Retail Spending Shows Continued Resilience in 2025

Economic Review
Dec-25 Distributive Trade



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Economic Review

- Malaysia's distributive trade growth accelerated to +7.6%yoy in Dec-25 (Nov-25: +6.4%yoy), with stronger expansion across all major segments, including wholesale trade (+6.9%yoy; Nov -25: +6.0%yoy), retail trade (+6.9%yoy; Nov-25: +6.4%yoy), and motor vehicles (+12.2%yoy; Nov-25: +8.0%yoy).
- For the full year, Malaysia's distributive trade grew marginally faster by +5.6% (2024: +5.5%yoy), attributable to stronger wholesale trade (+5.8%; 2024: +4.7%). Retail trade remained resilient at +6.1%, unchanged from the previous year; whereas motor vehicles' growth moderated to +3.1% (2024: +6.5%). The reading for retail sales came in slightly above our expectations at +6.0%.
- Looking ahead for the year, we anticipate retail sales to remain resilient at +6.0% (2025: +6.1%). In 1QCY26, consumption is expected to strengthen, supported by Chinese New Year and Hari Raya festivities, higher disposable income from SSPA Phase 2 salary adjustments, and government cash transfers, including the SARA program benefiting over 22m eligible adult Malaysians.

Malaysia's distributive trade growth strengthens in Dec-25

Malaysia's distributive trade growth accelerated to +7.6%yoy in Dec-25 (Nov-25: +6.4%yoy), with stronger expansion across all major segments, including wholesale trade (+6.9%yoy; Nov -25: +6.0%yoy), retail trade (+6.9%yoy; Nov-25: +6.4%yoy), and motor vehicles (+12.2%yoy; Nov-25: +8.0%yoy). Volume growth was also faster at +6.4%yoy (Nov-25: +5.2%yoy), driven by wholesale (+7.0%yoy), retail (+4.9%yoy), and motor vehicles (+11.0%yoy) volumes. For the full year, Malaysia's distributive trade grew marginally faster by +5.6% (2024: +5.5%yoy), attributable to stronger wholesale trade (+5.8%; 2024: +4.7%). Retail trade remained resilient at +6.1%, unchanged from the previous year; whereas motor vehicles' growth moderated to +3.1% (2024: +6.5%). The reading for retail sales came in slightly above our expectations at +6.0%.

Domestic demand poised to stay resilient

Looking ahead for the year, we anticipate retail sales to remain resilient at +6.0% (2025: +6.1%). In 1QCY26, consumption is expected to strengthen, supported by Chinese New Year and Hari Raya festivities, higher disposable income from SSPA Phase 2 salary adjustments, and government cash transfers, including the SARA program benefiting over 22m eligible adult Malaysians. Malaysia's domestic engine is set to remain a key pillar of economic growth. This is supported by a healthy labour market, wage gains, low & stable inflation, and the tourism recovery ahead of Visit Malaysia Year 2026 (VMY2026). However, near-term sentiment may be dampened by fiscal consolidation and targeted subsidy adjustments on essentials, including the recent reduction of incentives for sugar manufacturers as the government finalises a new pricing framework for refined white sugar.

Retail, wholesale and motor vehicles gain momentum

Retail trade rose faster by +6.9%yoy in Dec-25 (Nov-25: +6.4%yoy) with improvement observed in non-specialised stores (+9.3%yoy); retail trade not conducted in stores, stalls, or markets (+9.1%yoy); and retail sale of automotive fuel in specialised stores (+7.4%yoy). Motor vehicle sales surged by +12.2%yoy (Nov-25: +8.0%yoy), mainly supported by

spending on motor vehicles (+15.7%yoy). Wholesale trade rose faster by +6.9%yoy (Nov-25: +6.0%yoy), underpinned by stronger momentum of wholesale of machinery, equipment & supplies (+10.8%yoy), wholesale of household goods (+9.2%yoy), wholesale of food, beverages & tobacco (+7.1%yoy).

