Retail Spending Eased, But Surge in Wholesale and Auto Amid Geopolitical Risk

Economic Review
Apr-26 Distributive Trade



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Economic Review

- Malaysia's distributive trade surged by +15.3%yoy in Apr-26 (Mar-26: +9.8%yoy), mainly driven by the double-digit growth in wholesale trade (+24.1%yoy; Mar-26: +15.7%yoy), while the motor vehicles spiked to +15.5%yoy in Apr-26 (Mar-26: -3.1%%yoy). In contrast, retail trade remained robust despite moderating to +6.3%yoy (Mar-26: +7.5%yoy),
- Retail trade eased to +6.3%yoy (Mar-26: 7.5%yoy) as the easing were seen in the stalls & markets segment (+6.4%yoy; Mar-26: +9.3%yoy), and the food, beverages & tobacco in specialised stores (+5.8%yoy; Mar-26: 7.8%yoy), and non-specialised stores (+6.1%yoy; Mar-26: +8.1%yoy).
- For 2026, we anticipate retail sales to moderate to +5.5% (2025: +6.1%). Over the longer term, a healthy labour market and positive income growth, including the salary adjustment for the public sector, are expected to establish a steady support for consumption activity. This should ensure that domestic demand remains resilient, serving as a critical buffer against inflationary risks stemming from Middle Eastern geopolitical tensions.

Motor vehicles spiked last month despite overall easing in distributive trade

Malaysia's distributive trade surged by +15.3%yoy in Apr-26 (Mar-26: +9.8%yoy), mainly driven by the double-digit growth in wholesale trade (+24.1%yoy; Mar-26: +15.7%yoy), while the motor vehicles spiked to +15.5%yoy in Apr-26 (Mar-26: -3.1%%yoy). In contrast, retail trade remained robust despite moderating to +6.3%yoy (Mar-26: +7.5%yoy), reflecting slower rise in consumption with fading effect from festive season, added with rising inflationary pressure hitting consumer sentiment. Apart from increased tourist arrivals (and spending), key liquidity injection, specifically the Phase 2 Sumbangan Tunai Rahmah (STR) payment, provided a significant tailwind to household spending during this period.

Growth performance also influenced by volume change

As the increase in the trade value, distributive trade volume also grew stronger by +6.3%yoy in Apr-26 (Mar-26: +4.4%yoy), supported by the stronger volume growth for motor vehicles (+13.6%yoy; Mar-26: -4.5%yoy) and wholesale trade (+7.3%yoy; Mar-26: +5.9%yoy). However, a slowdown was seen in the retail trade, which eased to +3.8%yoy (Mar-26: +5.3%yoy). The growing gap between wholesale trade value and volume signals that recent growth is also primarily price driven. This trend directly reflects the broader pass-through of rising global commodity prices and elevated producer inputs into domestic supply chains.

Motor vehicle strength and wholesale trade spending are supporting the performance

Retail trade eased to +6.3%yoy (Mar-26: 7.5%yoy) as the easing were seen in the stalls & markets segment (+6.4%yoy; Mar-26: +9.3%yoy), and the food, beverages & tobacco in specialised stores (+5.8%yoy; Mar-26: 7.8%yoy), and non-specialised stores (+6.1%yoy; Mar-26: +8.1%yoy). Meanwhile, the wholesale trade improved to +24.1%yoy (Mar-26: +15.7%yoy), as other specialised wholesale remained robust with stronger double-digit growth (+52.0%yoy; Mar-26: +32.0%yoy), and stronger wholesale on a fee or contract basis (12.5%yoy; Mar-26: +4.3%yoy). Meanwhile, the surge in the motor vehicles was mainly supported by the rebound in sale of motor vehicles (+18.1%yoy; Mar-26: -12.5%yoy), and increased spending on maintenance & repair of motorcycles and parts (+38.7%yoy; Mar-26: +0.6%yoy).

Domestic consumption poised to stay resilient

For 2026, we anticipate retail sales to moderate to +5.5% (2025: +6.1%). Over the longer term, a healthy labour market and positive income growth, including the salary adjustment for the public sector, are expected to establish a steady support for consumption activity. This should ensure that domestic demand remains resilient, serving as a critical buffer against inflationary risks stemming from Middle Eastern geopolitical tensions as well as potential downside risk to the external trade outlook. Furthermore, the extension of the Visit Malaysia Year (VMY2026) initiatives through 2027 will likely sustain inbound arrival momentum and provide long-term support for the tourism sector.

