Resilient Retail Spending Although Pace of Growth Moderated in Nov-25

Economic Review
Nov-25 Distributive Trade



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- Malaysia's distributive trade growth maintained resilient growth above +6%yoy for the third straight month although the pace of expansion moderated to +6.4%yoy in Nov-25 (Oct-25: +7.2%yoy), stemming from slower expansion across all segments, including wholesale trade (+6.0%yoy; Oct-25: +7.3%yoy), retail trade (+6.4%yoy; Oct-25: +6.8%yoy), and motor vehicles (+8.0%yoy; Oct-25: +8.2%yoy).
- Retail trade remains steady albeit a softer reading of +6.4%yoy in Nov-25 (Oct-25: +6.8%yoy), with moderation observed in non-specialised stores (+8.7%yoy), retail trade not conducted in stores, stalls, or markets (+7.2%yoy), and retail sale of automotive fuel in specialised stores (+6.7%yoy).
- We adjust our 2025 retail sales forecast slightly higher to +6.0% (previous: +5.5%), moderating from +6.1% in 2024, reflecting stronger-than-expected sales toward the end of the year. Looking into 2026, retail sales are expected to remain resilient at +6.0%, underpinned by targeted fiscal measures and healthy macroeconomic conditions.

Sustained growth in distributive trade although pace of growth moderated in Nov-25

Malaysia's distributive trade growth maintained resilient growth above +6%yoy for the third straight month although the pace of expansion moderated to +6.4%yoy in Nov-25 (Oct-25: +7.2%yoy), stemming from slower expansion across all segments, including wholesale trade (+6.0%yoy; Oct-25: +7.3%yoy), retail trade (+6.4%yoy; Oct-25: +6.8%yoy), and motor vehicles (+8.0%yoy; Oct-25: +8.2%yoy). The volume change in distributive trade also recorded softer expansion by +5.2%yoy (Oct-25: +5.7%yoy), attributable to more moderate volume growth for wholesale trade (+6.0%yoy), retail trade (+4.3%yoy), and motor vehicles (+6.8%yoy). In 11MCY25, Malaysia's distributive trade grew at a slightly softer pace of +5.4%yoy (11MCY24: +5.5%yoy), attributable to marginal moderation in retail trade (+6.0%yoy) and a sharp slowdown in motor vehicles (+2.3%yoy), in contrast to stronger growth in wholesale trade, which expanded by +5.7%yoy (11MCY24: +4.6%yoy).

Domestic demand poised to stay resilient

Consumer spending in Dec-25 is expected to be supported by holiday-season purchases, end-year sales and back-to-school spending, though adverse weather, particularly flooding in some states, may temper growth. Strong 1QCY26 spending is anticipated to be driven by Chinese New Year and Hari Raya festivities, further supported by higher disposable income from SSPA Phase 2 salary adjustments and cash transfers from the government, including the upcoming SARA Special Transfer (Feb-26). Private consumption is set to remain a key pillar of Malaysia's economic growth, underpinned by a resilient labour market, sustained wage gains, low, stable inflation, and the tourism recovery ahead of Visit Malaysia Year 2026 (VMY2026), which should boost discretionary spending across services, retail, and accommodation sectors. However, fiscal consolidation measures and targeted subsidy adjustments on essentials such as sugar, rice, and cooking oil may weigh on near-term sentiment and slightly moderate consumption growth.

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 remains mild amid continued PPI deflation

The headline CPI inflation edged up to +1.4%yoy in Nov-25 (Oct-25: +1.3%yoy), while core CPI rose by +2.2%yoy, unchanged from the previous month. This reflects a mild and gradual pickup in underlying price pressures. The gap between CPI and PPI inflation widened as PPI deflated at a sharper pace of -1.8%yoy (Oct-25: -0.1%yoy), marking the steepest drop since Aug-25. 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.