Tourism rebounds to pre-pandemic levels, VMY2026 to drive further growth

Tourist arrivals moderated to +2.0%yoy in Dec-25, reaching 2.6 million (Nov-25: +12.1%yoy, 2.1m). For full-year of 2025, arrivals grew at a softer pace of +6.4% to 26.6 million (2024: +24.0%, 25.0 million). Despite the moderation, arrivals have effectively returned to pre-pandemic levels, surpassing the 26.1m recorded in 2019, signalling a normalisation trend. Looking ahead, Visit Malaysia Year 2026 is expected to support more vibrant tourism activity and higher arrivals. Malaysia is targeting 47m visitors, potentially generating RM329b in tourism receipts. While inbound tourism is set to continue expanding, domestic tourism will remain an important growth driver. Latest data show inbound tourism expenditure regained the largest share of internal tourism consumption in 2024, rising to 52.1% (2023: 49.1%) after five consecutive years of domestic-led spending.

Inflation edges higher, but remain contained and mild

The headline CPI inflation ticked up to +1.6%yoy in Dec-25 (Nov-25: +1.4%yoy), while core CPI edged up by +2.3%yoy (Nov-25 +2.2%yoy), unchanged from the previous month. For the full year in 2025 headline and core inflation averaging at +1.4% and +2.0% in 2025, respectively. The gap between CPI and PPI inflation widened as PPI deflated at a sharper pace of -2.7%yoy (Nov-25: -1.8%yoy). On the price outlook, we anticipate a potential mild uptick in inflation to +1.8% in 2026 (2025: +1.4%yoy), driven by policy-related pressures and potentially higher non-food inflation. Nevertheless, overall price levels are expected to remain moderate and manageable, supported by stable global commodity prices. As such, inflation should remain broadly supportive of household consumption and domestic demand.

Global retail sales growth continues to moderate

Based on the latest available data, the US retail sales rose by +3.3%yoy in Nov-25, unchanged from the previous month. Growth was driven by year-end festive spending and holiday activities. However, Conference Board and University of Michigan surveys show lingering concerns over the labour market and inflation's impact on household finances, which may weigh on near-term consumption. In China, retail sales slowed down to +0.9%yoy in Dec-25 (Nov-25: +2.9%yoy) amid a softening job market and falling home prices that continue to drag consumer spending. Vietnam posted strong retail sales growth (+9.8%yoy), while Singapore (+2.7%yoy), Taiwan (+0.9%yoy) and euro area (+1.3%yoy) saw modest gains, and Japan recorded a decline (-0.9%yoy). Overall, the data points to moderate but sustained rise in global retail spending, though greater clarity in trade policy negotiations could boost confidence and support future consumption.

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

	Monthly Data							Cumulative	
	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	2024	2025
Distributive Trade	**153.0**	**156.4**	**156.6**	**158.0**	**160.9**	**158.9**	**163.7**	**1766.0**	**1865.0**
YoY%	4.8	5.0	4.9	6.6	7.2	6.4	7.6	5.5	5.6
MoM%	(0.9)	2.3	0.1	0.9	1.8	(1.2)	3.0		
Wholesale Trade	**68.3**	**70.1**	**69.6**	**71.1**	**71.2**	**70.1**	**71.1**	**782.1**	**827.4**
YoY%	5.2	5.4	5.1	6.9	7.3	6.0	6.9	4.7	5.8
MoM%	0.1	2.7	(0.7)	2.0	0.2	(1.4)	1.3		
Retail Trade	**67.5**	**67.0**	**67.3**	**68.9**	**69.3**	**69.1**	**70.4**	**764.9**	**811.5**
YoY%	5.4	5.6	5.0	7.0	6.8	6.4	6.9	6.1	6.1
MoM%	0.7	(0.8)	0.5	2.4	0.6	(0.4)	2.0		
Motor Vehicles	**17.1**	**19.3**	**19.6**	**18.0**	**20.4**	**19.8**	**22.3**	**219.1**	**226.1**
YoY%	0.7	1.6	4.0	4.3	8.2	8.0	12.2	6.5	3.2
MoM%	(10.2)	12.6	1.7	(8.0)	13.1	(-3.0)	12.6		

