Retail Spending Still Growing in Apr-25, Though Momentum Eases

ECONOMIC REVIEW:
Apr-25 Distributive Trade



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Economic Review

- Distributive trade ticked down as festive demand wanes. Malaysia's overall distributive trade continued to grow albeit easing to +4.7%yoy in Apr-25 (Mar-25: +5.7%yoy), the softest pace since with broad-based moderation seen across all categories. Retail trade growth moderated to +4.7%yoy (Mar-25: +6.6%yoy), reflecting softer rise in consumer spending amid fading impact of earlier festive-driven demand.
- Moderation in the retail sales segment. Retail sales moderated to +4.7%yoy in Apr-25 (Mar-25: +6.6%yoy) with slower growth recorded across most categories as the festive demand boost fades. Sales growth expanded at a softer pace for food, beverages & tobacco (+7.8%yoy), stalls and markets (+8.3%yoy), and non-specialised stores (+4.2%yoy).
- Retail sales to maintain growth momentum in 2025. We anticipate retail sales to grow by +4.6% in 2025, moderating from the +5.5% expansion in 2024. This continued growth will be driven by a robust labour market, stable inflation, and accommodative monetary policy. Strong domestic consumption is set to support overall growth and offset the external trade risks.

Distributive trade ticked down as festive demand wanes. Malaysia's overall distributive trade continued to grow albeit easing to +4.7%yoy in Apr-25 (Mar-25: +5.7%yoy), the softest pace since with broad-based moderation seen across all categories. Retail trade growth moderated to +4.7%yoy (Mar-25: +6.6%yoy), reflecting softer rise in consumer spending amid fading impact of earlier festive-driven demand. In addition, motor vehicles sales and wholesale trade continued to expand but eased slightly to +2.1%yoy; (Mar-25: +2.3%yoy) and +5.5%yoy (Mar-25: +5.7%yoy), respectively. The moderation was also seen in the volume change; where distributive trade volume grew slower by +4.3%yoy (Mar-25: +5.0%yoy) attributable to slower volume growth for retail trade (+3.4%yoy; Mar-25: +4.9%yoy) and motor vehicle sales (+0.8%yoy; Mar-25: +0.9%yoy). Nonetheless, volume growth for the wholesale trade strengthened slightly (+6.6%yoy; Mar-25: +6.3%yoy). The weaker performance in motor vehicle sales broadly signals normalisation as high base effects begin to set in. Meanwhile, sustained growth in wholesale and retail trade highlights robust domestic consumption, which remains a key driver of economic growth this year.

Solid fundamentals will continue to support domestic demand. Looking ahead, we expect sustained expansion in consumption, underpinned by a robust labour market characterised by higher employment and wage growth, particularly in domestic-oriented sectors. Stable inflation, supported by accommodative monetary policy and targeted fiscal measures, is expected to strengthen consumer purchasing power and boost spending confidence. Malaysia's economic growth will remain anchored by resilient consumption, helping to cushion the impact of global trade uncertainties and heightened geopolitical tensions. Additionally, the expanding tourism sector, driven by rising tourist arrivals, will boost spending and support overall consumption. However, heightened global trade tensions could dampen both consumer and business sentiment, potentially leading to more cautious spending. Although US-China trade tensions have eased, most planned tariffs measures remain in place, continuing to weigh on the overall trade landscape. If Malaysia secures lower tariffs across the board and for key strategic sectors, it will support the broader economic outlook and help sustain the resilience of domestic spending through stronger confidence among businesses and consumers.

Inflation remains stable with limited impact. Price levels remain contained despite policy changes such as higher minimum wages, increased diesel prices, and revised utility tariffs. We expect the recent expansion of the Sales and Service Tax (SST) to have a limited impact on overall prices as the adjustments are targeted mainly at non-essential goods typically consumed by higher-income households and non-citizens. The government's support for manufacturers and exporters amid higher US tariffs is expected to help keep the price pressures manageable. Although the headline CPI inflation was unchanged at +1.4%yoy in Apr-25, remaining stable at the lowest level since Feb-21, core CPI rose slightly faster by +2.0%yoy (Mar-25: +1.9%yoy), still indicating mild underlying price pressures. We expect inflation will rise to an average of +2.2% this year (2024: +1.8%), which will be driven mainly by policy changes as the recent declines in PPI suggest easing cost pressures. Nonetheless, we remain cautious of downside risks to our inflation forecast, including the targeted RON95 rollout in 2H2025 and a possible spike in global oil prices amid escalating conflict in the Middle East. However, if tariff shocks significantly threaten Malaysia's economic outlook, we opine that further subsidy rationalization and planned increases in taxes and utility rates may be reconsidered or delayed supporting domestic consumption and overall growth.

