Consumer

Demand Remains Supportive

POSITIVE (Maintain)

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HIGHLIGHTS

- Retail spending strengthened in Sep-26, with retail trade up **+6.9%yoy** and **+2.7%mom**, while 9MCY26 retail sales rose **+6.8%yoy**.
- Labour conditions remained supportive, with unemployment steady at **2.9%** and employment growth improving to **+1.2%yoy** in Sep-26.
- Inflation stayed manageable at **+1.8%yoy** in Sep-26, while food & beverages inflation remained contained at **+1.9%yoy**.
- Tourism remained supportive but not a major catalyst, with **9MCY26 arrivals at 19.5m (-1.6%yoy)** and mixed trends across key source markets.
- We maintain a **POSITIVE** sector view, favouring defensive staples and value-oriented retailers.
- Top picks: **99 Speed Mart (BUY, TP RM4.37)**, **Nestlé Malaysia (BUY, TP RM116.10)** and **Leong Hup (BUY, TP RM1.03)**.

Retail: Spending Momentum Re-accelerated in Sep-26.

Retail spending sped up in Sep-26. Malaysia's retail trade rose +6.9%yoy to RM73.67b in Sep-26, with monthly sales also increasing +2.7%mom from Aug-26. Growth remained broad-based across key subsectors, led by non-specialised stores (+7.9%yoy), F&B & tobacco (+6.3%yoy), other specialised stores (+6.0%yoy) and household equipment (+3.8%yoy). Sequentially, all four categories also recorded growth, with non-specialised stores up +3.9%mom and F&B & tobacco up +2.1%mom. Cumulatively, 9MCY26 retail trade increased +6.8%yoy to RM643.81b, supported by non-specialised stores (+7.8%yoy), other specialised stores (+6.9%yoy), F&B & tobacco (+6.6%yoy) and household equipment (+3.6%yoy). The Sep-26 pickup points to firmer household spending momentum, supported by resilient domestic demand, targeted cash assistance and a still-healthy labour market. We remain constructive on consumption, although higher energy, logistics and broader cost pressures could still weigh on real purchasing power.

Labour Market Remains Supportive, Inflation Contained. Labour market conditions remained healthy in Sep-26, with the unemployment rate unchanged at 2.9% for the second consecutive month. Labour force growth held at +1.1%yoy, while employment growth strengthened to +1.2%yoy, with employed persons rising to 16.89m. On the price front, headline inflation eased to +1.8%yoy in Sep-26 from +1.9%yoy in Aug-26, while core inflation remained manageable at +1.8%yoy. Food & beverages inflation held at +1.9%yoy, while transport inflation accelerated to +2.5%yoy on higher energy costs. Overall, stable employment and contained core inflation should continue to support household consumption, although elevated producer prices, volatile energy markets and supply-chain pressures remain the key upside risks to consumer prices.

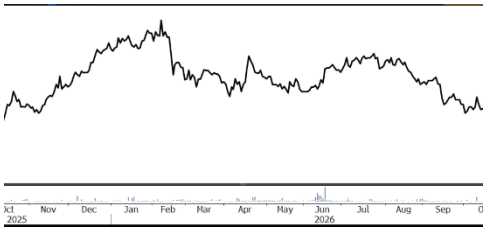
COMPANY *IN FOCUS*

99 Speedmart Retail Holdings

Maintain BUY | Target Price: RM4.37
Price @ 13 Nov 2026: RM3.03

- Staples-led format captures resilient essential spending and downtrading demand.
- Outlet expansion and centralised logistics support transaction growth and operating leverage.