Source: Macrobond, MBSBR

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

	Share % Total DT		MoM%		YoY%	
	2019	2025	Nov-25	Dec-25	Nov-25	Dec-25
Wholesale Sales (WS)	**48.1**	**44.5**	**-1.4**	**1.3**	**6.0**	**6.9**
WS: Fee or Contract Basis	0.9	0.8	-1.4	3.6	4.1	4.2
WS: Agri Raw Materials & Live Animals	3.8	4.1	-0.2	5.1	3.0	4.6
WS: Food, Beverages & Tobacco	8.8	9.0	-2.8	1.7	6.7	7.1
WS: Household Goods	9.3	9.4	-1.5	-1.6	8.5	9.2
WS: Machinery, Equipment & Supplies	4.1	3.6	-3.4	4.0	6.4	10.8
WS: Others Specialised	19.9	16.3	-0.4	1.2	5.1	5.5
WS: Non-Specialised	1.3	1.3	-3.1	0.3	5.5	5.2
Retail Sales (RS)	**40.5**	**43.6**	**-0.4**	**2.0**	**6.4**	**6.9**
RS: Non-Specialised Stores	13.9	16.9	-1.2	2.2	8.7	9.3
RS: Food, Beverages & Tobacco	2.3	2.8	-1.5	1.5	6.3	6.5
RS: Automotive Fuel	3.4	4.0	-1.8	2.0	6.7	7.4
RS: Information & Communication Equip	4.1	3.4	-0.8	0.6	4.9	5.9
RS: Household Equipment	5.4	4.9	0.8	1.7	3.0	3.1
RS: Cultural & Recreation Goods	2.2	1.9	-1.1	1.3	4.1	3.9
RS: Others in Specialised Store	8.7	9.1	1.6	2.5	5.1	5.6
RS: Stalls & Markets	0.1	0.1	-1.4	1.7	5.3	5.9
RS: Not in Stores, Stalls & Markets	0.3	0.5	-0.2	1.4	7.2	9.1
Motor Vehicles Sales (MVS)	**11.4**	**12.0**	**-3.0**	**12.6**	**8.0**	**12.2**
MVS: Motor Vehicle	6.1	6.0	-3.8	20.5	8.9	15.7
MVS: Motor Vehicle Maintenance & Repair	1.5	1.8	-2.9	3.4	8.7	9.7
MVS: Motor Vehicle Parts & Accessories	2.8	3.4	-1.2	3.7	5.9	6.6
MVS: Motorcycles Maintenance & Repair, Parts & Acc.	0.9	0.8	-4.9	5.6	7.5	10.9

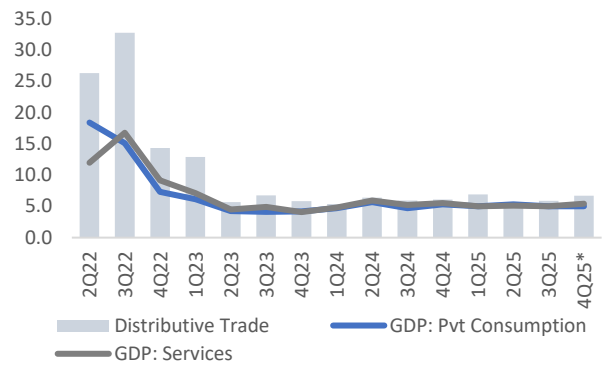
Source: DOSM, Macrobond, MBSBR

Table 3: Global Retail Sales (YoY%)

	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Malaysia	5.4	5.6	5.0	7.0	6.8	6.4	6.9
Indonesia	1.3	4.7	3.5	3.7	4.3	6.3	—
Singapore	2.4	4.6	5.3	2.7	4.5	6.2	2.7
Thailand	31.2	7.9	-5.2	50.0	66.8	15.5	—
Vietnam	8.3	9.2	10.6	11.3	7.2	7.1	9.8
Taiwan	(2.9)	(3.6)	0.4	(2.2)	1.9	1.6	0.9
China	4.8	3.7	3.4	3.0	2.9	1.3	0.9
Japan	1.9	0.4	(0.9)	0.2	1.7	1.1	(0.9)
Euro Area	3.8	2.6	1.8	1.3	2.1	2.4	1.3
US	4.4	4.1	5.0	4.1	3.3	3.3	_