Retail trade stable while wholesale and auto sales pick up pace

Retail trade remains steady albeit a softer reading of +6.4%yoy in Nov-25 (Oct-25: +6.8%yoy), with moderation observed in non-specialised stores (+8.7%yoy), retail trade not conducted in stores, stalls, or markets (+7.2%yoy), and retail sale of automotive fuel in specialised stores (+6.7%yoy). Motor vehicle sales remain resilient with a slightly slower growth of by +8.0%yoy (Oct-25: +8.2%yoy), mainly supported by spending on motor vehicles (+8.9%yoy) and Maintenance & repair of motor vehicles (+8.7%yoy). Wholesale trade slowed down to +6.0%yoy (Oct-25: +7.3%yoy), underpinned by weaker momentum wholesale of household goods (+8.5%yoy), wholesale of food, beverages & tobacco (+6.7%yoy), and wholesale of machinery, equipment & supplies (+6.4%yoy).

Global retail sales growth moderates

Based on the latest data, the US retail sales growth moderated to +3.5%yoy in Oct-25 (Sep-25: +4.2%yoy), while consumer sentiment weakened amid rising concerns over employment and income prospects, signalling a potential moderation in consumer spending ahead. The Conference Board's sentiment index fell by 3.8 points to 89.1 in Dec-25 (Nov-25: 92.9). In China, retail sales slowed down to +1.3%yoy in Oct-25 (Oct-25: +2.9%yoy), the slowest growth since Dec-22, despite ongoing consumer subsidy programs. Singapore saw a surge in retail sales (+6.3%yoy), while moderate growth was recorded in the Vietnam (+7.1%yoy), Taiwan (+1.4%yoy), and Japan (+1.0%yoy). Overall, the data points to slower global retail sales, although year-end holiday spending is expected to support global consumer demand. Additionally, greater clarity in trade policy could bolster confidence and stimulate future consumption.

Domestic consumption to anchor 2026 growth

We adjust our 2025 retail sales forecast slightly higher to +6.0% (previous: +5.5%), moderating from +6.1% in 2024, reflecting stronger-than-expected sales toward the end of the year. Looking into 2026, retail sales are expected to remain resilient at +6.0%, underpinned by targeted fiscal measures and healthy macroeconomic conditions, including a robust labour market, low and stable inflation, rising wages, and a recovering tourism sector. These factors are likely to boost household disposable income, strengthen purchasing power, and sustain private consumption. However, ongoing fiscal consolidation and phased adjustments to subsidies on essentials such as sugar, rice, and cooking oil may temper near-term household spending. Overall, domestic consumption is expected to remain the key driver of growth, helping to cushion the economy against external trade and geopolitical uncertainties.

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

	Monthly Data							Cumulative	
	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	11MCY24	11MCY25
Distributive Trade	**154.3**	**153.0**	**156.4**	**156.6**	**158.0**	**160.9**	**158.9**	**1613.9**	**1701.3**
YoY%	4.4	4.8	5.0	4.9	6.6	7.2	6.4	5.5	5.4
MoM%	1.7	(0.9)	2.3	0.1	0.9	1.8	(1.2)		
Wholesale Trade	**68.2**	**68.3**	**70.1**	**69.6**	**71.1**	**71.2**	**70.1**	**715.6**	**756.3**
YoY%	4.7	5.2	5.4	5.1	6.9	7.3	6.0	4.6	5.7
MoM%	1.3	0.1	2.7	(0.7)	2.0	0.2	(1.4)		
Retail Trade	**67.1**	**67.5**	**67.0**	**67.3**	**68.9**	**69.3**	**69.1**	**699.1**	**741.1**
YoY%	4.9	5.4	5.6	5.0	7.0	6.8	6.4	6.2	6.0
MoM%	0.5	0.7	(0.8)	0.5	2.4	0.6	(0.4)		
Motor Vehicles	**19.1**	**17.1**	**19.3**	**19.6**	**18.0**	**20.4**	**19.8**	**199.2**	**203.9**
YoY%	1.2	0.7	1.6	4.0	4.3	8.2	8.0	6.4	2.3
MoM%	7.9	(10.2)	12.6	1.7	(8.0)	13.1	(-3.0)		

