Robust Distributive Trade Growth in Sep-26 With Stronger Performance Across Segments

Economic Review
Sep-26 Distributive Trade



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- Malaysia distributive trade continued to expand at a robust pace, accelerating to +15.9%yoy in Sep-26 (Aug-26: +10.5%yoy), driven by stronger growth across all three key segments. The stronger growth was led by a notable increase in wholesale trade (+25.3%yoy; Aug-26: +16.5%yoy), while retail trade growth edged higher to +6.9%yoy (Aug-26: +6.5%yoy). Motor vehicles also grew stronger by +13.4%yoy (Aug-26: +2.5%yoy).
- On another note, apart from price growth, the stronger growth was attributable to more robust volume growth. The overall volume growth for distributive trade re-accelerated to +5.5%yoy in Sep-26 (Aug-26: +3.6%yoy), driven primarily by a sharp pick-up in the motor vehicles segment (+12.1%yoy; Aug-26: +1.5%yoy).
- For 2026, we expect retail sales growth to moderate slightly to +6.5% (2025: +6.1%), an upward revision from our earlier projection of +5.5%. Healthy labour market conditions and steady wage growth, also supported by civil service pay revisions, should sustain consumption over the medium term.

Stronger growth across the board

Malaysia distributive trade continued to expand at a robust pace, accelerating to +15.9%yoy in Sep-26 (Aug-26: +10.5%yoy), driven by stronger growth across all three key segments. The stronger growth was led by a notable increase in wholesale trade (+25.3%yoy; Aug-26: +16.5%yoy), while retail trade growth edged higher to +6.9%yoy (Aug-26: +6.5%yoy). Motor vehicles also grew stronger by +13.4%yoy (Aug-26: +2.5%yoy), driven by recovery in motor vehicle sales and higher spending on maintenance & repair and parts & accessories. While the disbursement of cash transfers such as STR and SARA helped to boost consumer spending, we expect distributive growth to continue growing in 4QCY26 on the back of sustained growth in domestic spending, stable labour market and increased tourist arrivals.

Pick-up in volume growth, particularly surging vehicle sales

On another note, apart from price growth, the stronger growth was attributable to more robust volume growth. The overall volume growth for distributive trade re-accelerated to +5.5%yoy in Sep-26 (Aug-26: +3.6%yoy), driven primarily by a sharp pick-up in the motor vehicles segment (+12.1%yoy; Aug-26: +1.5%yoy). Meanwhile, wholesale trade volume growth accelerated further to +5.5%yoy (Aug-26: +4.0%yoy), while the volume growth for retail trade grew faster at +4.2%yoy (Aug-26: +3.8%yoy), reflecting a more resilient consumer spending. Overall, purchasing momentum among consumers and businesses strengthened across the board in Sep-26, buoyed by recovering vehicle sales and firmer wholesale and retail demand.

Retail trade growth picked up pace

The stronger growth in retail trade (+6.9%yoy; Aug-26: +6.5%yoy) was underpinned by the steeper rise monthly sales (+2.7%mom; Aug-26: +0.5%mom), signalling stronger consumer spending activity compared to the previous month. The monthly expansion was supported primarily by robust gains in information & communication equipment (+4.9%mom; Aug-26: -1.1%mom), non-specialised stores (+3.9%mom; Aug-26: +1.8%mom), and automotive fuel (+2.7%mom; Aug-26: +0.7%mom), alongside steady growth in cultural & recreation goods (+1.9%mom; Aug-26: +1.5%mom). In annual terms, growth in automotive fuel accelerated to +10.6%yoy (Aug-26: +8.9%yoy), non-specialised stores strengthened to +7.9%yoy (Aug-

26: +7.5%yoy), and information & communication equipment rebounded to +6.8%yoy (Aug-26: +4.0%yoy), while cultural & recreation goods edged up to +3.1%yoy (Aug-26: +3.0%yoy). Overall, the retail sector demonstrated broad-based momentum across nearly all segments, underpinned by resilient domestic demand.

