



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51,177.0	0.5	(1.3)	(4.2)	6.5
S&P 500	7,722.7	0.7	(0.3)	0.1	12.8
FTSE 100	10,462.0	0.3	(2.2)	(3.4)	5.3
AS30	8,854.7	0.7	0.1	(3.7)	(1.8)
CSI 300	4,357.6	0.3	(4.1)	(4.4)	(5.9)
FSSTI	5,634.8	(0.6)	(1.3)	(2.9)	21.3
HSCEI	8,030.5	(2.3)	(2.8)	(6.1)	(9.9)
HSI	23,972.3	(2.6)	(3.2)	(6.5)	(6.5)
JCI	6,036.9	0.5	(3.3)	(9.0)	(30.2)
KLCI	1,630.9	0.0	(2.4)	(4.5)	(2.9)
KOSPI	7,003.7	0.5	(1.1)	4.7	66.2
Nikkei 225	68,309.5	(0.9)	2.9	5.1	35.7
SET	1,571.6	0.5	(2.2)	(1.5)	24.8
TWSE	48,475.7	0.3	0.7	4.1	67.4
BDI	3,148	0.3	(8.1)	(13.2)	67.7
CPO (RM/mt)	4,391	(1.3)	(4.0)	(6.0)	11.6
Brent Crude (US\$/bbl)	103	0.5	(2.4)	6.7	68.8

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
New Economy Conference at The Ritz Carlton Hotel	Malaysia	07 Oct	07 Oct
NDR with Food Empire Holdings Ltd (FEH SP)	Malaysia	08 Oct	08 Oct
Small & Mid-Caps Corporate Day	Singapore	21 Oct	21 Oct

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Foreign Reserves	Malaysia	07 Oct
Industrial Production	Malaysia	09 Oct
Manufacturing Sales	Malaysia	09 Oct

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- Expectations of rising oil price movements benefit direct oil plays including Hibiscus Petroleum and Dialog Group. However, the overarching sector theme in our view, ie the legal impasse between Petronas and Petros, will be heard only in Jan 27. Nevertheless, there are several bright developments covering jackup rig players and the FPSO subsegment (MISC, Bumi Armada and Yinson Holdings). Upstream M&A valuations metrics are gaining traction again, with Hibiscus Petroleum and Dialog Group as key beneficiaries. Retain sector MARKET WEIGHT.

Market Spotlight

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- The FBMKLCI increased 0.88pt (+0.05%) to close at 1,631.75 yesterday.
- US stocks were higher after the close on Monday, as gains in the basic materials, consumer goods and oil & gas sectors led shares higher.

Technical Analysis

FBMKLCI, FCPO & FKLII Index Outlook

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Cheeding Holdings | CHEEDING MK

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- Trading Buy Range: RM0.67-0.675

Cosmos Technology International | COSMOS MK

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- Trading Buy Range: RM0.415-0.42

Greatch Technology | GREATEC MK

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- Trading Buy Range: RM2.60-2.65

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Oil & Gas

Various Developments Focusing On Energy Security

Highlights

- **High oil price expectations, but Sarawak's constitutional issue remains the crucial point to resolve.** We may follow consensus in raising oil price expectations in view of the geopolitical developments, which should benefit direct oil plays including Hibiscus Petroleum and Dialog Group. However, the overarching sector theme in our view, ie the legal impasse between Petronas and Petros will be deliberated by the Federal Court only in Jan 27.
- **Life still goes on.** Nevertheless, there are several bright developments: Velesto Energy continues to benefit from a tight JU rig market, and all the locally listed FPSO peers have officially ventured into the floating gas (FLNG, FSRU) market. Upstream M&A valuations metrics are gaining traction again, with Hibiscus Petroleum and Dialog Group as key beneficiaries.

Analysis

- **Oil price forecasts now reflect a core risk-adjusted price regime.** New consensus expectations now project global oil prices of US\$95-110/bbl. This oil price assumption has been trending up due to sustained Hormuz impairment, additional refinery outages and accelerated inventory draws. Equally important to follow are the downstream product prices as the market tightness needs to be considered. A severe inventory drawdown may push oil prices up to >US\$120/bbl. In a recent conference, both heads of Petronas and Saudi Aramco voiced concerns over global inventories having shrunk from 10b barrels to <6b barrels, with <10% of that available for use.
- **Positive resolution between Petronas-Petros unlikely a near-term scenario.** The Federal Court has set 25-29 Jan 27 to hear the petitions from both sides. Petronas' petition challenges the competency of 10 Sarawak laws, while Sarawak filed its challenge on three federal laws. A Federal Court bench usually comprises three or five judges. However, this constitutional issue is considered a case of extraordinary weight, and requires a full bench of 9-11 judges. At the same time, Sarawak had signed to construct its first floating storage and regasification unit (FSRU) in Kuching, with an operational target of late-29. Although owning FSRU allows Sarawak better control over its gas supply and price fluctuation, we also interpret it as Sarawak having no confidence that the other party will honour their agreement to ensure Sarawak has 30% of their domestic gas supply.

