



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
S&P 500	7,811.5	0.6	1.2	2.0	14.1
FTSE 100	10,552.1	1.1	0.9	(0.9)	6.2
AS30	8,877.7	0.6	0.3	(0.5)	(1.6)
CSI 300	4,317.3	0.2	(2.7)	(4.3)	(6.8)
FSSTI	5,401.9	(0.2)	(4.1)	(5.2)	16.3
HSCEI	8,147.9	1.7	1.5	(1.2)	(8.6)
HSI	24,211.4	1.8	1.0	(2.4)	(5.5)
JCI	6,093.8	1.0	0.9	(6.8)	(29.5)
KLCI	1,608.5	0.5	(1.4)	(4.6)	(4.3)
KOSPI	6,625.9	(2.6)	(3.1)	(4.1)	57.2
Nikkei 225	69,030.9	(0.0)	1.1	7.8	37.1
SET	1,577.7	0.4	0.4	(1.7)	25.2
TWSE	49,313.4	(1.0)	2.0	6.8	70.3
S&P 500	7,811.5	0.6	1.2	2.0	14.1
BDI	2,917	(1.9)	(7.3)	(16.8)	55.4
CPO (RM/mt)	4,400	1.5	0.2	(6.0)	11.9
Brent Crude (US\$/bbl)	106	0.8	5.2	0.9	73.5

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Sharing Session on Global Vegetable Oil Markets with S&P Global Energy	Singapore	19 Oct	19 Oct
Small & Mid-Caps Corporate Day	Singapore	21 Oct	21 Oct

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Industrial Production	Malaysia	09 Oct
Manufacturing Sales	Malaysia	09 Oct
Malaysia Budget 2027	Malaysia	09 Oct

Top Stories

Strategy | Budget 2027: More Cheer For Main Street

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- The Fifth MADANI Budget is broadly market-neutral, offering selective opportunities through a larger spending and investment envelope alongside continued fiscal consolidation. Key measures include greater investment in grid infrastructure and renewable energy, higher cash assistance, personal income tax relief, minimum wage increases and expanded social welfare, complemented by stronger support for high-value industries, semiconductors and AI development. Net beneficiaries include utilities, renewable energy, consumer, affordable housing, E&E and tourism, although higher labour costs could pressure margins among labour-intensive players.

New Economy Conference | HE Group (HEGROUP MK/NOT RATED/RM1.11)

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- HE is scaling up on strong DC demand, with its orderbook reaching a record RM441m following its largest RM124m contract win. Its RM1.6b tender book, around 60% DC-related, provides further growth potential. Semiconductor expansion and retrofitting works offer diversification, while subsequent DC campus phases support orderbook replenishment. At an implied 27-30x 2026F PE, valuation is broadly in line with peers and justifiable by an anticipated 50-60% EPS growth, with further upside from CRESS and 275kV opportunities.

Market Spotlight

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- The FBMKLCI rose 7.44pt to close at 1,608.45 last Friday following strong buying interest in blue chips buoyed by the positive sentiment in the overnight US market.
- US stocks were higher after the close on Friday, as gains in the healthcare, consumer services and basic materials sectors led shares higher.

Technical Analysis

FBMKLCI, FCPO & FKL Index Outlook

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Traders' Corner

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Aeon Co. (M) | AEON MK

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- Trading Buy Range: RM0.975-0.98

EG Industries | EG MK

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- Trading Buy Range: RM1.81-1.82

Gadang Holdings | GADG MK

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- Trading Buy Range: RM0.175-0.18

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.

Strategy

Budget 2027: More Cheer For Main Street

Highlights

- The Fifth MADANI Budget, themed “Reaching for the Skies, Rooted in the Earth”, is broadly market-neutral with selective sector opportunities, as anticipated. Its larger spending and investment envelope, coupled with continued fiscal consolidation and a range of people-friendly measures, is expected to provide further impetus to domestic demand.
- Key highlights include expanded cash assistance, personal income tax relief, higher minimum wages, targeted investments in grid infrastructure and renewable energy (alongside tax incentives), high-value industries, semiconductor and AI development. Affordable housing, abandoned-project revival, enhanced social protection and the extension of Visit Malaysia into 2027 further reinforce the people-centric agenda.
- While the Budget offers selective opportunities rather than a broad market re-rating catalyst, net beneficiaries include utilities, renewable energy, consumer, affordable housing, the E&E supply chain, and tourism sectors. On the flipside, higher minimum wages could weigh on labour-intensive businesses, particularly EMS manufacturers, while earnings benefits from investment initiatives will depend on execution and deployment timelines.

