



Sentiment and Spending Behaviour at MATTA Fair

CONSUMER

A two-day ground visit to the MATTA Fair at MITEC (18–19 April 2025) points to a resurgence in Malaysian consumer confidence and discretionary travel spending. Stronger turnout on Saturday, driven by families and young adults, reflected purposeful travel planning with a strong preference for Asia-Pacific destinations like China, Japan, Thailand, and Vietnam, where favourable forex rates, shorter flight times, and halal-friendly infrastructure offered strong value.

Domestic travel interest remained resilient, particularly toward Penang, Sabah, Sarawak, and Langkawi, helped by strategic promotions. Conversations with travel agencies confirmed that most bookings are being secured for Q4 2025 and early Q1 2026, while Q3 is seeing softer demand. The event also benefited from improved accessibility and aggressive airline promotions by MAS, AirAsia, and Batik Air, encouraging stronger sales conversions.

Macro indicators—such as low unemployment, moderate inflation, and strong consumer confidence—are providing a supportive backdrop for travel spending. Airlines are expanding routes aggressively to meet rising demand, while a stronger ringgit is improving affordability for premium destinations. Overall, MATTA Fair 2025 looks like reflecting a healthier, more confident consumer landscape, setting a positive tone for Malaysia's travel and tourism sector in the coming quarters.

Overview of MATTA Fair Activity

During our two-day ground visit to the MATTA Fair at MITEC on 18–19 April 2025, we assessed consumer sentiment, travel spending patterns, and evolving preferences. The contrast between the two days was notable—Friday experienced moderate foot traffic with casual browsers, while Saturday surged with families, retirees, and young adults with clear travel intentions.

Booths promoting trips to China, Japan, and nearby ASEAN countries like Thailand and Vietnam attracted the most interest compared to longer-haul destinations such as the U.S. and Europe. Asia-Pacific destinations offered a rich travel experience with favorable exchange rates, shorter flight times, and well-established travel infrastructure—including visa exemptions, halal-friendly services, and Muslim-friendly packages—making them attractive and accessible for Malaysian travelers.

Conversely, interest in long-haul travel was softer, reflecting the financial and logistical challenges associated with destinations like the U.S. and Europe. Higher costs, complex visa processes, and weaker currency exchange rates made these trips a "later" plan for many middle-income travelers.

Domestic travel, while considered "already explored" by some, remained resilient. Destinations like Penang, Sabah, Sarawak, and Langkawi benefited from well-promoted packages. The Sarawak booth, strategically located at the main entrance, stood out for its size, organization, and steady crowd.

Booking Trends and Travel Patterns

Conversations with over seven established and well-known travel agencies—including Jouis Holiday, Chan Brothers, Star Travel, Golden Destination, Airlink Travel & Tour, Golden Deluxe Travel and the award-winning Savvy Travel & Tours—revealed that most bookings skewed towards Q4 2025 and early Q1 2026.

Demand for Q4 is driven by festive seasons like school holidays, Deepavali, and Christmas, with travellers locking in early-bird deals amid expectations of rising airfares and tour prices. Q1 2026 is also emerging as a peak period, fuelled by holidays such as New Year's, Chinese New Year, and Hari Raya Aidilfitri, where trips are often seen as "fresh start" celebrations.

In contrast, Q3 2025 faces softer demand, attributed to the lack of major holidays and the less favourable summer weather in key destinations like China, Japan, Saudi Arabia, and parts of Southern Europe. Health and safety concerns, such as the risk of natural disasters in Japan, also weigh on travellers' decisions.

Travel agents shared that average spending per person has increased by about 15–25% compared to last year, with current estimates as follows:

- Domestic trips: RM1,000–RM2,500
- ASEAN trips: RM3,000–RM6,000
- Europe trips: RM7,000–RM13,000



Growing Confidence in Travel Spending

A standout trend was the readiness of Malaysian consumers to spend. Many were comfortable placing 10–20% deposits and preferred 0% instalment plans (3–12 months) for curated travel packages. Shorter trips generally opted for 3–6 months instalments, while larger, higher-value packages leaned towards 6–12 months, balancing cash flow needs.

Travelers also showed strong preference for convenience and value-added bundles, with high demand for packages inclusive of travel insurance, halal meals, and family-friendly services. Tourism Malaysia's 2024 data (Chart 7) confirms this trend, noting that 32.5% of Malaysians travel with family, surpassing trips with friends (31.9%) and spouses (16.9%).

Event Accessibility and Airline Support

Accessibility enhancements also contributed to MATTA Fair's success. Free shuttle buses from key locations such as KL Sentral and Sunway Putra Mall lowered transportation barriers, boosting the weekend turnout and enhancing sales opportunities for exhibitors.