Analyst(s)

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MARKET WEIGHT (Maintained)

Segmental Rating

Stock	Rating
Dialog Group	BUY (Target: RM2.95)
MISC	BUY (Target: RM9.50)
Yinson Holdings	BUY (Target: RM2.40)

Source: Bloomberg, UOB Kay Hian

Key Price Assumptions BY EIA

Brent Price (US\$/bbl)	Previous	Sep 26
4Q26	78.0	90.7
1Q27	74.0	85.0
2Q27	71.0	77.0
Distillate Crack Spread (US\$/gallon)		
2026	1.30	1.57
2027	0.97	1.25

Source: EIA

Velesto Energy (VEB) updates

- Naga 8 (N8) commenced operations for Hess around mid-Aug 26, for the 2026-28 North Malay Basin campaign. This is within our expectations (and ahead of their rig schedule).
- The JU market remains tight, prompting more direct negotiations between oil majors and contractors. One such contract (direct negotiation) ie Petronas Carigali is seeking a JU rig for a two exploration well in SB403 Block (Sabah) commencing in Oct 26.
- ADES jackup Shelf Drilling Enterprise arrived at MMHE Shipyard on 02 Sep 26, after completing its contract with Hibiscus Petroleum. This marks the expected conclusion of VEB's first asset-light contract.

Source: Westwood Global, Riglogix

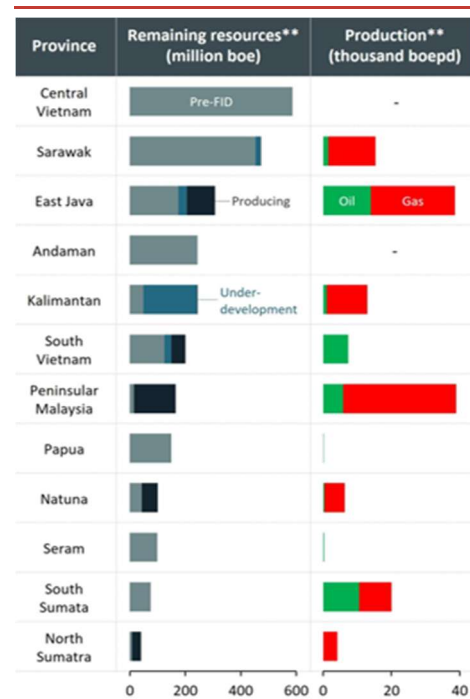
Peer Comparison

Company	Ticker	Rec	Share Price 5 Oct 26 (RM)	Target Price (RM)	Market Cap (RMm)	PE			Yield 2026F (%)	ROE 2026F (%)
						2025 (x)	2026F (x)	2027F (x)		
Bumi Armada	BAB MK	HOLD	0.33	0.35	1,956	4.2	9.6	8.2	7.2	4.3
Dialog Group	DLG MK	BUY	1.85	2.95	10,445	26.7	19.5	17.7	5.5	10.0
Deleum	DLUM MK	BUY	1.00	1.45	400	5.4	6.8	5.4	7.4	14.2
MISC	MISC MK	BUY	7.70	9.50	34,371	16.7	14.8	12.6	4.4	34.7
Malaysia Marine & Heavy Engineering Holdings	MMHE MK	BUY	0.35	0.53	560	5.9	5.3	6.0	5.3	14.6
Petronas Dagangan	PETD MK	BUY	19.20	24.20	19,074	21.5	16.6	16.2	5.3	12.3
Uzma	UZMA MK	BUY	0.36	0.76	219	4.0	4.2	2.9	-	28.7
Velesto Energy	VEB MK	BUY	0.22	0.29	1,777	11.3	14.9	13.4	18.4	41.4
Yinson Holdings	YNS MK	BUY	2.07	2.40	6,661	-	8.9	10.1	2.6	11.9

