

Malaysia Distributive Trade (Mar 26)

Wholesale surges drive a three-year high, but durability in doubt

- Distributive trade sales accelerated to 9.8% YoY in March (Feb: 7.3%), the fastest pace in three years, supported by festive spending and stockpiling activity amid escalating Middle East tensions. Overall, sales growth expanded to 7.5% in 1Q26 (4Q25: 7.1%), the strongest since 1Q23 (12.8%)**

- MoM (8.1%; Feb: -2.2%):** Rebounded sharply, marking the strongest momentum since June 2020 (21.8%), snapping a two-month contraction streak.
- Sales value (RM169.0b; Feb: RM156.3b):** Rose to a record high.

- Growth was driven primarily by a surge in wholesale trade, which more than offset continued weakness in motor vehicles and slower retail trade**

- Motor vehicles (-3.1%; Feb: -5.3%):** Contracted for a second straight month, reflecting weaker motor vehicle sales (-12.5%; Feb: -17.1%), in line with lower unit car sales of 63.5k units versus 72.9k a year ago. MoM growth rebounded strongly (11.6%; Feb: -11.1%), ending two months of contraction.
- Wholesale trade (15.7%; Feb: 5.7%):** Surged to a 43-month high, primarily led by a jump in other specialised (32.0%; Feb: 3.7%) which at its strongest since May 2021 (70.5%), due to higher sales of petroleum and construction materials. MoM growth rebounded sharply (12.7%; Feb: -1.8%) after two months of contraction.
- Retail trade (7.5%; Feb: 7.7%):** Edged down slightly, due to moderation in non-specialised stores (8.1%; Feb: 10.4%), though partially offset by improvement in others in specialised stores (8.2%; Feb: 7.4%). MoM growth rebounded modestly (2.8%; Feb: -0.2%), following two months of contraction.

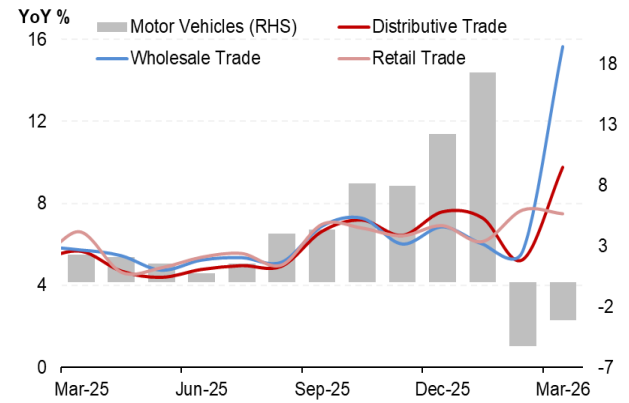
- Moderate retail sales growth among selected regional peers in March**

- SG (4.8%; Feb: 8.3%):** Slowed after February's festive surge on weaker food, alcohol and department stores sales.
- HK (12.8%; Feb: 19.3%):** Moderated but exceeded market expectations (9.4%), supported by rising tourist inflows.

- We maintain our distributive trade growth forecast at 6.1% in 2026 (2025: 5.6%)**

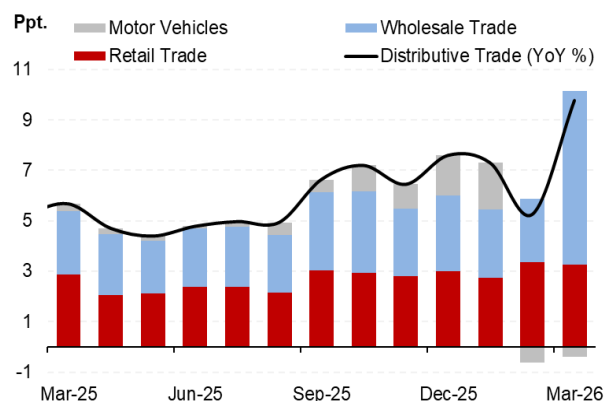
- Outlook:** Sales momentum held up well in 1Q26, benefiting from Chinese New Year and Aidilfitri spending, as well as ongoing Visit Malaysia 2026-related inflows. The surge in March wholesale trade sales suggests accelerated stockpiling amid concerns on higher energy prices and geopolitical risks. However, this is unlikely to be sustained. We expect momentum to ease in 2H26 should Middle East tensions persist, tightening supply chains and raising cost pressures. Sentiment also remains sensitive to renewed volatility in commodity markets, supply chain disruptions, and external demand spillovers, posing key downside risks in 2H26. Fiscal support, particularly cash assistance and continued targeted fuel subsidies, should continue supporting household spending.
- GDP Forecast:** Early indicators point to resilient but moderating growth in 1Q26. We project 1Q26 GDP growth to moderate to 5.1% (4Q25: 6.3%), versus DOSM's Advance GDP estimate of 5.3%, with growth momentum expected to hold at 5.3% in 2Q26 amid higher growth in manufacturing sector. Nonetheless, risks to 2H26 growth are rising should geopolitical tensions remain protracted. That said, we maintain our 2026 GDP growth forecast at 4.5% (2025: 5.3%) for now, anchored primarily by domestic demand, sustained strength in the E&E sector, and continued realisation of approved multi-year investment.