Projection for 2026 revised up given the more resilient retail spending thus far

For 2026, we expect retail sales growth to moderate slightly to +6.5% (2025: +6.1%), an upward revision from our earlier projection of +5.5%. Healthy labour market conditions and steady wage growth, also supported by civil service pay revisions, should sustain consumption over the medium term. While Middle East tensions and cooling global trade weigh on external growth, resilient domestic demand provides an essential cushion. Extended Visit Malaysia initiatives through 2027 will also lift services across transport, retail, and hospitality, though persistent price pressures remain a downside risk to consumer spending.

Inflation risks persist, cushioned by targeted fiscal support

Consumer spending continues to face headwinds from elevated price pressures, with inflation expectations rising amid higher oil prices. Increased utility costs have eroded real household purchasing power, while the elevated global crude oil prices on the back of the Middle East tensions and threaten to compound cost pressures across energy, logistics, and supply chains. To mitigate these impacts, targeted welfare assistance and fuel-price support mechanisms will remain critical. By cushioning vulnerable households, these policy interventions should help contain broader second-round spillovers into inflation, thus minimizing the adverse impacts on consumers' purchasing power.

Tourism strong momentum despite external headwinds

Malaysia's tourist arrivals declined to 2.0m in Sep-26 from 2.3m in Aug-26, bringing the cumulative arrivals in the first 9 month to around 19.4m. However, arrivals levels were similar in Sep-25. Tourism remains a vital growth pillar for the Malaysian economy, though persistent travel cost inflation, elevated airfares, fuel-price volatility, and Middle East geopolitical friction may weigh on high-yield, long-haul arrivals. Nevertheless, extending the Visit Malaysia campaign through 2027 provides a strategic runway to sustain tourist momentum, bolster services-sector expansion, and align with the Government's medium-term visitor and yield targets.

Global consumer spending was mixed despite the elevated cost pressures

Global retail spending displayed mixed trends through Sep-26. In the US, retail sales accelerated further to +6.3%yoy in Sep-26 (Aug-26: +5.6%yoy; Jul-26: +4.5%yoy), pointing to resilient domestic consumption. Retail sales also grew faster in China, accelerating to +1.1%yoy in Sep-26 (Aug-26: +0.4%yoy), still a modest recovery in domestic consumer demand. Conversely, euro area retail trade moderated to +0.4%yoy in Sep-26 (Aug-26: +1.3%yoy). Across Asia, performance remained highly diverged: Vietnam (+14.1%yoy in Sep-26) and Malaysia (+6.9%yoy in Sep-26; Aug-26: +6.5%yoy) maintained strong growth momentum, whereas regional peers like Indonesia (+0.5%yoy in Sep-26) saw demand softened and Singapore (+1.7%yoy in Sep-26) posted a modest uptick, while Thailand rebounded sharply into positive territory in Aug-26 (+15.2%yoy, from -5.9%yoy in Jul-26). Looking ahead, elevated energy prices, geopolitical fragmentation, and persistent living costs remain key downside risks to global purchasing power and spending plans. Nevertheless, positive income growth on the back of positive job growth will continue to support consumer spending.

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

	Monthly Data							Cumulative	
	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	2QCY25	2QCY26
Distributive Trade	**169.0**	**174.8**	**171.3**	**168.4**	**170.4**	**172.9**	**175.7**	**459.0**	**514.6**
YoY%	9.8	15.3	10.9	10.1	9.0	10.5	15.9	4.6	12.1
MoM%	8.1	3.5	(2.0)	(1.6)	1.2	1.5	5.9		
Wholesale Trade	**78.4**	**83.5**	**80.7**	**76.7**	**78.8**	**81.2**	**89.0**	**203.8**	**241.9**
YoY%	15.7	24.1	18.4	12.4	11.7	16.5	25.3	5.1	6.7
MoM%	12.7	6.6	(3.3)	(4.9)	2.1	3.6	9.7		

Retail Trade	**72.0**	**71.0**	**71.9**	**72.0**	**71.3**	**71.7**	**73.7**	**201.4**	**214.9**
YoY%	7.5	6.3	7.2	6.6	6.4	6.5	6.9	5.0	6.7
MoM%	2.8	(1.5)	1.3	0.2	(1.0)	0.5	2.7		
Motor Vehicles	**18.6**	**20.4**	**18.6**	**19.6**	**20.8**	**20.1**	**20.5**	**53.8**	**58.7**
YoY%	(3.1)	15.5	(2.3)	14.9	7.9	2.5	13.4	1.4	9.0
MoM%	11.6	9.2	(8.5)	5.7	5.7	(3.3)	1.7		