Looming inflationary pressures pose downside risks

However, the consumption outlook remains subject to a more challenging inflationary environment as the year progresses. While BUDI Madani quota adjustments have exerted a minimal drag on spending thus far, refinements to targeted petrol subsidies and the prospect of further cuts will likely make consumers more cautious in terms of their spending plans. These domestic policy shifts, combined with supply-side risks from prolonged tensions in the Middle East, could further temper domestic sentiment as elevated energy and logistics costs filter through the economy. Ultimately, the trajectory of domestic demand will hinge on the government's ability to balance fiscal consolidation with targeted interventions to mitigate inflationary spikes and preserve the current support to the rakyat and local businesses.

Potentially tempered gains from VMY26

In Mar-26, Malaysia's tourist arrivals eased to 2.1m in Mar-26 (Feb-26: 2.2m), bringing the 1QCY26 total to 6.5m (1QCY25: 6.4m). This represents a modest +2.5%yoy growth, a deceleration from the +9.4%yoy recorded in 1QCY25. While BNM still views tourism as a primary growth driver, it now anticipates a more moderate pace of spending. Consequently, the government's Visit Malaysia Year 2026 (VMY26) target of 47m visitors appears increasingly ambitious. Headwinds, including Middle East tensions, elevated airfares, and rising jet fuel costs, are dampening travel sentiment and threatening high-value, long-haul arrivals. While direct exposure to the Middle East was negligible 0.4% in 2025, geopolitical spillovers threaten the broader long-haul segment (3.4m; 8% of total arrivals). This risk is critical, as long-haul visitors are a high-value tier, following only Singapore (50%), China (11%), and Indonesia (10%) in the arrival mix. On balance, while VMY26 will still support the services and retail sectors, the total uplift is expected to fall short of initial projections, making the program's extension into 2027 a vital buffer for the broader economy.

Global spending trends: resilience amid lingering inflationary risks

US retail sales rose by +4.9%yoy in Apr-26 (Mar-26: +4.2%yoy), marking the highest reading since Aug-25; however, the monthly expansion moderated to +0.5%mom (Mar-26: +1.6%mom). Growth was mainly fuelled by higher gas station receipts as gasoline prices continued to rise due to the Middle East tensions. China's retail spending moderated sharply to +0.2%yoy (Mar-26: +1.7%yoy), recording the softest expansion since Dec-22 and once again highlighting concerns about subdued domestic consumption. Broad weakness was seen in big-ticket purchases, reflecting softer domestic demand. Meanwhile, retail sales in euro area slowed down to +1.0%yoy (Mar-26: +2.1%yoy). The overall performance across Asia was resilient: stronger growth was recorded in Taiwan (+5.2%yoy), Japan (+2.1%yoy), and Singapore (+5.4%yoy), whereas the retail sector was steady in Vietnam (+12.1%yoy). Although global spending is currently resilient, rising Middle East tensions and higher oil prices could fuel global inflation and dampen consumption activity in the near term.

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

	Monthly Data							Cumulative	
	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	1QCY25	1QCY26
Distributive Trade	**160.9**	**158.9**	**163.7**	**159.8**	**156.3**	**169.0**	**174.8**	**451.4**	**485.1**
YoY%	7.2	6.4	7.6	7.3	5.3	9.8	15.3	5.2	7.5
MoM%	1.8	(1.2)	3.0	(2.4)	(2.2)	8.1	3.5		
Wholesale Trade	**71.2**	**70.1**	**71.1**	**70.8**	**69.5**	**78.4**	**83.5**	**200.3**	**218.7**
YoY%	7.3	6.0	6.9	6.0	5.7	15.7	24.1	5.5	9.2
MoM%	0.2	(1.4)	1.3	(0.4)	(1.8)	12.7	6.6		
Retail Trade	**69.3**	**69.1**	**70.4**	**70.2**	**70.1**	**72.0**	**71.0**	**198.2**	**212.3**
YoY%	6.8	6.4	6.9	6.1	7.7	7.5	6.3	6.8	7.1
MoM%	0.6	(0.4)	2.0	(0.3)	(0.2)	2.8	(1.5)		
Motor Vehicles	**20.4**	**19.8**	**22.3**	**18.8**	**16.7**	**18.6**	**20.4**	**52.9**	**54.1**
YoY%	8.2	8.0	12.2	17.3	(5.3)	(3.1)	15.5	(1.7)	2.3
MoM%	13.1	(-3.0)	12.6	(15.7)	(11.1)	11.6	9.2		