SHARE PRICE CHART



Leong Hup International Berhad

Maintain BUY | Target Price: RM1.03
Price @ 13 Nov 2026: RM0.73

- Defensive exposure to staple protein demand across ASEAN

SHARE PRICE CHART

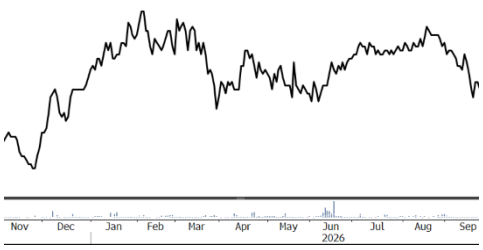


Table 1: Malaysia's monthly key statistics for September 2026

	Monthly Data							
Date	Sep-26	Aug-26	Sep-25	YoY	MoM	9M26	9M25	YoY
Retail Trade (RM'b)	**73.67**	**71.70**	**68.92**	**6.9%**	**2.7%**	**643.81**	**602.88**	**6.8%**
Non-specialized Stores	29.23	28.12	27.09	7.9%	3.9%	251.24	233.03	7.8%
F&B and Tobacco	4.63	4.54	4.36	6.3%	2.1%	41.01	38.47	6.6%
Household Equipment	7.92	7.76	7.63	3.8%	2.0%	70.64	68.20	3.6%
Others in Specialized Stores	15.06	14.98	14.22	6.0%	0.6%	135.33	126.63	6.9%
Unemployment rate (%)	2.90	2.90	3.00	-0.1ppt	0.0			

Sources: Department of Statistics Malaysia (DOSM), BNM, MBSBR

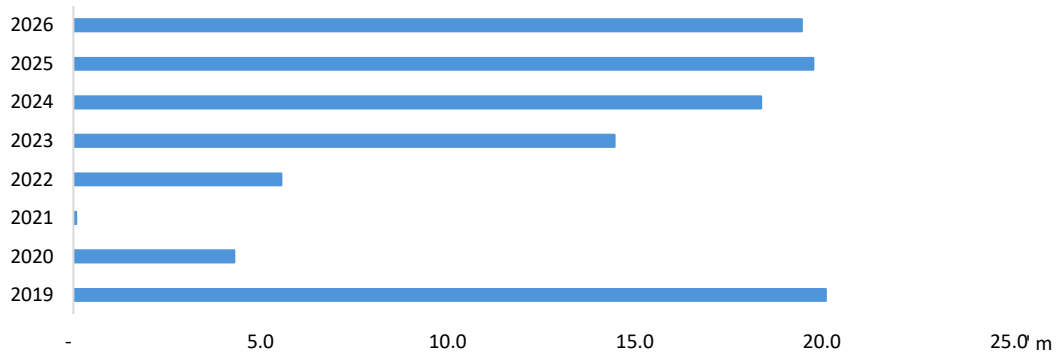
**Non-specialized Stores = supermarkets, hypermarkets, and convenience stores.*
**F&B and Tobacco = restaurant, food-related & tobacco related stores.*
**Automotive = Petrol, diesel or alternative fuel at petrol stations*
**Info & Comm Equipment = Computer, Laptops, Mobile devices, printers, hardrives, television, projectors and more*
**Cultural and recreation goods = Books, publication, audios, music, art and more*
**Household Equipment = textiles, hardware, carpets, other consumer electronic appliances, or furniture.*
**Others in Specialized Stores = clothing, footwear, pharmaceuticals, watches, souvenirs, and others.*
**Via stalls and markets = Fresh produce, handmade crafts, and street food*
**Not in stores, stalls or markets = Online purchases, direct-from-manufacturer items, and more*

Tourism: Growth Has Softened.

Malaysia recorded 19.5m tourist arrivals in 9MCY26. This was down -1.6%yoy from 19.8m in 9MCY25. The overall tourism backdrop remains supportive of consumption, but arrivals have yet to show a broad-based acceleration. By source market, Chinese arrivals continue to trend above last year, while Singapore remains steady with limited growth. Indonesian arrivals appear broadly similar, though likely slightly softer. Arrivals from the UK and US have also been relatively stable without much growth. Thailand and Vietnam remain broadly flat to weaker year-on-year, while India and the Philippines continue to show weaker year-on-year trends. Overall, tourism remains a support for consumer spending, but the current pace is still insufficient to drive a meaningful step-up in sector earnings.