Graph 1: Sales Value Growth



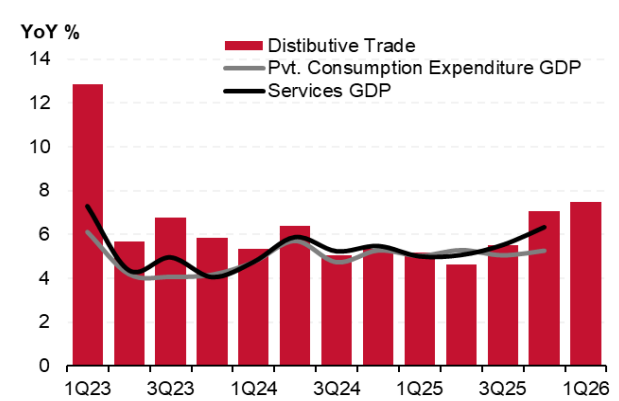
Source: Macrobond, Dept. of Statistics, Kenanga Research

Graph 2: Contribution to Overall Sales Value



Source: Macrobond, Dept. of Statistics, Kenanga Research

Graph 3: Pvt. Consumption, Services & Distributive Trade



Source: Macrobond, Dept. of Statistics, Kenanga Research

12 May 2026

Table 1: Distributive Trade Sales by Sub-sector (YoY %)

	% Share*	2024	2025	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Distributive Trade	100.0	5.5	5.6	7.2	6.4	7.6	7.3	5.3	9.8
Wholesale Trade	44.3	4.7	5.8	7.3	6.0	6.9	6.0	5.7	15.7
Other Specialised	16.5	2.6	5.4	4.9	5.1	5.5	4.3	3.7	32.0
Household Goods	9.2	5.3	8.2	8.4	8.5	9.2	9.4	9.6	7.9
Food, Beverages and Tobacco	8.9	6.4	7.2	9.2	6.7	7.1	5.8	5.7	5.4
Agricultural Raw Materials and Live Animals	4.1	7.2	9.3	7.5	3.0	4.6	6.4	4.7	5.7
Machinery, Equipment and Supplies	3.5	5.4	7.0	10.0	6.4	10.8	5.7	5.0	6.6
Non-specialised	1.3	6.3	7.2	9.7	5.5	5.2	5.6	7.6	2.9
Fee or Contract Basis	0.8	4.1	5.8	5.9	4.1	4.2	5.3	5.7	4.3
Retail Trade	43.3	6.1	6.1	6.8	6.4	6.9	6.1	7.7	7.5
Non-specialised Stores	16.6	6.9	5.6	9.1	8.7	9.3	7.9	10.4	8.1
Other Goods in Specialised Stores	9.1	8.3	6.0	5.2	5.1	5.6	5.4	7.4	8.2
Other Household Equipment in Specialised Stores	5.0	4.2	2.6	2.8	3.0	3.1	3.3	4.3	4.1
Automotive Fuel in Specialised Stores	4.0	5.5	5.3	7.2	6.7	7.4	7.0	6.2	10.6
Information and Communication Equipment in Specialised Stores	3.4	0.5	3.1	6.5	4.9	5.9	3.9	4.1	5.9
Food, Beverages and Tobacco in Specialised Stores	2.7	7.5	5.5	6.9	6.3	6.5	5.6	7.7	7.9
Cultural and Recreation Goods in Specialised Stores	1.9	4.2	3.1	4.3	4.1	3.9	4.2	3.0	2.7
Not in Stores, Stalls or Markets	0.4	6.4	5.0	8.6	7.2	9.1	9.0	8.2	8.5
Stalls and Markets	0.1	5.4	5.2	5.5	5.3	5.9	6.2	8.9	9.3
Motor Vehicles	12.4	6.5	3.2	8.2	8.0	12.2	17.3	-5.3	-3.1
Sales of Motor Vehicles	6.4	3.3	1.9	9.5	8.9	15.7	25.9	-17.1	-12.5
Parts and Accessories	3.4	10.7	6.7	6.2	5.9	6.6	6.2	6.6	7.6
Maintenance and Repair	1.8	10.6	9.6	9.1	8.7	9.7	9.3	9.5	9.8
Sale, Maintenance and Repair of Motorcycles Related	0.8	7.0	-0.3	3.1	7.5	10.9	32.7	0.7	0.6

Source: Macrobond, Dept. of Statistics, Kenanga Research

*Average 2024

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