Source: Bloomberg, UOB Kay Hian

- **Velesto Energy (BUY/Target:RM0.29): Continues to benefit from tight jackup (JU) rig market.** As per the RHS table, various events and rig awards in the region point to a continuous tightness in JU rig market, leading to increasing occasions of direct negotiations between operators and contractors. This is a potentially positive push for higher rates. We understand these contracts include Petronas Carigali's short-term work for 4Q26, which suggest a high likelihood for Naga 3 (N3) redeployment by mid-4Q26 (as per guidance).
- **FPSO players officially in the FSRU game.** To recap, in mid-26 MISC (BUY/Target: RM9.50) entered into its first Floating Storage, Regasification Unit (FSRU), 20-year charter for Petronas Gas. MISC entrusted Samsung Heavy Industries to construct the US\$330m FSRU. Its FPSO peer Bumi Armada (HOLD/Target:RM0.35) attempted to break into FSRU, but the Mumbai FSRU project did not materialise. Instead, Bumi Armada signed a strategic cooperation agreement with FPSO Ventures and Wison Energy in Gastech 2026 last month to launch an integrated lease-and-operate model for turnkey floating LNG (FLNG). Essentially, a trio of FPSO rivals have teamed up on the delivery side in a fast-growing FLNG drive to help gas owners accelerate resource monetisation.
- **Yinson Holdings (BUY/Target: RM2.40) made a surprise debut in Gastech 2026.** According to Upstream, Yinson Production (the FPSO subsidiary) had been working behind the scenes and made a strategic in-house decision last year to expand into the FLNG market. It started building its FLNG capabilities after recruiting a small team of ex-Golar LNG employees. We think this is perhaps also why Upstream quoted that an ongoing deal to take Yinson Holdings private does not involve MISC becoming a major shareholder or "acquiring" Yinson Holdings, but is more likely to see Yinson Holdings subsuming minority shareholder MISC's offshore fleet.
- **Southeast Asia upstream M&A valuation in a new cycle.** According to Rystad Energy, the current M&A cycle is a departure from that of 2020-24, which was dominated by majors trimming late-life positions and production sharing contract (PSC) expirations. Assets worth US\$6.7b changed hands in 2025, as Southeast Asia's deal market shifts from non-core exits to strategic entry. There are US\$9.6b in upstream assets remaining for 2026-27, with the mix comprising energy majors (US\$3.6b), independents (US\$3.7b), and national oil companies (NOCs) (US\$1.4b). Transaction metrics have risen to reach US\$9.80/boe for development assets and over US\$3/boe for pre-final investment decision (FID) resources, against six-year averages of US\$6-7/boe and US\$1.50/boe, respectively. The biggest beneficiaries to this theme are Hibiscus Petroleum (NOT RATED) and Dialog Group (BUY/RM2.95).

Potential Upstream M&A Opportunities



Source: Rystad Energy

Rationale for Upstream M&A Sales

- Majors: selling assets in countries with limited upside to focus on core basins, while entering frontier acreage instead through partnerships rather than going in alone.
- Independents: Need capital to progress pre-FID discoveries
- NOC: Room to rationalise late-life assets at home while eyeing entry elsewhere
- Growth will come in the form of
- Conversion of pre-FID opportunities into mega M&A deals,
- The trajectory of premiums on producing assets, and
- Continued evolution of deals into strategic partnerships.