Big-ticket loans are easy, while credit card loans accelerate. In terms of credit growth, outstanding loans for personal uses rose at a slightly moderate pace of +3.3%yoy in Apr-25 (Mar-25: +3.3%yoy). The growth in loans for purchases of transport vehicles eased further to +7.0%yoy (Mar-25: +7.3%yoy) and residential property loans moderated to +6.5%yoy (Mar-25: +6.6%yoy). However, growth in credit card loans rose faster by +7.9%yoy (Mar-25: +7.1%yoy), in line with higher credit card transactions of +12.9%yoy (Mar-25: +11.7%yoy). This indicates a slower rise in loans for big-ticket items, suggesting more cautious borrowing in that category. Meanwhile, credit card loans and transactions are rising, reflecting continued momentum in consumer spending on smaller ticket purchases.

Table 1: Malaysia's Distributive Trade Summary (RM b)

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Distributive Trade	**150.1**	**149.3**	**152.2**	**148.9**	**148.3**	**154.0**	**151.7**
YoY%	5.5	4.7	5.7	4.6	5.2	5.7	4.7
MoM%	1.3	-0.5	1.9	-2.1	-0.3	3.7	-1.5
Motor Vehicles	**18.9**	**18.3**	**19.9**	**16.0**	**17.6**	**19.2**	**17.6**
YoY%	2.7	1.4	6.9	-9.1	1.5	2.3	2.1
MoM%	9.1	-2.9	8.3	-19.4	10.1	9.2	-8.4
Wholesale Trade	**66.3**	**66.2**	**66.5**	**66.8**	**65.8**	**67.8**	**67.3**
YoY%	4.8	4.7	5.7	4.9	5.8	5.7	5.5
MoM%	-0.2	-0.3	0.5	0.4	-1.5	3.0	-0.6
Retail Trade	**64.9**	**64.8**	**65.8**	**66.1**	**65.1**	**67.0**	**66.8**
YoY%	7.1	5.8	5.4	8.2	5.8	6.6	4.7
MoM%	0.8	-0.1	1.5	0.5	-1.6	2.9	-0.3

Source: Macrobond, DOSM, MIDFR
Note: MoM are non-seasonally adjusted figures

Table 2: Malaysia's Credit Card Transaction (RM m)

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
No. of Card Transactions	**81.1**	**80.1**	**88.4**	**86.6**	**74.0**	**82.7**	**79.6**
YoY%	9.6	10.1	13.4	11.2	4.7	11.7	12.9
MoM%	1.8	-1.1	10.3	-2.0	-14.6	11.8	-3.8
Total Purchases							
Local Cardholders	**15,865.9**	**15,567.2**	**17,580.8**	**17,610.4**	**14,447.0**	**16,535.5**	**15,110.6**
YoY%	4.6	2.9	5.6	6.9	-3.9	7.4	4.9
MoM%	3.4	-1.9	12.9	0.2	-18.0	14.5	-8.6
Foreign Cardholders	**1,683.8**	**1,724.7**	**2,144.1**	**2,031.3**	**1,775.8**	**1,820.7**	**1901.5**
YoY%	10.1	11.1	15.2	8.3	0.9	1.3	9.8
MoM%	-1.9	2.4	24.3	-5.3	-12.6	2.5	4.4
Total Cash Advances							
Local Cardholders	**204.9**	**200.7**	**208.6**	**201.9**	**191.0**	**205.8**	**195.9**

YoY%	-3.6	-2.7	-1.3	-5.2	-0.9	1.6	4.2
MoM%	1.0	-2.1	3.9	-3.2	-5.4	7.7	-4.8
Foreign Cardholders	**47.4**	**46.4**	**48.5**	**51.8**	**48.2**	**52.7**	**47.9**
YoY%	14.5	15.2	15.1	18.5	0.9	19.9	13.2
MoM%	0.4	-2.0	4.6	6.8	-7.0	9.2	-9.1