Airlines played a significant role in fuelling outbound travel momentum. Malaysia Airlines (MAS), AirAsia, and Batik Air were notable beneficiaries, aggressively promoting low-cost fares to drive booking. For example, Langkawi flight were offered as low as RM40 one-way (versus normal fares of RM70, representing a discount of 43%), Vietnam flights were priced at RM197 one-way (compared to typical fares of RM280, a discount of 30%), while Thailand flights were available from as low as RM144 one-way (versus normal prices of RM234, translating to a discount of 38%). This aggressive pricing strategy acted as a gateway for consumers to commit to larger travel packages.

Macro Environment Supporting Consumer Optimism

Malaysia's consumer sentiment continues to strengthen, supported by favourable macroeconomic indicators. As of March 25:

- Unemployment stood at 3.1%, near a decade low.
- Employment growth (+2.9% YoY) outpaced labour force expansion for 43 consecutive months.
- Inflation remained well-contained, with headline CPI at 1.4% and core CPI at 1.9%.
- Bank Negara Malaysia maintained the Overnight Policy Rate at 3.0% since May 2023, reflecting confidence in economic resilience.

BNM projects GDP growth between 4.5%–5.5% for 2025, although risks from a prolonged global trade war could warrant revisions.

Overall, resilient household spending is expected to underpin the consumer sector, aided by rising disposable income, public and private sector wage adjustments, targeted government support, and favourable base effects.

The latest **Ipsos Consumer Confidence Index—March 2025 (US-based market research firm)** showed Malaysia outperforming many regional peers, surpassing optimism levels in Japan, South Korea, and Australia (Chart 8). Rising confidence has sharply rebounded outbound travel intent, driven by:

- School holidays clustering,
- Low-cost flight promotions,
- Expanded airline routes, and
- Post-pandemic pent-up demand.

Additionally, the government subsidies such as the RM48m Flysiswa program, launched in 2023 and still ongoing in 2025, alongside festive season airfare aid, further support the travel affordability for over 160,000 individuals across Sabah, Sarawak, and Labuan.



Airlines Expanding to Meet Demand

Airlines are ramping up to match growing demand:

- **AirAsia** is set introduce more than 30 new routes in 2025, including expanded connectivity to East Malaysia, Kazakhstan, Australia, and Japan.
- **Malaysia Airlines** resumed its direct Kuala Lumpur–Paris Charles de Gaulle (CDG) route in March 2025 and is increasing flights to Australia and India.
- **Batik Air** plans to expand internationally, with Kuala Lumpur–Taipei increasing to six times weekly (June), Kuala Lumpur–Melbourne to four times weekly (July), and new routes to Beijing and Changsha.

Following AirAsia's jet operations shift from Subang Airport to KLIA2 in April 2025, Batik Air is well-positioned to utilize the freed-up Subang slots to strengthen its domestic network.

Wealth Effects and Currency Strength as Boosters

According to the Department of Statistics Malaysia (DOSM), consumers are also spending from savings accumulated during the high-earning years of 2022–2023. While wage growth moderated to +3.6% in 2024, it followed robust growth of +8.3% and +7.1% in the prior years, creating a strong foundation for discretionary spending.

The stronger ringgit is acting as an additional booster:

- **USD/MYR:** RM4.38 (+8.1% YoY)
- **CNY/MYR:** RM0.60 (+8.8% YoY)
- **JPY/MYR:** RM0.031 (+1.3% YoY)
- **AUD/MYR:** RM2.79 (+9.7% YoY)
- **VND/MYR:** RM0.000167 (+10.8% YoY)
- **THB/MYR:** RM0.1298 (+1.1% YoY)

This currency strength improves on-ground affordability for travellers, making premium destinations like China, Japan, and Australia more accessible, especially when paired with early-bird promotions at the fair.