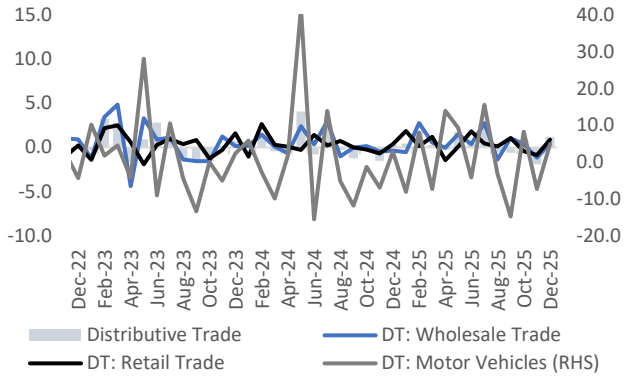
*n.a.: not available
Source: DOSM, Macrobond, MBSBR

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



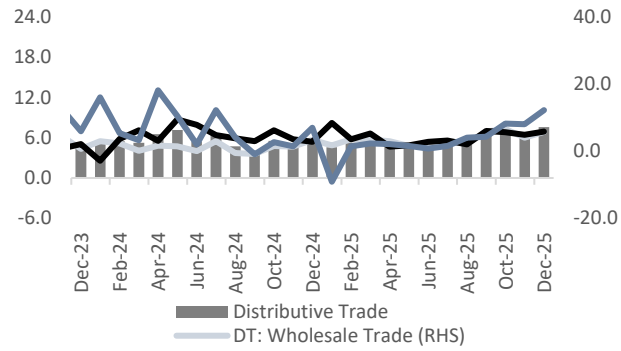
*Note: Refers to advance estimates
Source: Macrobond, MBSBR

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



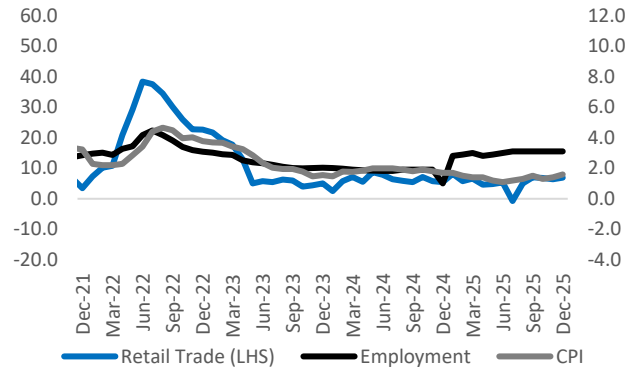
Source: Macrobond, MBSBR

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



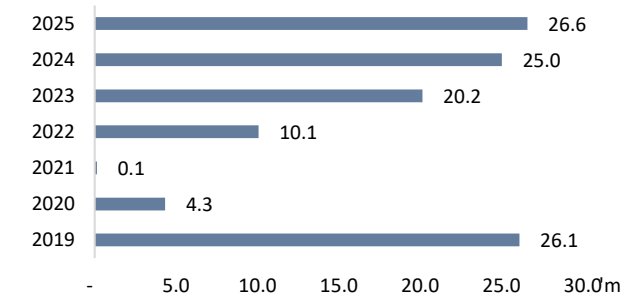
Source: Macrobond, MBSBR

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



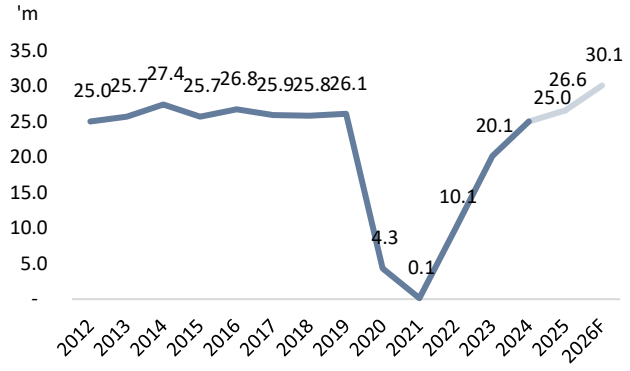
Source: Macrobond, MBSBR

Chart 5: Tourist Arrivals in Malaysia (2025)



Source: DOSM, MBSBR

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



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

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