Source: Macrobond, MBSBR

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

	Share % Total DT		MoM%		YoY%	
	2019	4MCY26	Mar-26	Apr-26	Mar-26	Apr-26
Wholesale Sales (WS)	**48.1**	**33.3**	**12.7**	**6.6**	**15.7**	**24.1**
WS: Fee or Contract Basis	0.9	15.3	-2.8	12.3	4.3	12.5
WS: Agri Raw Materials & Live Animals	3.8	0.3	6.3	3.8	5.7	11.7
WS: Food, Beverages & Tobacco	8.8	1.3	5.0	0.3	5.4	6.9
WS: Household Goods	9.3	2.9	4.2	-1.6	7.9	8.2
WS: Machinery, Equipment & Supplies	4.1	3.1	3.7	1.9	6.6	5.7
WS: Others Specialised	19.9	1.1	27.2	14.8	32.0	52.0
WS: Non-Specialised	1.3	6.1	-0.3	2.9	2.9	6.5
Retail Sales (RS)	**40.5**	**0.4**	**2.8**	**-1.5**	**7.5**	**6.3**
RS: Non-Specialised Stores	13.9	14.3	1.2	-2.2	8.1	6.1
RS: Food, Beverages & Tobacco	2.3	5.6	3.4	-0.8	7.9	5.8
RS: Automotive Fuel	3.4	0.9	7.9	2.5	10.6	12.5
RS: Information & Communication Equip	4.1	1.3	2.3	-0.9	5.9	3.7
RS: Household Equipment	5.4	1.1	2.8	-1.4	4.1	3.5
RS: Cultural & Recreation Goods	2.2	1.6	-2.9	-1.6	2.7	3.8
RS: Others in Specialised Store	8.7	0.6	4.3	-2.2	8.2	6.8
RS: Stalls & Markets	0.1	3.0	3.8	-1.8	9.3	6.4
RS: Not in Stores, Stalls & Markets	0.3	0.0	5.4	-0.7	8.5	8.8
Motor Vehicles Sales (MVS)	**11.4**	**0.2**	**11.6**	**9.2**	**-3.1**	**15.5**
MVS: Motor Vehicle	6.1	3.8	20.6	16.2	-12.5	18.1
MVS: Motor Vehicle Maintenance & Repair	1.5	1.8	4.2	-0.0	9.8	9.9
MVS: Motor Vehicle Parts & Accessories	2.8	0.6	4.3	0.3	7.6	9.2
MVS: Motorcycles Maintenance & Repair, Parts & Acc.	0.9	1.1	6.7	21.7	0.6	38.7

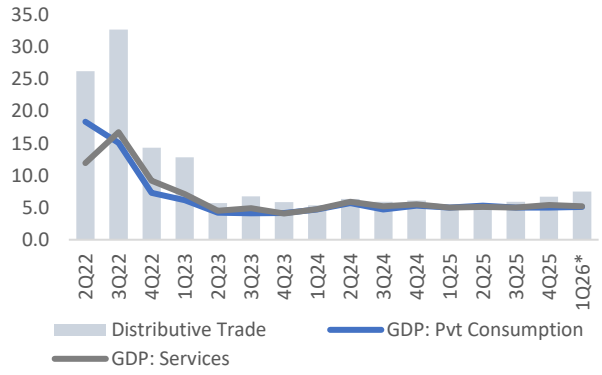
Source: DOSM, Macrobond, MBSBR

Table 3: Global Retail Sales (YoY%)

	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Malaysia	6.8	6.4	6.9	6.1	7.7	7.5	6.3
Indonesia	4.3	6.3	3.5	5.7	6.5	3.4	—
Singapore	4.0	4.9	2.5	(0.3)	8.4	4.6	5.4
Thailand	67.3	16.1	47.4	91.8	31.4	21.2	—
Vietnam	7.2	7.1	9.8	9.3	8.5	12.1	12.1
Taiwan	1.9	1.6	0.9	(3.4)	7.7	3.3	5.2
China	2.9	1.3	0.9	2.8		1.7	0.2
Japan	1.7	1.1	(0.9)	1.8	(0.1)	1.4	2.1
Euro Area	2.1	2.5	2.0	2.1	1.3	2.1	1.0
US	3.2	3.2	2.4	3.3	4.2	4.2	4.9