Source: Rystad Energy

Refined Products Export, Volume vs Value

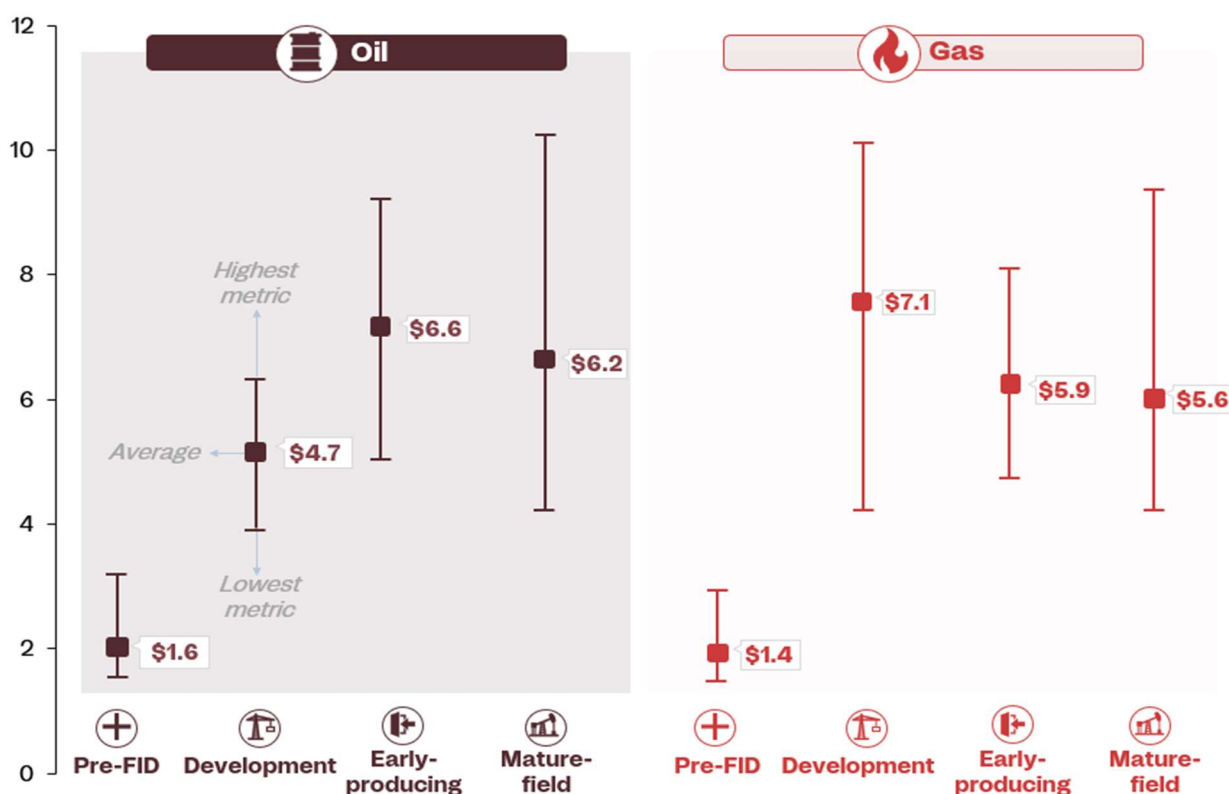


Source: Pantau Krisis or Global Supply Crisis Dashboard Malaysia

Valuation/Recommendation

- **Maintain MARKET WEIGHT.** Although we have more BUY calls in terms of valuation grounds, we remain neutral on the sector until we see a firm clarity on the resolution of the Petronas-Petros political impasse, which we have identified to be the key sector derating cause since 2H24, and is an assumption we have been holding since then. Despite high oil prices, the sector's earnings are still inhibited by near-term risks, such as delayed plant maintenance and turnaround, and short-term work order disruptions due to the Petronas Carigali portfolio restructuring.
- **Top Pick: Dialog Group (DLG MK/BUY/Target: RM2.95), the new "upstream champion".** This implies 27x/22x FY27F PE and EV/EBITDA respectively. We believe Dialog Group warrants the high EV/EBITDA, relative to its historical three-year average of 12-19x. Its midstream/storage business will sustain at multi-cycle highs, although we do not see further earnings catalysts from this segment despite a renewed interest in storage assets due to energy security demand. However, we see near-term upside surprise potential for its upstream earnings. This is due to the anticipated new production volumes from Cendramas PSC in 3Q26, and Baram Junior Cluster (BJC) PSC around Oct/Nov 26.
- **MISC (MISC MK/BUY/Target: RM9.50).** As a stable dividend play, MISC's valuation underperformed global crude tanker peers' despite the sector's continued bullishness. The valuation discount is mainly due to expiring obsolete steam-turbine LNG carriers (LNGC), which were substantial in its fleet. With no risk of LNGC expiries in 2026 (barring any unexpected early terminations), the progress of LNGC disposals will surprise the market positively, bringing downed idled fleet to only three. We acknowledge the share price outperformance in 1H26 may not be replicated in 2H26 due to specific events such as the development of Yinson Holdings' privatisation deal involving Petronas/MISC and EPF, but we advise accumulating at a lower entry level as MISC is the only local proxy to crude tankers.

Acquisition Cost Per Barrel In Southeast Asia, In Deal Value Per Traded Resource (US\$ Per BOE)



Market Spotlight

Market News

The FBMKLCI increased 0.88pt (+0.05%) to close at 1,631.75 yesterday. Meanwhile, Asian stocks rose on Monday after softer US labor data reduced expectations for further Federal Reserve rate hikes, lifting technology shares and easing pressure on bonds. The FBMKLCI's top gainers were MISC (+2.3%), 99 Speed Mart Retail Holdings (+2.0%) and AMMB Holdings (+1.7%), while the top losers were YTL Corporation (-3.6%), YTL Power International (-2.5%) and Gamuda (-2.2%). In the broader market, losers outpaced gainers 598 to 564 with 524 counters unchanged. Turnover was 4.78b shares valued at RM2.89b.