Source: Macrobond, BNM, MIDFR

Stronger growth in credit card transactions. Credit card transactions in Malaysia rose faster by +12.9%yoy in Apr-25 (Mar-25: +11.7%yoy), marking double-digit growth for two consecutive months. Total purchases by local cardholders dropped to RM15.1b, resulting in a more moderate growth of +4.9%yoy (Mar-25: +7.4%yoy). However, spending by foreign cardholders rose sharply by +9.8%yoy to RM1.9b (Mar-25: +1.3%yoy), the fastest growth in 4 months. For cash advances, local cardholders withdrew RM2b, rising by +4.2%yoy which is the sharpest growth since Jun-23. However, the growth for foreign cardholders moderated to +13.2%yoy to RM47.9m but still maintaining double-digit growth for two consecutive months. Overall, Apr-25 saw a stronger growth in spending, driven by purchases made by foreign cardholders and higher cash advances by the locals. Looking ahead, spending activity is expected to stay supported on the back of rising tourist arrivals, still solid domestic demand and a firm labour market. Nonetheless, we remain cautious, as global trade uncertainties may dampen consumer sentiment and weigh on domestic demand.

Moderation in the retail sales segment. Retail sales moderated to +4.7%yoy in Apr-25 (Mar-25: +6.6%yoy) with slower growth recorded across most categories as the festive demand boost fades. Sales growth expanded at a softer pace for food, beverages & tobacco (+7.8%yoy), stalls and markets (+8.3%yoy), and non-specialised stores (+4.2%yoy). Meanwhile, motor vehicle sales growth eased to +2.1%yoy (Mar-25: +2.3%yoy), with weaker expansion across most of the sub-components except for motorcycle maintenance, repair, parts, and accessories, which surged to +13.4%yoy (Mar-25: +1.3%yoy). On the other hand, wholesale sales saw a slightly softer growth of +5.5%yoy (Mar-25: +5.7%yoy), due to a moderation in several sub-components, including agriculture & livestock (+5.2%yoy), non-specialised segment (+6.7%yoy), and household goods (+6.6%yoy). Nonetheless, the sustained growth was supported by higher sales in machineries, fee or contract basis and other specialised segment.

Table 3: Distributive Trade's Detailed Components Performance

	Share % Total DT		MoM%		YoY%	
	2019	4M2025	Mar-25	Apr-25	Mar-25	Apr-25
Motor Vehicles Sales (MVS)	**11.4**	**11.7**	**9.2**	**-8.4**	**2.3**	**2.1**
MVS: Motor Vehicle	6.1	5.8	14.3	-13.9	1.5	1.0
MVS: Motor Vehicle Maintenance & Repair	1.5	1.8	3.9	-0.2	2.2	0.7
MVS: Motor Vehicle Parts & Accessories	2.8	3.4	3.4	-1.2	4.1	2.5
MVS: Motorcycles Maintenance & Repair, Parts & Acc.	0.9	0.8	6.9	-11.8	1.3	13.4
Wholesale Sales (WS)	**48.1**	**44.4**	**3.0**	**-0.6**	**5.7**	**5.5**
WS: Fee or Contract Basis	0.9	0.8	-1.6	4.1	5.7	6.0
WS: Agri Raw Materials & Live Animals	3.8	4.0	5.2	-1.7	9.0	5.2
WS: Food, Beverages & Tobacco	8.8	9.1	5.4	-1.1	7.7	7.5
WS: Household Goods	9.3	9.3	5.8	-1.9	7.6	6.6
WS: Machinery, Equipment & Supplies	4.1	3.5	2.1	2.7	6.4	9.8
WS: Others Specialised	19.9	16.3	-0.1	-0.3	2.5	2.8
WS: Non-Specialised	1.3	1.3	4.3	-0.6	8.9	6.7
Retail Sales (RS)	**40.5**	**43.9**	**2.9**	**-0.3**	**6.6**	**4.7**
RS: Non-Specialised Stores	13.9	16.9	3.4	-0.4	6.5	4.2
RS: Food, Beverages & Tobacco	2.3	2.8	3.3	1.2	8.1	7.8
RS: Automotive Fuel	3.4	4.1	3.6	0.8	7.9	5.6
RS: Information & Communication Equip	4.1	3.4	0.6	1.2	5.0	5.5
RS: Household Equipment	5.4	5.0	3.0	-0.8	5.8	3.6
RS: Cultural & Recreation Goods	2.2	1.9	-2.6	-2.7	3.7	3.1

