Viewpoint | Citi Research

19 Oct 2026 00:48:56 ET | 11 pages

China Internet

Sep'26 Online Total Retail/Online Product Sales +2.8%/+0.1% YoY

CITI'S TAKE

On Oct 19, the National Bureau of Statistics of China released Sep 2026 retail data, with total retail sales of consumer goods reaching Rmb4.24trn, +1.1% YoY compared with Aug 2026 growth of +0.4% YoY. For Sep'26, total online retail sales +2.8% YoY, and online product sales +0.1% YoY, compared with +3.3%/+2.2% in Aug'26. YTD Jan to Sep'26, online retail sales and online product sales +4.4% YoY/+3.8% YoY to Rmb15.1trn/Rmb9.5trn, with Sep online penetration rate reaching 39.4%. For 3Q26, total retail sales +0.7% YoY to Rmb12.1trn with online retail sales and online product sales +2.8%/+1.8% to Rmb5.1trn/Rmb3.1trn.

Alicia Yap, CFA[AC]

Nelson Cheung

Vicky Wei, CFA

Brian Gong

Sep'26 retail sales breakdown — Excl. auto (which was -21.2% YoY), total retail sales in Sep'26 would have increased +3.9% YoY vs +2.5% for total retail sales in Aug'26. By category, communication tools, alcohol & tabaco, and office tools, were top-growth categories at +31.1%, +13.8% and +7.9% YoY respectively, while cosmetics, beverage and medicines grew +5.4%, +5% and +5% YoY. On the downside, automobiles, jewelry, decoration materials fell -21.2%, -9.6%, and -9.2% YoY. Home appliances and apparel +1.9% and +1.2% yoy. YTD Sep'26 online product sales, food, apparel, and general goods categories grew by +15.8%, +3.4% and +0.8% YoY, vs. 15.9%, +4.9% and +1.1% YoY growth for YTD Aug'26.

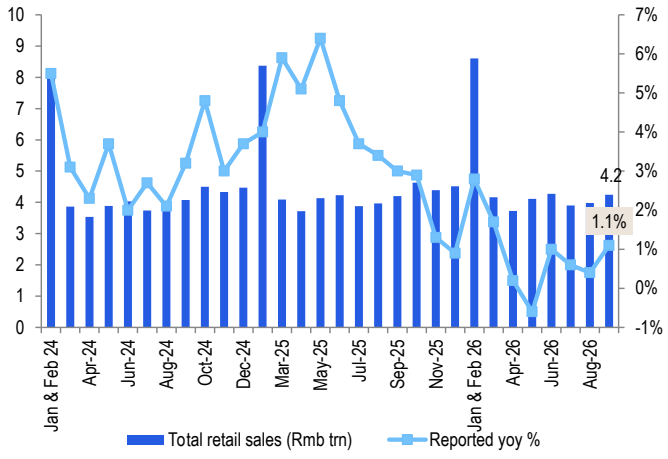
Implications — We view the +2.8% online retail sales growth in Sep'26 broadly inline, but the estimated 0.1% yoy growth in online product sales is softer than expected. By categories, 1) apparel sales growth reaccelerated slightly to +1.2% yoy vs -0.5% in Aug'26 likely supported by spending ahead of Mid-Autumn Festival and National Days traveling; 2) however, the growth trend in home appliances decelerating to +1.9% YoY in Sept'26, vs +2.3% YoY in Aug'26, while communication tools further accelerated to +31.1% YoY in Sept'26, vs +27.3% YoY in Aug'26, which could be related to continued demand for smartphones especially for new iPhones; 3) the narrowing yoy decline in jewelry to -9.6% yoy from -17.5% in Aug likely suggest continued soft demand amid fluctuation of gold prices.

Read-through to our coverage — Expectation has been low heading into the release of Sept retail data, yet, the decelerated growth in home appliances despite slightly easier yoy comp might suggest soft demand for big ticket items and slow seasonality. On the other hand, we view the further acceleration of communication tools to 31.1% yoy in Sept likely suggest few days of benefit from latest iPhone 18 sales towards the end of Sept, which is likely to benefit JD.com. In our recent 3Q26 preview, we model JD's total revs of Rmb309.6bn (+3.5% yoy), with 1P electronic sales-1.1% yoy while general merchandise +8% yoy. We believe the slight rebound of apparel might suggest positive read-through to VIPS. For VIPS, we model 3Q26E revenue estimate of -4.9% yoy to Rmb20.3bn, (see link). For **BABA,** we model Sep Q (FY2Q27E) CMR -5% yoy to Rmb75.2bn, see link. Looking into Oct'26, with Singles Day promotional campaigns kicking off, while stronger seasonal activities will support decent month-over-month growth, we remain cautious on yoy trend given continued soft spending sentiment amid macro backdrops. We believe communication tools remain at bright spot given the strong demand of iPhone 18s and we expect cosmetics and medicine to see more resilient demand.