Source: Macrobond, MBSBR

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

	Share % Total DT		MoM%		YoY%	
	2019	9MCY26	Aug-26	Aug-26	Aug-26	Aug-26
Wholesale Sales (WS)	**48.1**	**48.6**	**3.6**	**9.7**	**16.5**	**25.3**
WS: Fee or Contract Basis	0.9	0.8	-1.5	6.6	7.4	13.3
WS: Agri Raw Materials & Live Animals	3.8	3.9	-1.8	3.3	6.8	6.4
WS: Food, Beverages & Tobacco	8.8	8.2	-2.0	5.0	4.0	6.0
WS: Household Goods	9.3	8.8	0.2	4.0	5.9	7.0
WS: Machinery, Equipment & Supplies	4.1	3.6	-2.4	13.8	3.3	11.0
WS: Others Specialised	19.9	22.1	10.7	15.3	35.6	56.7
WS: Non-Specialised	1.3	1.2	-1.9	0.2	9.2	7.4
Retail Sales (RS)	**40.5**	40.2	0.5	2.7	6.5	6.9
RS: Non-Specialised Stores	13.9	16.0	1.8	3.9	7.5	7.9
RS: Food, Beverages & Tobacco	2.3	2.5	0.4	2.1	6.1	6.3
RS: Automotive Fuel	3.4	3.8	0.7	2.7	8.9	10.6
RS: Information & Communication Equip	4.1	3.1	-1.1	4.9	4.0	6.8
RS: Household Equipment	5.4	4.3	-1.0	2.0	3.5	3.8
RS: Cultural & Recreation Goods	2.2	1.7	1.5	1.9	3.0	3.1
RS: Others in Specialised Store	8.7	8.2	-0.5	0.6	6.9	6.0
RS: Stalls & Markets	0.1	0.1	-0.4	1.5	7.0	7.2
RS: Not in Stores, Stalls & Markets	0.3	0.4	0.2	1.5	7.9	7.7
Motor Vehicles Sales (MVS)	**11.4**	11.2	-3.3	1.7	2.5	13.4
MVS: Motor Vehicle	6.1	5.5	-5.1	-0.4	-1.3	17.3
MVS: Motor Vehicle Maintenance & Repair	1.5	1.7	-1.9	3.5	5.3	6.1
MVS: Motor Vehicle Parts & Accessories	2.8	3.1	-0.6	3.4	6.7	6.9
MVS: Motorcycles Maintenance & Repair, Parts & Acc.	0.9	0.8	-3.8	6.1	9.9	33.0

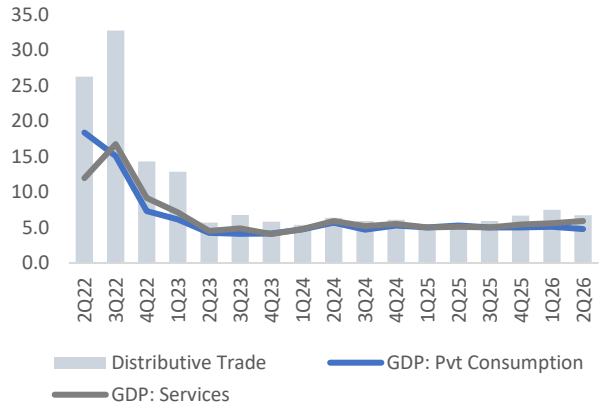
Source: DOSM, Macrobond, MBSBR

Table 3: Global Retail Sales (YoY%)

	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Malaysia	7.5	6.3	7.1	6.6	6.4	6.5	6.9
Indonesia	3.4	(3.7)	(3.9)	(2.9)	1.2	1.3	0.5
Singapore	4.6	5.4	2.9	4.1	1.3	0.8	1.7
Thailand	(23.5)	(18.1)	(18.3)	(11.9)	(5.9)	15.2	n.a
Vietnam	12.1	12.1	11.8	14.8	14.5	14.9	14.1
Taiwan	3.3	5.2	5.3	8.0	7.8	6.5	8.5
China	1.7	0.2	(0.6)	1.0	0.6	0.4	1.1
Japan	1.4	2.8	5.0	0.6	3.7	2.9	2.3
Euro Area	2.5	1.2	2.1	1.5	0.4	1.3	0.4
US	3.6	4.1	6.7	5.9	4.5	5.6	6.3