RS: Others in Specialised Store	8.7	9.3	3.6	-1.0	7.3	4.5
RS: Stalls & Markets	0.1	0.1	3.4	0.9	10.0	8.3
RS: Not in Stores, Stalls & Markets	0.3	0.5	5.2	-1.0	9.0	6.5

Source: DOSM, Macrobond, MIDFR

Table 4: Global Retail Sales

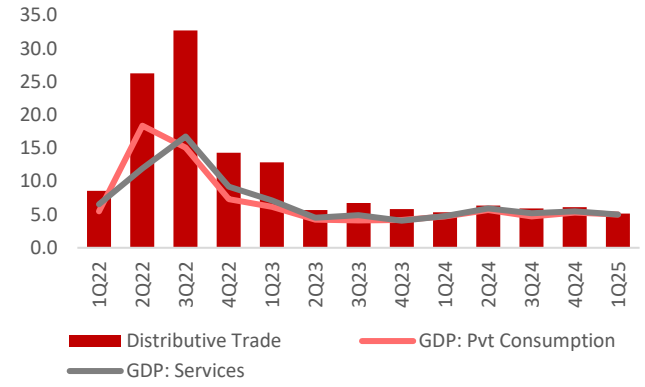
	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Malaysia	7.1	5.8	5.4	8.2	5.7	6.6	4.7
Indonesia	1.5	0.9	1.8	0.5	2.0	5.5	n.a.
Singapore	2.2	-0.7	-2.9	4.7	-3.5	1.3	0.3
Thailand	21.3	15.6	4.3	5.8	25.2	31.9	n.a.
Vietnam	7.1	8.8	9.3	9.5	9.4	10.8	11.1
Taiwan	-0.5	2.1	2.9	5.3	-3.8	0.4	-0.6
China	4.8	2.9	3.7	4.0		5.9	5.1
Japan	1.6	2.8	3.5	4.4	1.3	3.1	3.3
Euro Area	2.3	1.8	2.2	1.9	1.9	1.9	2.3
US	3.0	4.0	4.4	3.9	3.1	5.2	5.2

Source: DOSM, Macrobond, MIDFR

Retail sales are cooling in major economies. Retail sales in the US rose by +5.2%yoy in Apr-25, unchanged from the previous month. However, monthly, the US retail sales slowed down to +0.1%mom (Mar-25: +1.7%mom), signaling dampened domestic demand amid tariff-induced economic uncertainties. Likewise, in China, retail sales rose softer by +5.1%yoy (Mar-25: +5.9%yoy), pointing to signs of a consumption slowdown stemmed from cautious household spending amid economic uncertainty, sluggish income growth, and rising concerns over US tariffs. Retail sales were weaker in Singapore (+0.3%yoy; Mar-25: +1.3%yoy) and Taiwan (-0.6%yoy; Mar-25: +0.4%yoy) reflecting a demand slump as the rising trade tensions and policy uncertainty weigh on both countries' export-driven economies. In contrast, retail sales increased for Vietnam (+11.1%yoy), Japan (+3.3%yoy), and euro area (+2.3%yoy). Overall, global spending may weaken amid uncertainties from trade tensions, despite the easing of tariffs by the US and China. Moreover, higher inflation expectations could also dampen consumer confidence and curb future spending plans.

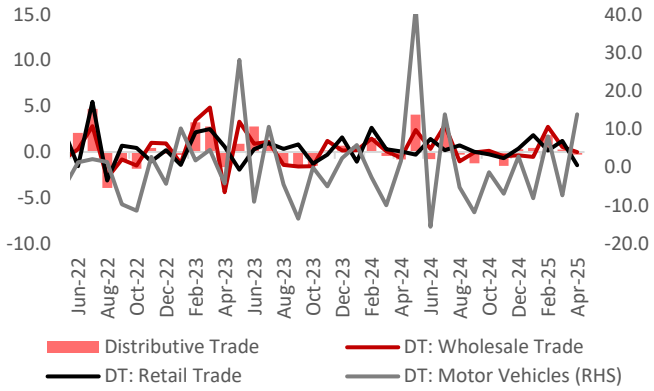
Retail sales to maintain growth momentum in 2025. We anticipate retail sales to grow by +4.6% in 2025, moderating from the +5.5% expansion in 2024. This continued growth will be driven by a robust labour market, stable inflation, and accommodative monetary policy. Strong domestic consumption is set to support overall growth and offset the external trade risks. Rising employment and wage growth, especially in domestic-oriented sectors, will help sustain household spending. On the tourism front, stronger tourism activities are expected to boost tourist spending, further supporting overall consumption. Nonetheless, global trade tensions and heightened uncertainty remain key downside risks to consumer sentiment and may negatively impact spending decisions.

