Retail Trade Remains Resilient; Wholesale and Auto Sales Strengthen

Economic Review
Oct-25 Distributive Trade



Author
MBSB Research
research@midf.com.my

- Malaysia's distributive trade surged to +7.2%yoy in Oct-25 (Sep-25: +6.6%yoy), stemming from stronger expansion in wholesale trade (+7.3%yoy; Sep-25: +6.8%yoy) and motor vehicles (+8.2%yoy; Sep-25: +4.3%yoy). Retail trade remained resilient, rising by +6.8%yoy (Sep-25: +7.0%yoy).
- Retail trade surged by +7.0%yoy in Sep-25 (Aug-25: +5.6%yoy), supported by broad-based gains across key components, including food, beverages & tobacco (+6.2%yoy), automotive fuel (+7.0%yoy), information & communication equipment (+4.2%yoy), non-specialised stores (+9.9%yoy), and retail trade not in stores, stalls, or markets (+9.2%yoy).
- Retail sales are projected to grow by +5.5% in 2025, moderating from +6.1% in 2024, and are expected to rise slightly faster at +6.0% in 2026. This growth will be underpinned by a healthy labour market, low and stable inflation, rising wages, government cash handouts, and a robust tourism recovery.

Wholesale and motor vehicle sales lift distributive trade

Malaysia's distributive trade surged to +7.2%yoy in Oct-25 (Sep-25: +6.6%yoy), stemming from stronger expansion in wholesale trade (+7.3%yoy; Sep-25: +6.8%yoy) and motor vehicles (+8.2%yoy; Sep-25: +4.3%yoy). Retail trade remained resilient, rising by +6.8%yoy (Sep-25: +7.0%yoy). The volume change in distributive trade also recorded faster expansion by +5.8%yoy (Sep-25: +4.9%yoy), with higher volume growth for wholesale trade (+6.7%yoy) and motor vehicles (+8.4%yoy). Retail trade recorded steady volume growth of +4.6%yoy, a slight moderation from the previous month. In 10MCY25, Malaysia's distributive trade grew at a slightly softer pace of +5.3%yoy (10MCY24: +5.6%yoy), attributable to marginal moderation in retail trade (+5.7%yoy) and a sharp slowdown in motor vehicles (+1.8%yoy), in contrast to stronger growth in wholesale trade, which expanded by +5.7%yoy (10MCY24: +4.6%yoy).

Domestic demand poised to stay resilient

Towards the end of the year, consumer spending is expected to be supported by holiday-season purchases, but could be dampened by adverse weather conditions, including flooding in certain states. Looking ahead to 2026, private consumption is expected to continue to expand, remaining a key pillar of Malaysia's economic growth. This outlook is underpinned by a healthy labour market, sustained wage gains, and low, stable inflation that supports household purchasing power. The ongoing tourism recovery ahead of Visit Malaysia Year 2026 (VMY2026), together with the recent BUDI95 fuel subsidy rationalisation that lowered subsidised pump prices, is likely to lift discretionary spending across services, retail, and accommodation sectors. However, fiscal consolidation measures and targeted subsidy adjustments on essential items such as sugar, rice, and cooking oil may weigh on near-term sentiment and temper consumption growth at the margin.

VMY2026, a catalyst for Malaysia's tourism sector

For 2026, Malaysia is targeting 47m tourist arrivals that will generate RM329b in tourism receipts. The tourism sector will remain a key growth driver for the services sector and provide additional support to overall consumption. In the first eight months of 2025, tourist

arrivals rose by +8.0%yoy, totalling 17.8m (8MCY24: 16.5m), reflecting a continued rise in the tourism activities. While inbound tourist arrivals are expected to continue growing, domestic tourism will remain an important driver. Looking at the latest data, inbound tourism expenditure regained the largest share of internal tourism consumption in 2024, rising to 52.1% (2023: 49.1%) after five consecutive years in which domestic spending dominated.

Inflation remained mild amid continued PPI deflation

The headline CPI inflation edged down to +1.3%yoy in Oct-25 (Sep-25: +1.5%yoy), while core CPI rose slightly faster by +2.2%yoy (Sep-25: +2.1%yoy), reflecting a mild and gradual pickup in underlying price pressures. The gap between CPI and PPI inflation narrowed as PPI deflated at a slower pace of -0.1%yoy (Sep-25: -0.8%yoy), marking the slowest decline in an eight-month sequence of deflation. Looking ahead, inflation is expected to remain mild and stable, though the expanded SST could add some upward pressure. This may be offset by the RON95 subsidy, a stronger ringgit, and lower global food prices. A key upside risk comes from MSMEs being excluded from the BUDI95 fuel subsidy, which could pass higher fuel costs onto consumer prices.