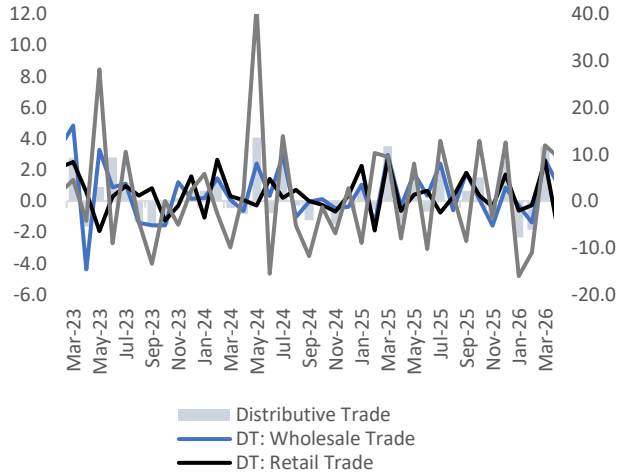
Source: DOSM, Macrobond, MBSBR

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



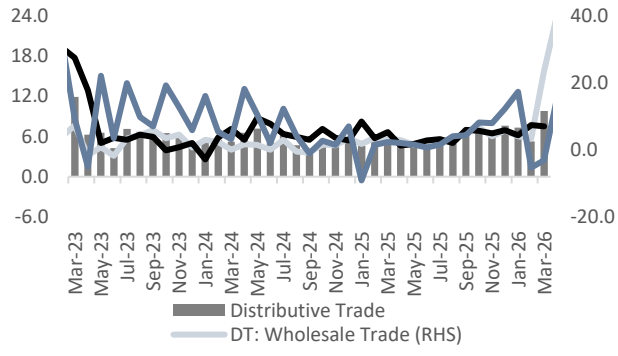
Source: Macrobond, MBSBR
*Note: Refers to advance estimates

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



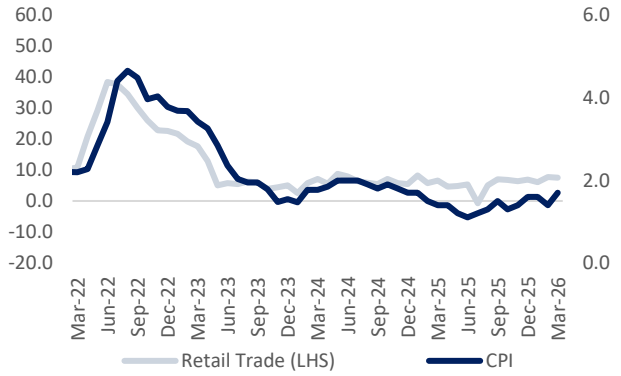
Source: Macrobond, MBSBR

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



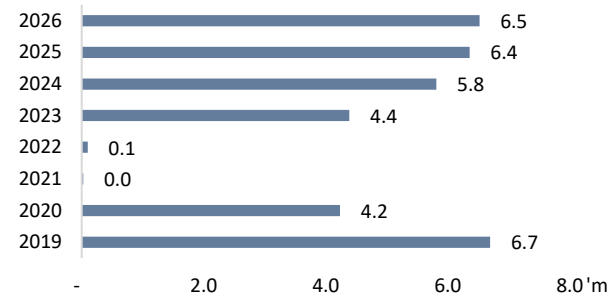
Source: Macrobond, MBSBR

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



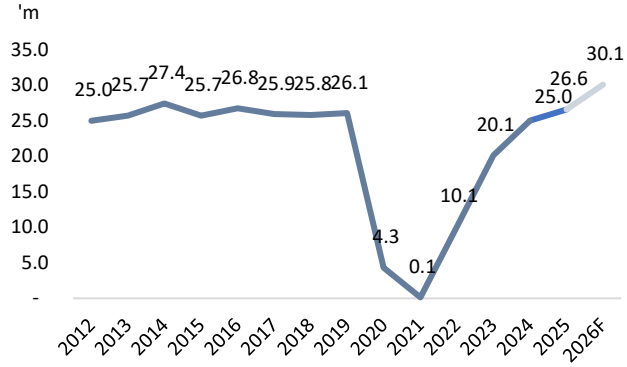
Source: Macrobond, MBSBR

Chart 5: Tourist Arrivals in Malaysia (1QCY26)



Source: DOSM, MBSBR

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



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

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