US stocks were higher after the close on Monday, as gains in the basic materials, consumer goods and oil & gas sectors led shares higher. At the close in NYSE, the Dow Jones Industrial Average gained 0.18%, while the S&P 500 Index added 0.67%, and the NASDAQ Composite Index added 1.05%. Falling stocks outnumbered advancing ones on the New York Stock Exchange by 1,404 to 1,305 and 87 ended unchanged; on the Nasdaq Stock Exchange, 1,799 fell and 1,621 advanced, while 176 ended unchanged. (*Sources: Investing.com*)

FBMKLCI, FCPO & FKL Index Outlook

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FBMKLCI



Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close: 1,631.75
Expected moving range: 1,660-1,700

Technical View:

Based on the daily chart, the FBMKLCI climbed higher yesterday in tandem with the broader market performance as investors believe the recent correction is over. The index managed to make a technical rebound to close higher at 1,631.75 yesterday, which suggests a potential shift in the short-term outlook. However, selling momentum has not yet fully normalised with the RSI still below 50pt, as the FBMKLCI is still vulnerable to a pullback. Nevertheless, the recent gains may give investors an opportunity to explore a short-term swing. Support and resistance levels are as follows:

Support: 1,640, 1,630

Resistance: 1,683, 1,700

FCPO



Source: TradingView

Futures Crude Palm Oil (FCPO) Active Contract, 1 Hour Chart

Technical BUY with +3.9% potential return

Trading BUY range: RM4,550-4,600
Last price: RM4,621
Target price: RM4,717, RM4,799
Resistance: RM4,502
Stop-loss: RM4,501

BUY with a target price of RM4,799 and stop-loss at RM4,501. Based on the chart, FCPO penetrated the downtrend line and closed higher at RM4,621 on yesterday's movement. This bullish movement is supported by an uptick in RSI and bullish crossover in both MACD and DMI indicators. We peg our targets at RM4,717 and RM4,799 in the near term.

Expected timeframe: One day to three days

FKLI



Source: TradingView

FTSE Bursa Malaysia KLCI Futures (FKLI), 1 Hour Chart

Technical SELL with -1.8% downside

Trading SELL range: 1,620-1,630
Last price: 1,625.5
Target price: 1,601, 1,596
Resistance: 1,631
Stop-loss: 1,632

SELL with a target price of 1,596 and stop-loss at 1,632. Based on the chart, FKLI continues the bearish movement and closed lower at 1,625.5 yesterday. This bearish movement is supported by the downtick in the RSI and bearish crossovers in both MACD and DMI indicators. We maintained our targets at 1,601 and 1,596 in the near term.

Expected timeframe: One day to three days

Traders' Corner



Source: UOBKH ChartGenie



Source: UOBKH ChartGenie

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Cheeding Holdings CHEEDING MK

Technical BUY on breakout with +18.7% potential return

Trading BUY range:	RM0.67-0.675
Last price:	RM0.64
Target price:	RM0.745, RM0.795
Support:	RM0.59
Stop-loss:	RM0.585

BUY on breakout with a target price of RM0.795 and stop-loss at RM0.585. Based on the daily chart, share price has gradually recovered to close above both the 7-day and 21-day EMA lines, which indicates a potential bullish movement ahead. This was supported by both the MACD's bullish crossover as well as an uptick in the RSI which suggests stronger buying momentum ahead. We peg our targets at RM0.745 and RM0.795 once it manages to penetrate above the breakout level of RM0.67.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Cosmos Technology International COSMOS MK

Technical BUY on breakout with +37.5% potential return

Trading BUY range:	RM0.415-0.42
Last price:	RM0.38
Target price:	RM0.495, RM0.53
Support:	RM0.32
Stop-loss:	RM0.315

BUY on breakout with a target price of RM0.53 and stop-loss at RM0.315. An Ascending Triangle was spotted on the daily chart that indicates the bullish continuation pattern. This positive momentum is supported by an uptick in the RSI and a bullish crossover DMI. Currently, MACD is on the verge of making a golden cross to the positive signal. We peg our targets at RM0.495 and RM0.53 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Greatech Technology GREATEC MK

Technical BUY with +12.8% potential return

Trading BUY range:	RM2.60-2.65
Last price:	RM2.65
Target price:	RM2.92, RM2.99
Support:	RM2.50
Stop-loss:	RM2.49

BUY on breakout with a target price of RM2.99 and stop-loss at RM2.49. Yesterday, GREATEC closed above the BBI line to maintain the upward momentum. Having formed a firm base at the support level of RM2.50, share price has made gains on renewed buying interest. This is supported by positive RSI readings and the DMI, which is currently on a bullish crossover. Moving forward, we expect GREATEC will continue the bullish movement toward the psychological resistance of RM3.00 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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