Marginal slowdown in vehicle and property loans; consumer spending improves

In Oct-25, loans for vehicle and property purchases grew marginally slower by +6.9%yoy (Sep-25: +7.0%yoy) and +6.0%yoy (Sep-25: +6.1%yoy), respectively, reflecting only a slight moderation in household financing demand. New vehicle sales in Malaysia rose firmly by +7.0%yoy to 76.0K units (Sep-25: 58.9K units), driven by a surge in imported electric-vehicle purchases ahead of the expiry of tax incentives and supported by aggressive year-end promotions. Meanwhile, personal loan ticked up by +1.6%yoy (Sep-25: +1.5%yoy) whereas credit card spending rose faster by +8.2%yoy (Sep-25: +8.0%yoy), pointing to stronger spending on smaller-ticket items and improvement in consumer sentiment

Retail trade stable while wholesale and auto sales pick up pace

Retail trade held firm at +6.8%yoy in Oct-25 (Sep-25: +7.0%yoy), albeit at a slightly softer pace, with moderation observed in non-specialised stores (+9.0%yoy), cultural & recreation goods (+4.3%yoy), other specialised stores (+5.2%yoy), and retail trade not conducted in stores, stalls, or markets (+8.6%yoy). Motor vehicle sales surged by +8.2%yoy (Sep-25: +4.3%yoy), supported by higher spending on vehicles (+9.5%yoy) and motorcycles, parts, and accessories (+3.1%yoy). Wholesale trade accelerated to +7.3%yoy (Sep-25: +6.9%yoy), underpinned by stronger momentum in fee or contract-based activities (+5.9%yoy), food, beverages & tobacco (+9.2%yoy), household goods (+8.4%yoy), machinery, equipment & supplies (+10.0%yoy), and non-specialised wholesale trade (+9.7%yoy).

Global retail sales show mixed momentum amid inflation concerns

Based on the latest data, the US retail sales growth moderated to +4.3%yoy in Sep-25 (Aug-25: +5.0%yoy), while consumer sentiment remained soft amid concerns about the labour market and tariff-driven price pressures. The Conference Board's sentiment index fell to 88.7 in Oct-25 (Sep-25: 95.5), marking its lowest reading since Apr-25. In China, retail sales edged down to +2.9%yoy in Oct-25 (Sep-25: +3.0%yoy), the slowest growth since Aug-24, supported by consumer subsidies for trade-ins and holiday spending. Vietnam saw weaker sales (-2.2%yoy), while stronger growth was recorded in the euro area (+1.5%yoy), Singapore (+4.5%yoy), Indonesia (+4.3%yoy), Taiwan (+1.9%yoy), and Japan (+1.7%yoy). Looking ahead, global consumer spending is expected to benefit from the year-end holiday season, though tariff-driven inflation risks may dampen confidence and future demand.

Domestic consumption to remain key growth driver in 2026

Retail sales are projected to grow by +5.5% in 2025, moderating from +6.1% in 2024, and are expected to rise slightly faster at +6.0% in 2026. This growth will be underpinned by a healthy labour market, low and stable inflation, rising wages, government cash handouts, and a robust tourism recovery. These factors are expected to boost household disposable income, strengthen purchasing power, and sustain private consumption. The BUDI95 fuel subsidy rationalisation, which lowered pump prices, should continue to encourage discretionary spending. However, fiscal consolidation and phased adjustments to targeted subsidies on essentials such as sugar, rice, and cooking oil may temper near-term household spending. Overall, domestic consumption is likely to remain the key driver of growth in 2026, helping to cushion the economy against external trade uncertainties.

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

	Monthly Data							Cumulative	
	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	10MCY24	10MCY25
Distributive Trade	**151.7**	**154.3**	**153.0**	**156.4**	**156.6**	**158.0**	**160.9**	**1464.5**	**1542.3**
YoY%	4.7	4.4	4.8	5.0	4.9	6.6	7.2	5.3	5.6
MoM%	(1.5)	1.7	(0.9)	2.3	0.1	0.9	1.8		
Wholesale Trade	**67.3**	**68.2**	**68.3**	**70.1**	**69.6**	**71.1**	**71.2**	**649.4**	**686.2**
YoY%	5.5	4.7	5.2	5.4	5.1	6.9	7.3	5.7	4.6
MoM%	(0.6)	1.3	0.1	2.7	(0.7)	2.0	0.2		
Retail Trade	**66.8**	**67.1**	**67.5**	**67.0**	**67.3**	**68.9**	**69.3**	**634.2**	**672.1**
YoY%	4.7	4.9	5.4	5.6	5.0	7.0	6.8	6.0	6.2
MoM%	(0.3)	0.5	0.7	(0.8)	0.5	2.4	0.6		
Motor Vehicles	**17.6**	**19.1**	**17.1**	**19.3**	**19.6**	**18.0**	**20.4**	**180.9**	**184.1**
YoY%	2.1	1.2	0.7	1.6	4.0	4.3	8.2	1.8	7.0
MoM%	(8.4)	7.9	(10.2)	12.6	1.7	(8.0)	13.1		