Source: Macrobond, MBSBR

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

	Share % Total DT				YoY%	
	2019	11M2025	Oct-25	Nov-25	Oct-25	Nov-25
Wholesale Sales (WS)	**48.1**	**44.5**	**0.2**	**-1.4**	**7.3**	**6.0**
WS: Fee or Contract Basis	0.9	0.8	0.6	-1.4	5.9	4.1
WS: Agri Raw Materials & Live Animals	3.8	4.1	-1.5	-0.2	7.5	3.0
WS: Food, Beverages & Tobacco	8.8	9.0	0.2	-2.8	9.2	6.7
WS: Household Goods	9.3	9.4	0.6	-1.5	8.4	8.5
WS: Machinery, Equipment & Supplies	4.1	3.6	0.4	-3.4	10.0	6.4
WS: Others Specialised	19.9	16.3	0.3	-0.4	4.9	5.1
WS: Non-Specialised	1.3	1.3	0.2	-3.1	9.7	5.5
Retail Sales (RS)	**40.5**	**43.6**	**0.6**	**-0.4**	**6.8**	**6.4**
RS: Non-Specialised Stores	13.9	16.9	0.2	-1.2	9.1	8.7
RS: Food, Beverages & Tobacco	2.3	2.8	1.1	-1.5	6.9	6.3
RS: Automotive Fuel	3.4	4.0	1.2	-1.8	7.2	6.7
RS: Information & Communication Equip	4.1	3.4	0.7	-0.8	6.5	4.9
RS: Household Equipment	5.4	4.9	0.6	0.8	2.8	3.0
RS: Cultural & Recreation Goods	2.2	1.9	0.2	-1.1	4.3	4.1
RS: Others in Specialised Store	8.7	9.1	0.9	1.6	5.2	5.1
RS: Stalls & Markets	0.1	0.1	0.7	-1.4	5.5	5.3
RS: Not in Stores, Stalls & Markets	0.3	0.5	-0.1	-0.2	8.6	7.2
Motor Vehicles Sales (MVS)	**11.4**	**12.0**	**13.1**	**-3.0**	**8.2**	**8.0**
MVS: Motor Vehicle	6.1	6.0	25.1	-3.8	9.5	8.9
MVS: Motor Vehicle Maintenance & Repair	1.5	1.8	0.6	-2.9	9.1	8.7
MVS: Motor Vehicle Parts & Accessories	2.8	3.4	1.2	-1.2	6.2	5.9
MVS: Motorcycles Maintenance & Repair, Parts & Acc.	0.9	0.8	10.7	-4.9	3.1	7.5

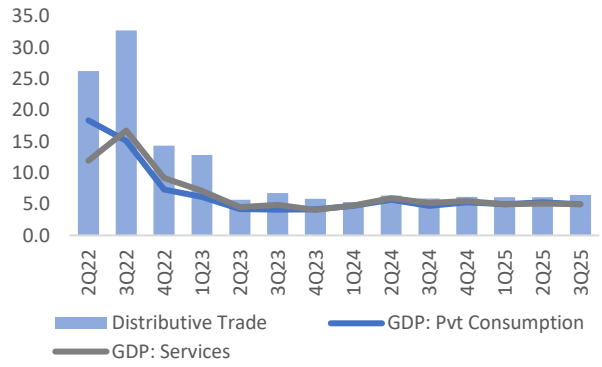
Source: DOSM, Macrobond, MBSBR

Table 3: Global Retail Sales (YoY%)

	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Malaysia	4.9	5.4	5.6	5.0	7.0	6.8	6.4
Indonesia	1.9	1.3	4.7	3.5	3.7	4.3	n.a.
Singapore	1.4	2.4	4.6	5.3	2.7	4.5	6.3
Thailand	26.6	31.2	7.9	-5.2	50.0	66.5	n.a.
Vietnam	10.2	8.3	9.2	10.6	11.3	7.2	7.1
Taiwan	(1.4)	(2.9)	(3.6)	0.4	(2.2)	1.9	1.4
China	6.4	4.8	3.7	3.4	3.0	2.9	1.3
Japan	1.9	1.9	0.4	(0.9)	0.2	1.7	1.0
Euro Area	2.3	3.8	2.6	1.8	1.2	1.5	n.a.
US	3.3	4.4	4.1	5.0	4.2	3.5	n.a.