Chart 1: Distributive Trade Sales vs. GDP (YoY%)



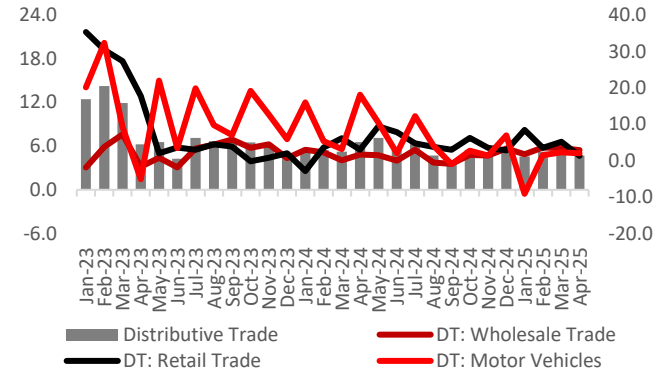
Source: Macrobond, MIDFR

Chart 2: Distributive Trade Volume Change by Component (MoM%)



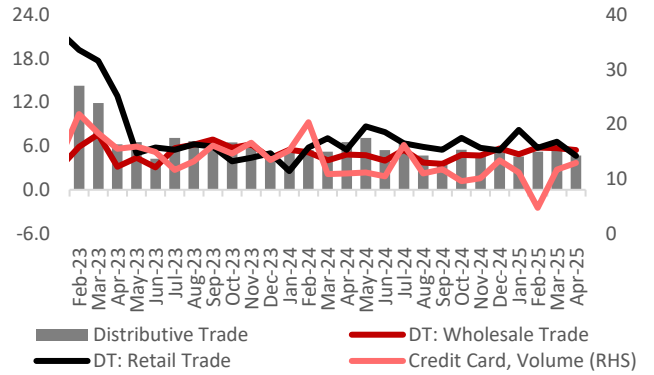
Source: Macrobond, MIDFR

Chart 3: Distributive Trade Sales Growth by Component (YoY%)



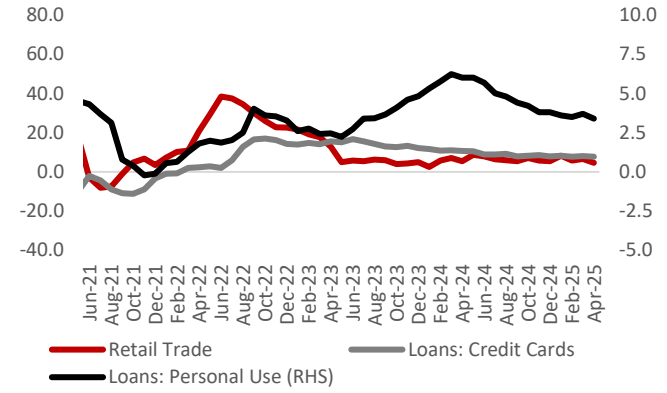
Source: Macrobond, MIDFR

Chart 4: Distributive Trade Sales Growth vs. Credit Card Transaction Volume (YoY%)



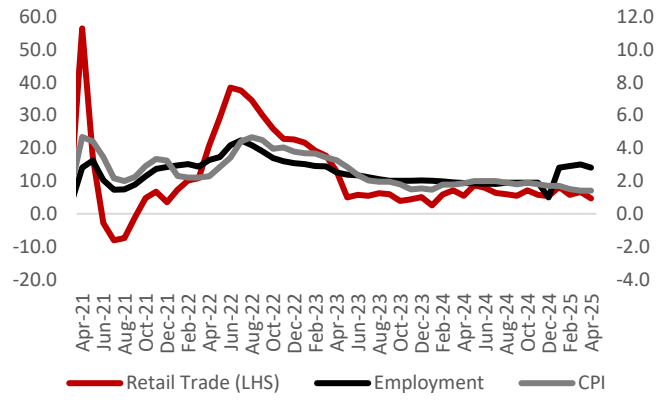
Source: Macrobond, MIDFR

Chart 5: Retail Trade vs. Credit Cards and Personal Loans (YoY%)



Source: Macrobond, MIDFR

Chart 6: Retail Trade vs. Employment and CPI Inflation (YoY%)



Source: Macrobond, MIDFR

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