Source: Macrobond, MBSBR

Table 2: Malaysia's Distributive Trade Summary (RM b)

	Share % Total DT		MoM%		YoY%	
	2019	10M2025	Sep-25	Oct-25	Sep-25	Oct-25
Wholesale Sales (WS)	**48.1**	**44.5**	**2.0**	**0.2**	**6.9**	**7.3**
WS: Fee or Contract Basis	0.9	0.8	1.1	0.6	5.8	5.9
WS: Agri Raw Materials & Live Animals	3.8	4.1	3.7	-1.5	9.3	7.5
WS: Food, Beverages & Tobacco	8.8	9.0	2.9	0.2	7.2	9.2
WS: Household Goods	9.3	9.4	3.0	0.6	8.2	8.4
WS: Machinery, Equipment & Supplies	4.1	3.6	6.0	0.4	7.0	10.0
WS: Others Specialised	19.9	16.3	-0.2	0.3	5.4	4.9
WS: Non-Specialised	1.3	1.3	1.9	0.2	7.2	9.7
Retail Sales (RS)	**40.5**	**43.6**	**2.4**	**0.6**	**7.0**	**6.8**
RS: Non-Specialised Stores	13.9	16.9	3.5	0.2	9.9	9.1
RS: Food, Beverages & Tobacco	2.3	2.8	1.8	1.1	6.2	6.9
RS: Automotive Fuel	3.4	4.0	1.1	1.2	7.0	7.2
RS: Information & Communication Equip	4.1	3.4	2.1	0.7	4.2	6.5
RS: Household Equipment	5.4	4.9	1.8	0.6	2.5	2.8
RS: Cultural & Recreation Goods	2.2	1.9	1.8	0.2	4.6	4.3
RS: Others in Specialised Store	8.7	9.1	1.4	0.9	5.8	5.2
RS: Stalls & Markets	0.1	0.1	1.2	0.7	5.3	5.5
RS: Not in Stores, Stalls & Markets	0.3	0.5	1.7	-0.1	9.2	8.6
Motor Vehicles Sales (MVS)	**11.4**	**11.9**	**-8.0**	**13.1**	**4.3**	**8.2**
MVS: Motor Vehicle	6.1	6.0	-16.2	25.1	1.9	9.5
MVS: Motor Vehicle Maintenance & Repair	1.5	1.8	2.8	0.6	9.6	9.1
MVS: Motor Vehicle Parts & Accessories	2.8	3.4	3.3	1.2	6.7	6.2
MVS: Motorcycles Maintenance & Repair, Parts & Acc.	0.9	0.8	-12.3	10.7	-0.3	3.1

Source: DOSM, Macrobond, MBSBR

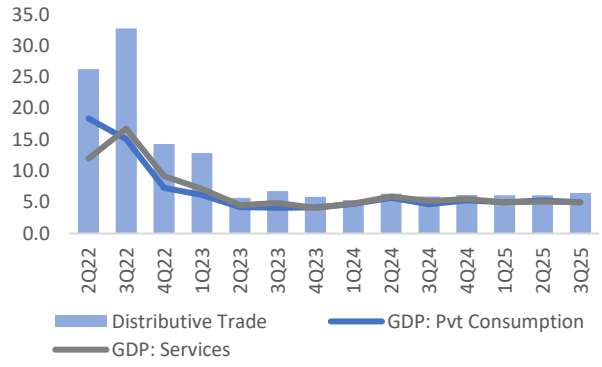
Table 3: Global Retail Sales (YoY%)

	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Malaysia	4.7	4.9	5.4	5.6	5.0	7.0	6.8
Indonesia	-0.3	1.9	1.3	4.7	3.5	3.7	4.3
Singapore	0.1	1.4	2.4	4.6	5.3	2.7	4.5
Thailand	41.9	26.6	31.2	7.9	-5.2	49.8	n.a.
Vietnam	11.1	10.2	8.3	9.2	10.6	11.3	7.2
Taiwan	(0.6)	(1.4)	(2.9)	(3.6)	0.4	(2.2)	1.9
China	5.1	6.4	4.8	3.7	3.4	3.0	2.9
Japan	3.5	1.9	1.9	0.4	(0.9)	0.2	1.7
Euro Area	3.0	2.3	3.8	2.6	1.8	1.2	1.5
US	5.2	3.3	4.4	4.1	5.0	4.3	n.a.