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations



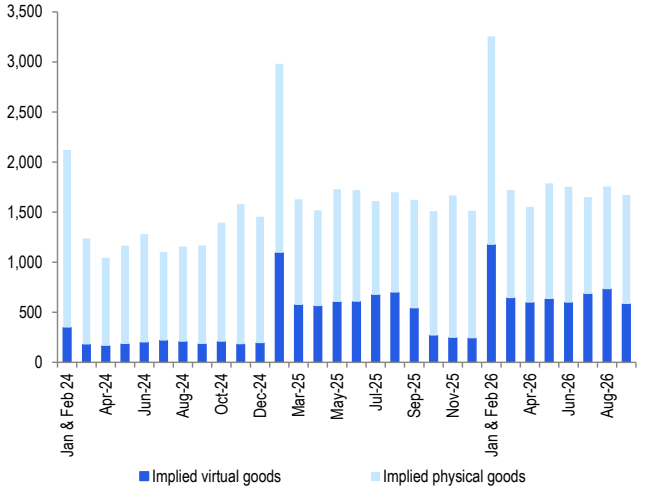
Figure 1. Monthly total retail sales volume in China (Rmb trn)



© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, NBS

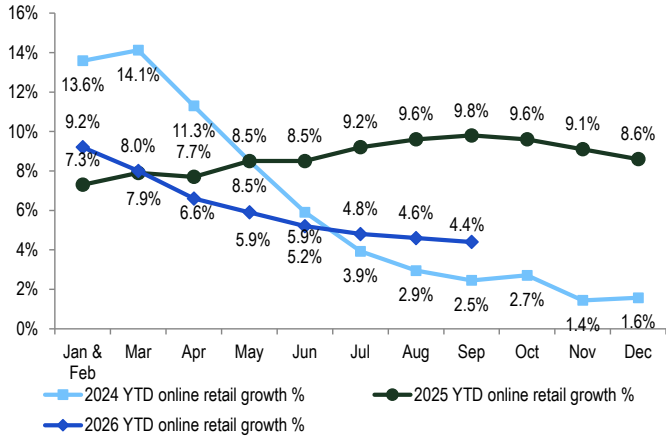
Figure 2. Monthly total online retail sales volume in China and physical goods sales (Rmb bn)



© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, NBS

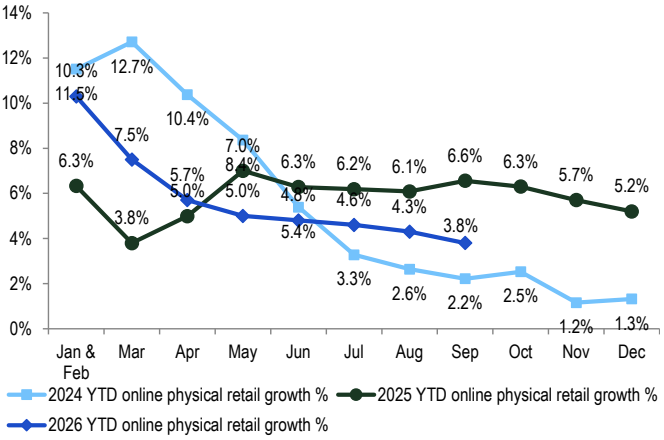
Figure 3. YTD online retail sales growth



© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, NBS

Figure 4. YTD online physical retail sales growth



© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, NBS

Figure 5. YTD yoy growth % of physical goods, food, apparel and appliances

YTD yoy growth % of	2025			2026							
	Oct	Nov	Dec	Jan & Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Physical goods	6.3%	5.7%	5.2%	10.3%	7.5%	5.7%	5.0%	4.8%	4.6%	4.3%	3.8%
Food	15.1%	14.9%	14.5%	20.7%	17.2%	15.6%	15.5%	16.8%	16.9%	15.9%	15.8%
Apparel	3.6%	3.5%	1.9%	18.0%	11.6%	6.8%	7.2%	6.2%	5.8%	4.9%	3.4%
Appliances	5.1%	4.4%	4.1%	4.7%	3.6%	2.6%	1.6%	1.3%	1.1%	1.1%	0.8%

© 2026 Citigroup Inc. No redistribution without Citigroup's written permission.

Source: Citi Research, NBS

Companies Mentioned:
Alibaba (9988.HK; HK$108.8; 1; 16 Oct 26; 16:10)
Alibaba Group Holding (BABA.N; US$109.11; 1; 16 Oct 26; 16:00)
Apple, Inc. (AAPL.O; US$343.46; 1; 16 Oct 26; 16:00)
JD.com (JD.O; US$27.01; 1; 16 Oct 26; 16:00)
NetEase (NTES.O; US$126.06; 1; 16 Oct 26; 16:00)
PDD Holdings Inc (PDD.O; US$80.97; 1H; 16 Oct 26; 16:00)
Vipshop Holdings (VIPS.N; US$12.86; 2; 16 Oct 26; 16:00)