Tourism Uplift Likely Uneven Across Consumer Names. We expect the clearer beneficiaries to remain companies exposed to tourist-heavy malls, local F&B concepts and beverage consumption. **AEON (BUY, TP RM1.61)** should benefit from mall traffic and retail spending, while **Oriental Kopi (BUY, TP RM1.34)** could capture higher café footfall and tourist interest in local concepts. **F&N (BUY, TP RM23.28), Spritzer (NEUTRAL, TP RM2.92)** and **Life Water (NEUTRAL, TP RM1.63)** remain positioned to benefit from incremental beverage and bottled-water demand, while **QL Resources (NEUTRAL, TP RM4.11)** offers indirect exposure through FamilyMart's convenience network. However, we would not treat tourism as a major catalyst for discretionary spending at this stage, given the -1.6%yoy decline in 9MCY26 arrivals and mixed trends across key source markets.

Chart 1: Malaysia Tourist Arrivals (1H26)



Sources: Tourism Malaysia, MBSBR

Maintain POSITIVE on the Consumer Sector. We remain constructive on the sector, supported by resilient domestic spending, stable employment, manageable inflation and continued household support through STR/SARA and wage measures. Tourism remains supportive, but with 9MCY26 arrivals down -1.6%yoy, we continue to view it as an incremental support rather than a broad earnings catalyst. We continue to favour defensive staples and value-oriented retailers, where demand visibility remains stronger and trade-down supports volumes, while discretionary recovery is likely to stay uneven. Our top picks are **99 Speed Mart (BUY, TP RM4.37), Nestlé Malaysia (BUY, TP RM116.10) and Leong Hup (BUY, TP RM1.03).**

Table 2: Peers Comparison Table

Stocks	Rec.	Price @ 13-Nov-26	TP	Mkt. Cap (RM'm)	Core EPS (sen)		PER (x)		Div. Yield (%)	
					CY26F	CY27F	CY26F	CY27F	CY26F	CY27F
Consumer Staples:										
Fraser & Neave Holdings	BUY	19.78	23.28	7,267.4	106.4	130.9	18.6	15.1	3.0	3.3
Leong Hup International	BUY	0.73	1.03	2,646.3	14.1	13.8	5.2	5.3	3.9	3.9
QL Resources	NEUTRAL	3.79	4.11	13,835.3	13.6	15.0	27.8	25.3	1.4	1.6
Spritzer	NEUTRAL	3.7	2.92	2,355.9	18.2	19.1	20.3	19.4	1.5	1.5
Hup Seng Industries	BUY	0.8	1.09	640.0	6.1	7.2	13.1	11.1	6.5	7.6
Nestle Malaysia	BUY	93	118.90	21,808.5	304.0	342.9	30.6	27.1	3.2	3.4
Life Water	NEUTRAL	1.52	1.63	719.2	8.7	10.3	17.4	14.8	1.3	1.5
PPB Group	BUY	8.61	11.20	12,248.6	86.1	97.3	10.0	8.9	4.6	4.6
99 Speedmart	BUY	3.03	4.37	25,452.0	8.4	9.7	36.0	31.2	1.4	1.6
Weighted Avg.					**102.9**	**116.9**	**26.5**	**23.4**	**2.6**	**2.7**
Consumer Discretionary:										
Aeon Co M	BUY	0.88	1.61	1,235.5	11.1	12.6	7.9	7.0	5.0	7.2
MR D.I.Y.	BUY	1.03	2.13	9,738.1	7.1	7.9	14.5	13.0	5.2	6.0
Padini Holdings	BUY	1.09	1.63	1,075.7	12.7	12.7	8.6	8.6	8.4	8.4
Oriental Kopi	BUY	0.845	1.34	1,690.0	3.7	4.6	23.0	18.3	1.3	1.6
Weighted Avg.					**7.5**	**8.3**	**14.5**	**12.7**	**5.0**	**5.8**

Sources: MBSBR

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology