-to-date monthly average of RM167.2b.
- **Broad-based moderation across sub-sector as spending normalised**
  - **Retail trade** (6.4%; Jun: 6.6%): Moderated slightly, mainly due to slower automotive fuel sales (7.5%; Jun: 10.8%).Stronger sales at other specialised stores (7.6%; Jun: 7.0%) partly offset this. MoM growth turned negative (-1.0%; Jun: 0.2%).
  - **Wholesale trade** (11.7%; Jun: 12.4%): Eased further, weighed down by slower sales of machinery, equipment & supplies (3.1%; Jun: 6.4%) and other specialised wholesale (22.8%; Jun: 25.3%). MoM growth rebounded (2.1%; Jun: -4.9%) after two straight months of contraction.
  - **Motor vehicles** (7.9%; Jun: 14.9%): Slowed sharply after June's strong rebound. Motor vehicle sales growth moderated sharply (8.3%; Jun: 22.3%), even as unit car sales rose to 73.6k units (July 2025: 70.1k). MoM growth held firm (5.7%; Jun: 5.7%).
- **Selected regional retail markets broadly softened in July**
  - SG (1.5%; Jun: 4.0%): Slowed to a six-month low, pointing to softer consumer spending amid weaker food and department store sales.
  - HK (4.5%; Jun: 4.6%): Edged down to a 11-month low, amid adverse weather conditions and continued outbound travel by residents.
- **We maintain 2026 distributive trade growth forecast at 8.1% (2025: 5.6%)**
  - **Outlook:** Retail and wholesale trade have moderated less than initially expected, pointing to a reasonably firm domestic demand entering 2H26. Motor vehicles sales, however, remain volatile due to several underlying factors. We see some upside risk to our forecast, backed by stronger tourism-related spending, a resilient labour market and spillovers from export-oriented industries. That said, three straight months of slower growth keep us cautious.
  - **GDP Forecast:** Recent data suggest Malaysia entered 2H26 from a position of strength. Growth should moderate in 2H26 as consumer spending normalises and global uncertainties linger. Still, resilient domestic demand should continue to cushion the economy. We therefore maintain our 2026 GDP growth forecast at 5.3% (2025: 5.2%).

Graph 1: Sales Value Growth



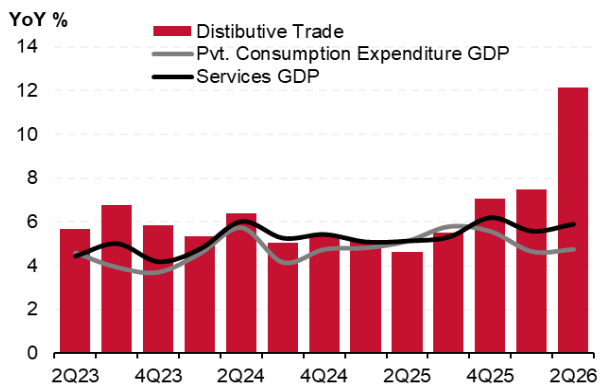
Source: Macrobond, Dept. of Statistics, Kenanga Research

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

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

	% Share*	2024	2025	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26
Distributive Trade	**100.0**	**5.5**	**5.6**	**5.3**	**9.8**	**15.3**	**11.0**	**10.1**	**9.0**
Wholesale Trade	**44.4**	**4.7**	**5.8**	**5.7**	**15.7**	**24.1**	**18.4**	**12.4**	**11.7**
Other Specialised	16.3	2.6	5.1	3.7	32.0	52.0	42.6	25.3	22.8
Household Goods	9.4	5.3	8.5	9.6	7.9	8.2	3.5	6.5	5.2
Food, Beverages and Tobacco	9.0	6.4	6.7	5.7	5.4	6.9	5.0	4.5	3.9
Agricultural Raw Materials and Live Animals	4.1	7.2	3.0	4.7	5.7	11.7	7.3	2.0	9.0
Machinery, Equipment and Supplies	3.6	5.4	6.4	5.0	6.6	5.8	3.8	6.4	3.1
Non-specialised	1.3	6.3	5.5	7.6	2.9	6.5	4.8	6.0	8.8
Fee or Contract Basis	0.8	4.1	4.1	5.7	4.3	12.5	9.3	6.4	7.7
Retail Trade	**43.5**	**6.1**	**6.1**	**7.7**	**7.5**	**6.3**	**7.2**	**6.6**	**6.4**
Non-specialised Stores	16.9	6.9	8.7	10.4	8.1	6.1	8.2	7.0	7.2
Other Goods in Specialised Stores	9.1	8.3	5.1	7.4	8.2	6.8	6.7	7.0	7.6
Other Household Equipment in Specialised Stores	4.9	4.2	3.0	4.3	4.1	3.5	3.4	3.2	3.1
Automotive Fuel in Specialised Stores	4.0	5.5	6.7	6.2	10.6	12.5	12.8	10.8	7.5
Information and Communication Equipment in Specialised Stores	3.4	0.5	4.9	4.1	5.9	3.7	3.5	4.7	4.3
Food, Beverages and Tobacco in Specialised Stores	2.8	7.5	6.3	7.7	7.9	5.8	7.2	6.6	6.4
Cultural and Recreation Goods in Specialised Stores	1.8	4.2	4.1	3.0	2.7	3.8	4.1	3.7	3.3
Not in Stores, Stalls or Markets	0.5	6.4	7.2	8.2	8.5	8.8	9.8	10.0	9.3
Stalls and Markets	0.1	5.4	5.3	8.9	9.3	6.4	8.1	7.7	7.8
Motor Vehicles	**12.1**	**6.5**	**3.2**	**-5.3**	**-3.1**	**15.5**	**-2.3**	**14.9**	**7.9**
Sales of Motor Vehicles	6.2	3.3	8.9	-17.1	-12.5	18.1	-11.4	22.3	8.3
Parts and Accessories	3.4	10.7	5.9	6.6	7.6	9.2	7.8	8.3	7.1
Maintenance and Repair	1.8	10.6	8.7	9.5	9.8	9.9	6.8	7.0	6.8
Sale, Maintenance and Repair of Motorcycles Related	0.8	7.0	7.5	0.7	0.6	38.7	9.1	13.0	10.1

Source: Macrobond, Dept. of Statistics, Kenanga Research
**Average 2025*

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