*n.a.: not available

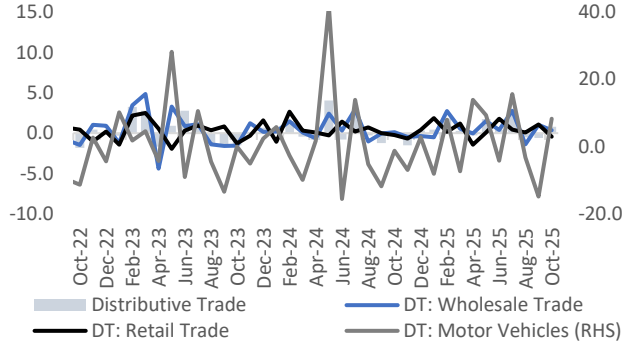
Source: DOSM, Macrobond, MBSBR

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



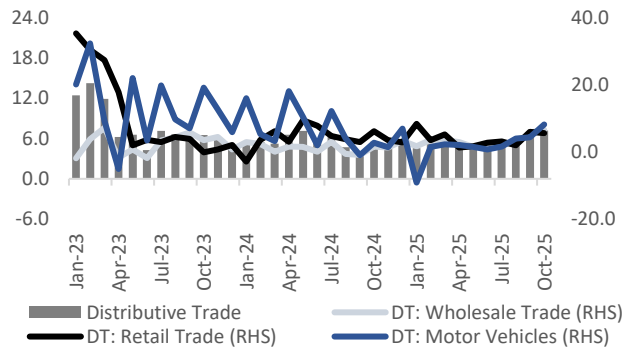
Source: Macrobond, MBSBR

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



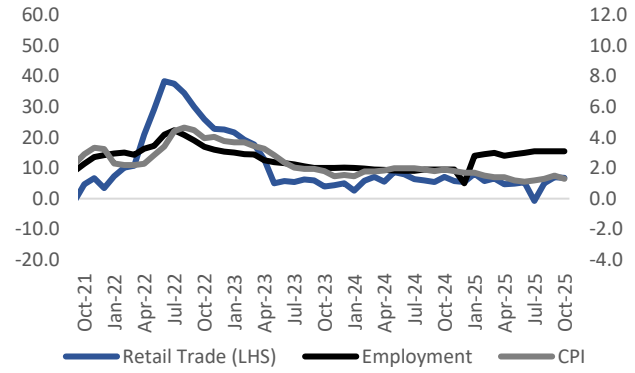
Source: Macrobond, MBSBR

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



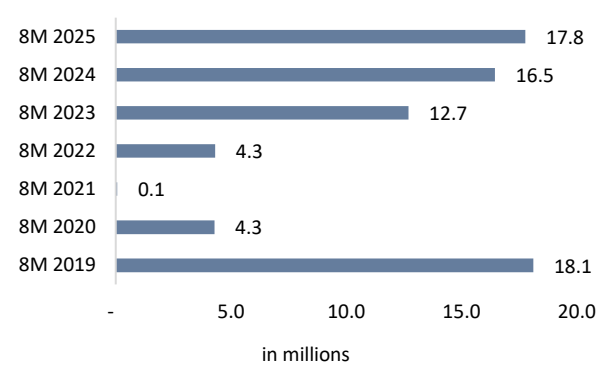
Source: Macrobond, MBSBR

Chart 4: Retail Trade vs. Employment and CPI Inflation (YoY%)



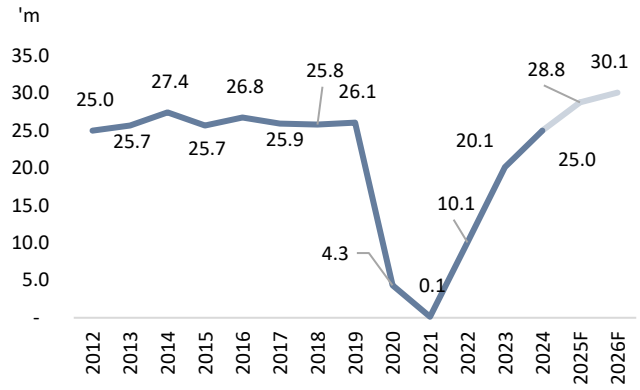
Source: Macrobond, MBSBR

Chart 5: Tourist Arrivals in Malaysia (8M2025)



Source: DOSM, MBSBR

Chart 6: Tourist Arrivals to Malaysia (2012-2026F)



Note: 2025f and 2026f refer to MBSB estimates
Source: DOSM, MBSBR

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