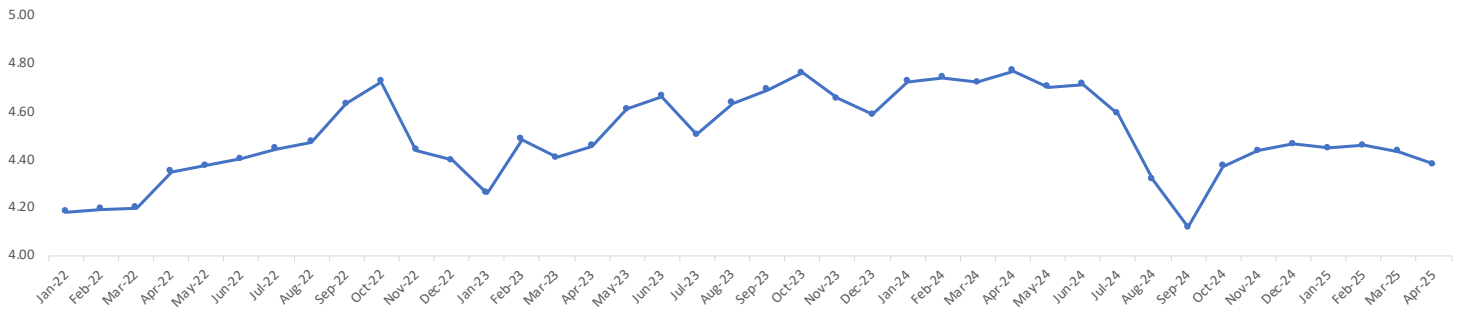
The MATTA Fair 2025 indicated an encouraging rebound in Malaysia's consumer confidence and discretionary spending, particularly in the travel sector. Consumers are displaying greater financial resilience, driven by strong employment, moderate inflation, steady wage growth, and policy support.

The preference for short-haul regional travel highlights practicality and value consciousness, while domestic travel continues to hold its ground with attractive offers. Airline expansions and government initiatives are successfully supporting and fuelling this recovery.

Overall, the positive momentum observed at MATTA Fair bodes well for Malaysia's consumer, travel, and aviation sectors, indicating a sustained recovery path ahead for 2025 and beyond.