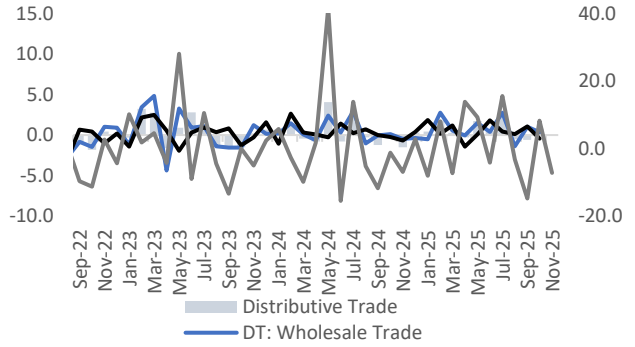
*n.a.: not available
Source: DOSM, Macrobond, MBSBR

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



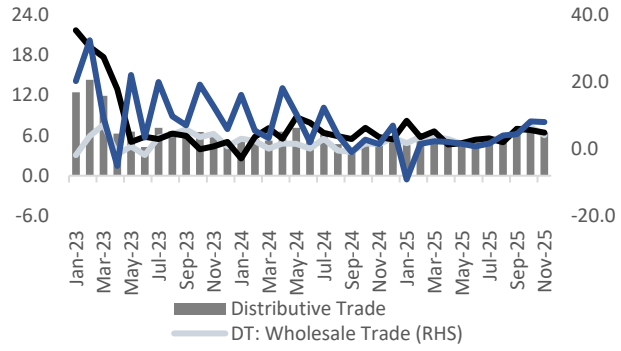
Source: Macrobond, MBSBR

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



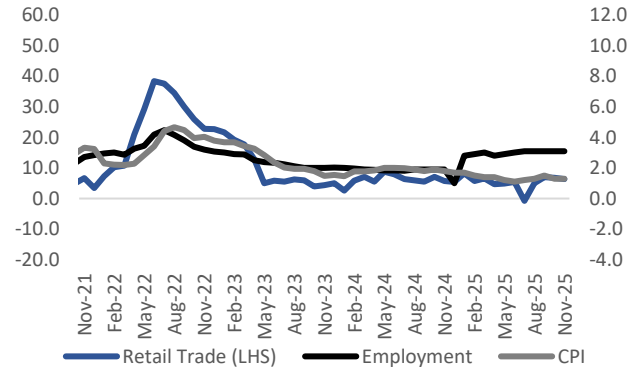
Source: Macrobond, MBSBR

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



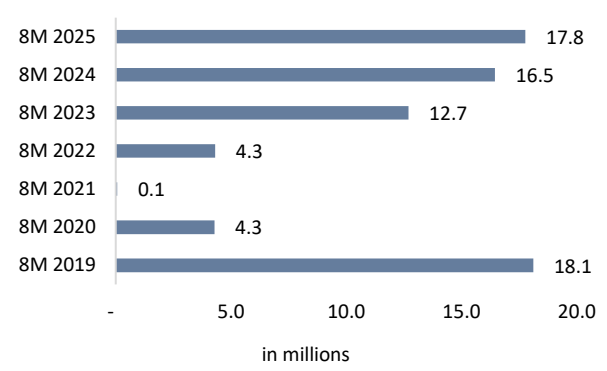
Source: Macrobond, MBSBR

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



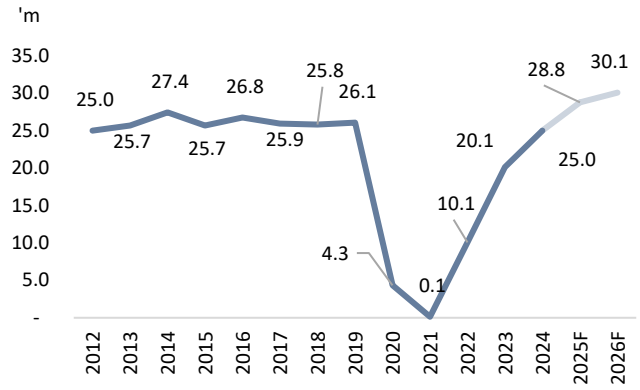
Source: Macrobond, MBSBR

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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