

Wholesale, retail trade maintains upward trend

Festive demand, fuel costs and stockpiling lift growth

RETAIL

PETALING JAYA: The wholesale and retail trade sector posted a stronger-than-usual 9.8% year-on-year (y-o-y) growth in March 2026.

However, economists say the jump reflects a mix of festive spending, higher fuel-related costs and precautionary stocking amid global supply uncertainties rather than a sustained surge in underlying consumption.

According to the Statistics Department, wholesale and retail trade sales rose to RM169bil in March from RM154bil a year earlier.

This lifted first-quarter of financial year 2026 (1Q26) growth to 7.5% y-o-y, with sales at RM485.1bil compared with RM451.4bil in 1Q25.

Between March 2025 and February 2026, Malaysia's wholesale and retail trade growth remained range-bound at 4.4% to 7.6% y-o-y, while monthly sales hovered between RM153bil and RM163.7bil.

Chief statistician Datuk Seri Mohd Uzir Mahidin said the overall expansion in March was driven by continued strength across both wholesale and retail segments, though motor vehicle sales slipped RM600mil y-o-y to RM18.6bil.

Wholesale trade recorded RM78.4bil in sales, up 15.7% y-o-y, while retail trade grew 7.5% to RM72bil.

Mohd Uzir noted that the strongest contribution came from the "other specialised wholesale" segment, which surged 32% to RM32.6bil, largely driven by higher sales of petroleum products.

"The increase was largely attributed to higher sales of petrol, diesel and lubricants following the rise in crude oil prices amid current global economic conditions."

Retail activity also remained firm, supported by festive-related consumption and steady household demand.

"Once news of potential supply shortages emerged, many manufacturers and retailers replenished inventories or built further buffer stocks. This likely contributed to the stronger March numbers."

Yeah Kim Leng

Non-specialised stores, including supermarkets and department stores, grew 8.1% to RM27.9bil, while specialised retail rose 8.2%, led by pharmaceuticals, cosmetics, clothing and jewellery.

Automotive fuel retail sales increased 10.6% on higher travel activity during festive periods.

However, economist Yeah Kim Leng cautioned that the March performance may overstate underlying demand strength.

"Basically, it reflects increased uncertainty and risk aversion in sentiment due to the war, rather than strong spending momentum," he told *StarBiz*.

Yeah said part of the increase reflects early stocking by businesses amid concerns over potential supply disruptions linked to geopolitical tensions in the Middle East, as well as higher input costs from elevated oil prices.

"Once news of potential supply shortages emerged, many manufacturers and retailers replenished inventories or built further buffer stocks.

"This likely contributed to the stronger March numbers," he said.

He added that consumer spending in Malaysia has generally been growing at a pace of about 5% to 6% during stable economic periods, broadly in line with wholesale and retail trade trends.

Looking ahead, he expects spending

momentum to moderate in the 2Q, with wholesale and retail trade growth also easing as higher oil prices and global uncertainties weigh on sentiment.

"The 3Q trends will depend heavily on developments in the conflict and whether a permanent ceasefire leads to easing oil prices and stabilised supply chains," he further added.

Yeah also noted that crude oil prices hovering above US\$100 per barrel could lead to gradual pass-through effects into consumer prices, especially once existing inventories are depleted.

"Many producers are indicating a 10% to 20% pass-through of higher input costs. If oil prices remain elevated, we will likely see more cost pressure feeding into consumer prices," he said.

However, he stressed that Malaysia's inflation trajectory is unlikely to see sharp spikes, given price controls and subsidy mechanisms that help cushion energy costs.

"Inflationary impact will likely be gradual rather than abrupt, unless there is a major disruption in energy supply."

On the broader outlook, he noted that Malaysia's underlying fundamentals remain supportive, with steady credit growth, resilient banking profits, relatively low unemployment and continued government support for consumption.