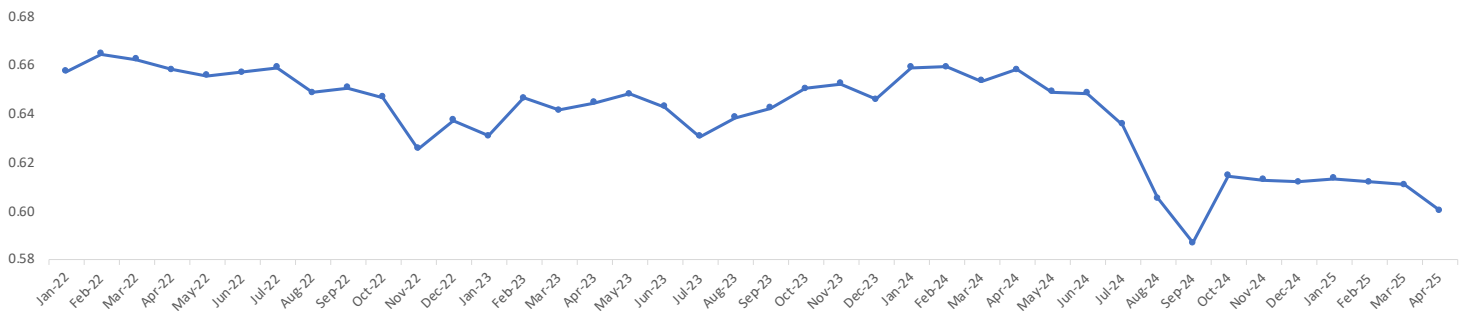


Chart 1: Price Trend USD/MYR



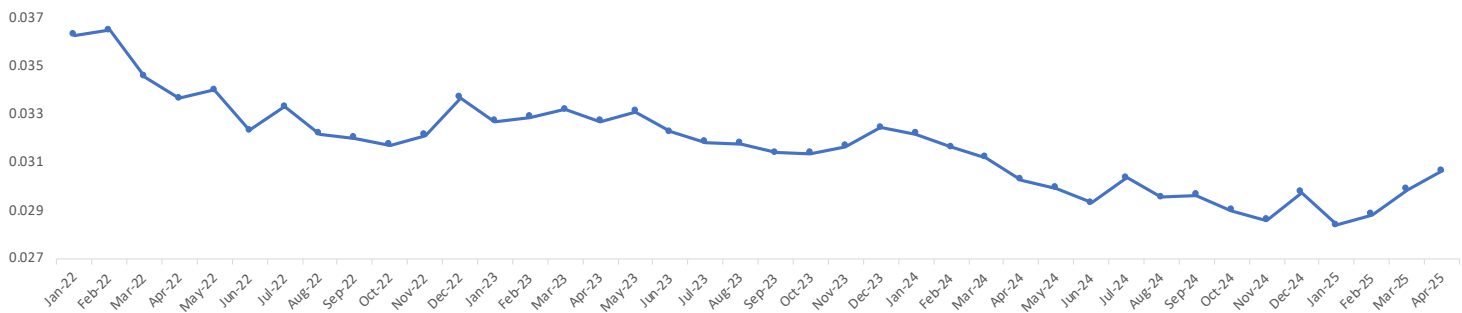
Sources: Bloomberg, Mercury Securities

Chart 2: Price Trend CNY/MYR



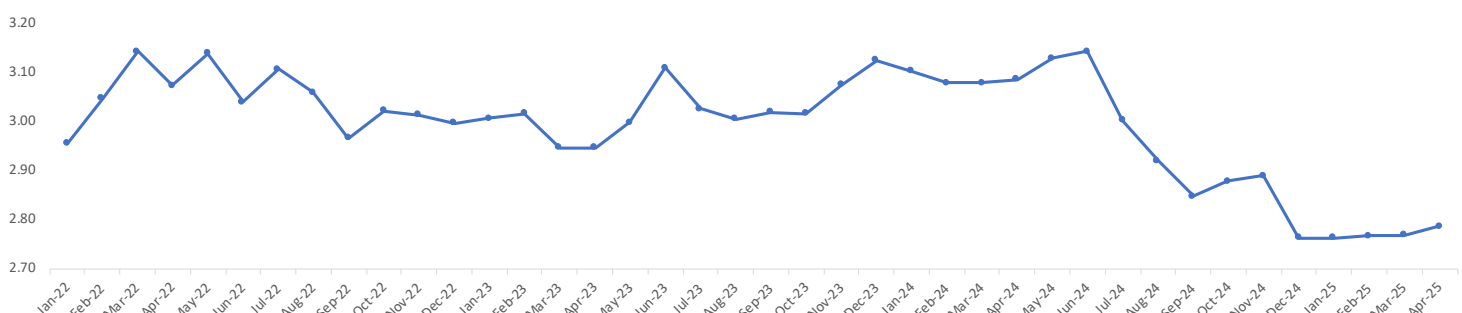
Sources: Bloomberg, Mercury Securities

Chart 3: Price Trend JPY/MYR



Sources: Bloomberg, Mercury Securities

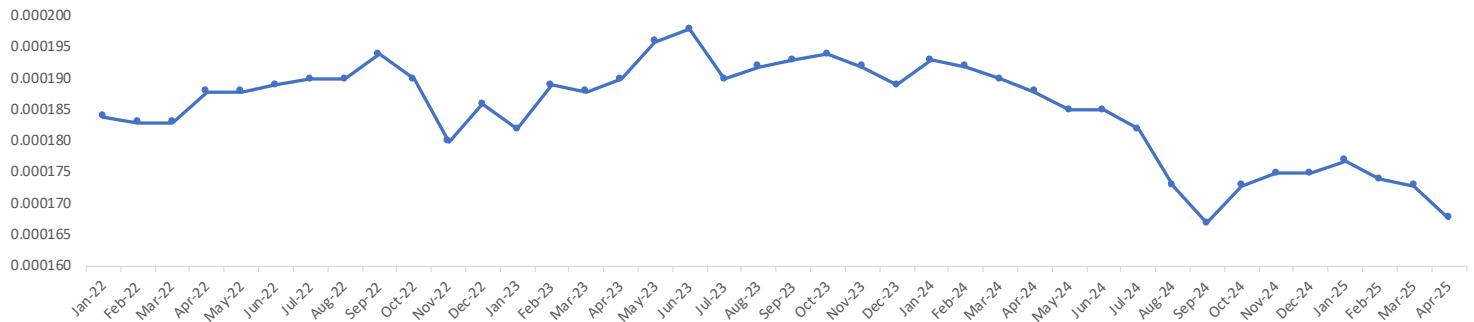
Chart 4: Price Trend AUD/MYR



Sources: Bloomberg, Mercury Securities

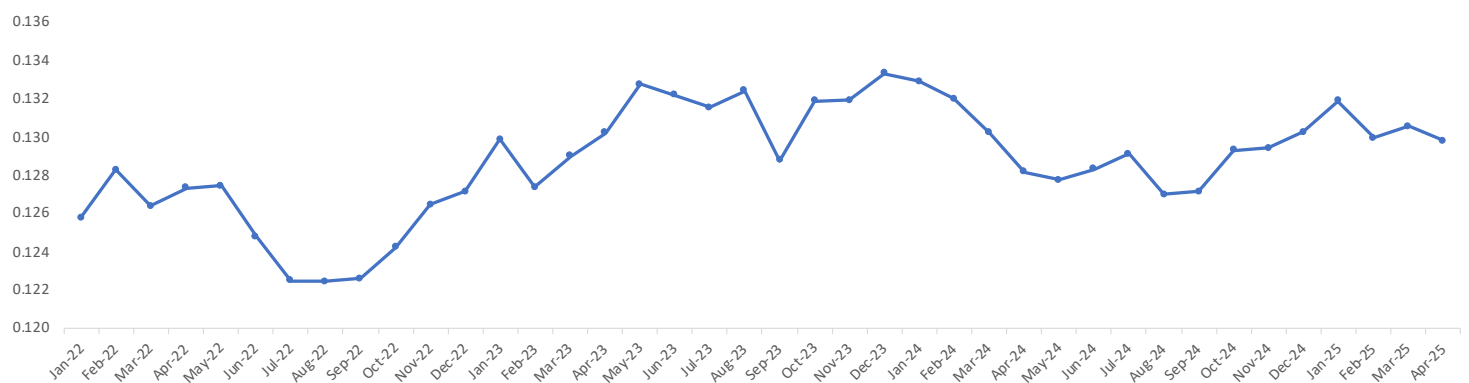


Chart 5: Price Trend VND/MYR



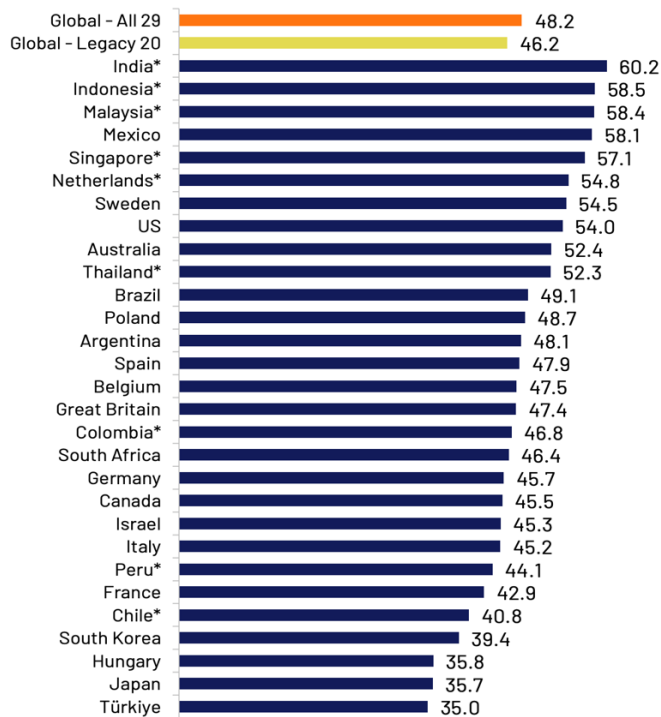
Sources: Bloomberg, Mercury Securities