Source: DOSM, Macrobond, MBSBR

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



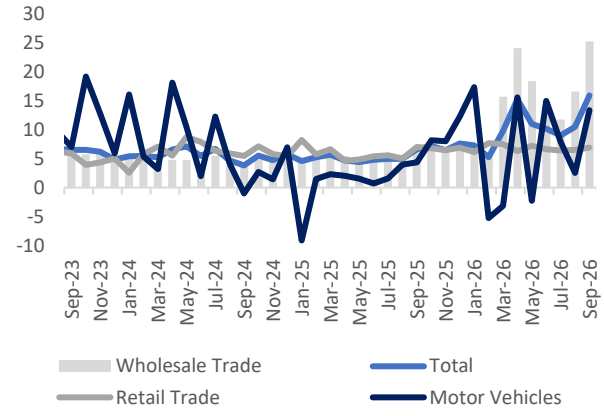
Source: Macrobond, MBSBR

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



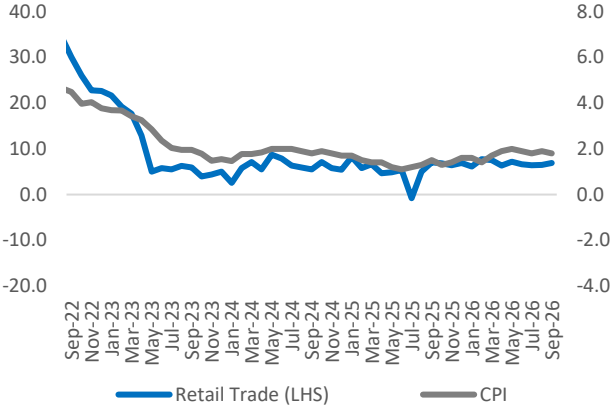
Source: Macrobond, MBSBR

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



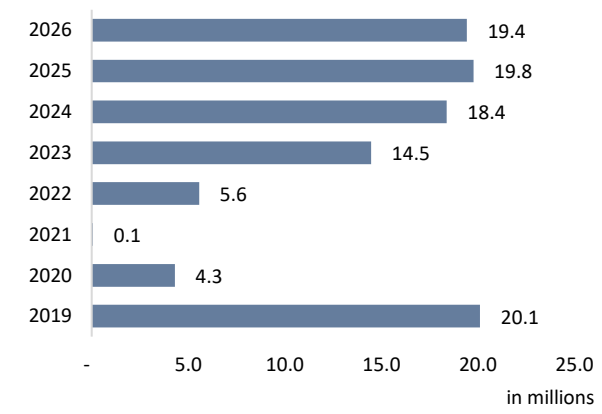
Source: Macrobond, MBSBR

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



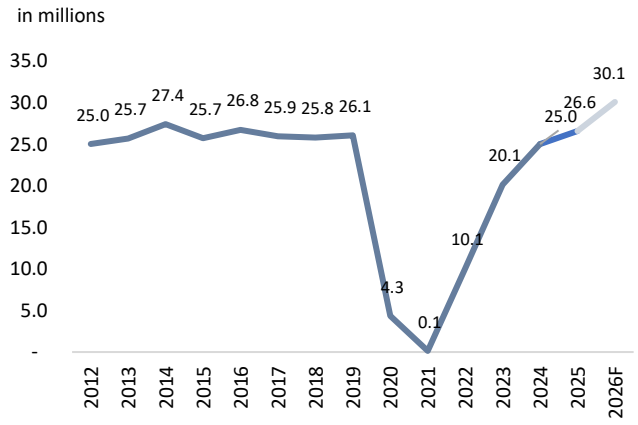
Source: Macrobond, MBSBR

Chart 5: Tourist Arrivals in Malaysia (9MCY26)



Source: DOSM, MBSBR

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



Note: 2026F refers to MBSB estimates
Source: DOSM, MBSBR

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