Chart 6: Price Trend THB/MYR



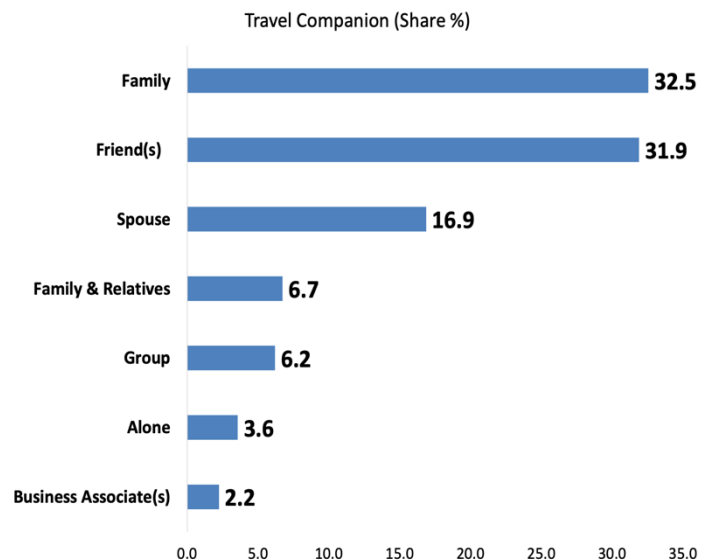
Sources: Bloomberg, Mercury Securities

Chart 7: Consumer Confidence Index March 2025



Sources: Ipsos

Chart 8: Travel Companion (Share %)



Sources: Tourism Malaysia

Figure 1



Sources: Mercury Securities

Figure 2



Sources: Mercury Securities

Figure 3



Sources: Mercury Securities

Figure 4



Sources: Mercury Securities

Figure 5



Sources: Mercury Securities

Figure 6



Sources: Mercury Securities

Figure 7



Sources: Mercury Securities

Figure 8



Sources: Mercury Securities



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