Analysis

- **Fifth MADANI Budget: Pro-growth stance, sustaining fiscal reform while strengthening household welfare.** As the second budget under the 13th Malaysia Plan, Budget 2027 reaffirms the government’s commitment to improving people’s welfare and supporting domestic investment while maintaining fiscal prudence. The overall spending and investment envelope increases to RM510b, from RM470b in 2026 (+8.5%). This comprises RM459.8b in federal expenditure, split between RM376.8b in operating expenditure and RM83.0b in development expenditure, alongside RM50.2b in investments by GLICs, public-private partnerships, federal statutory bodies and MoF Inc companies. The larger envelope supports an expansionary spending stance, while the fiscal deficit is targeted to narrow to 3.3% of GDP from 3.6% in 2026, underscoring continued fiscal consolidation.
- **Consumer spending receives a marginal boost.** Budget 2027 reinforces household welfare through higher STR/SARA allocations, personal income tax relief and minimum wage increases, supporting disposable income and spending on essential goods and selected discretionary purchases (beneficiaries: 99 Speed Mart Retail Holdings, Eco-Shop Marketing). However, the increase in minimum wage to RM2,000 from Jun 27 could exert pressure on manufacturers’ margins, with a potentially greater impact on labour-intensive retail, plantation and EMS players but a smaller impact on OSAT and semiconductor production equipment players (refer to overleaf for impact assessment).
- **Clearer beneficiaries: Utilities, renewable energy, property and construction.** Tenaga Nasional’s RM15b grid investment, solar and energy transition developments, rail rehabilitation, water infrastructure and public facility upgrades should support project flows across engineering, construction and equipment suppliers (beneficiaries: Gamuda, Sunway Construction Group, Solarvest Holdings, Pekat Group, Northern Solar Holdings). The reinstatement of the Variation of Price clause for diesel and bitumen also provides some relief for eligible contractors. Housing guarantees and stamp duty exemptions should improve first-home affordability (beneficiaries: Eco World Development Group, Mah Sing Group, Matrix Concepts Holdings), while JSSEZ development supports select industrial property and logistics opportunities.

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Current FBMKLCI: 1,608

Target end-26 FBMKLCI: 1,760

Focus Of Budget 2027

- Pro-growth while maintaining fiscal discipline
- Broader tax relief categories expand to cover postpartum care, wider parental/grandparent care expenses, sports shoes, children’s tuition, AI subscriptions and specified pet-related expenses
- Green financing incentives and support for private adoption of Malaysia’s energy transition
- Minimum wage increase to RM2,000 from RM1,700 with MSMEs generating sales below RM50m exempted.
- RM2,500 minimum wage for semi-skilled jobs and graduates will be introduced. GLICs/GLCs raise their living-wage benchmark to RM3,400, from RM3,100.

Key Economic Assumptions For 2027

	2025	2026F	2027F
GDP Growth (%)	5.2	4.8-5.3	4.2-5.2
Inflation (%)	1.4	1.5-2.5	1.8-2.8
Unemployment (%)	(3.0)	(3.0)	(3.0)
Fiscal Deficit (% of GDP)	(3.7)	(3.6)	(3.3)
Current Account Balance (% of GNI)	1.7	2.0	1.9
Global Oil Price (US\$/bbl, average)	68	85	85

Source: MoF, BNM, Economic/Fiscal Outlook 2027

Federal Government Revenue

(RMb)	2025	2026F	2027F
Total Revenue	336.1	363.6	380.8
Operating Expenditure	330.8	363.1	376.8
Current Account Balance	4.9	0.6	4.0
Net Dev Expenditure	80.6	79.1	81.5
Overall Budget Balance	(75.3)	(78.5)	(77.5)
Deficit (% of GDP)	(3.7)	(3.6)	(3.3)

Source: MoF, BNM, Economic/Fiscal Outlook 2025

- **Technology measures strengthen long-term positioning, with a more gradual earnings impact.** Semiconductor investment by Khazanah and KWAP, support for IC design and advanced packaging, the planned Sovereign AI Cloud and enterprise AI adoption initiatives reinforce Malaysia's ambitions in higher-value technology. Potential spillovers extend to automation, cloud infrastructure, ICT services and data centre supply chains. However, funding deployment, commercial viability and procurement timelines remain key determinants of near-term earnings benefits.

Action

- **We maintain our end-26 FBM KLCI target of 1,760** which broadly implies -0.5SD PE (15.6x 2026F). While Budget 2027 is likely to have a broadly neutral market impact, with selective sector opportunities, sentiment could remain fragile amid rising bond yields and expectations of further interest rate increases.
- **Strategy:** We expect volatility to remain elevated as investors navigate a higher-for-longer cost environment, underpinned by elevated oil prices, evolving Middle East geopolitical tensions and upward pressure on global interest rates. Against this backdrop, we favour high-quality, large-cap domestic leaders with resilient earnings, robust cash flows and defensive characteristics. We also advocate selective exposure to mid-cap growth companies offering strong earnings visibility and identifiable structural catalysts as highlighted in our Alpha picks report.
- **Top picks:** 99 Speed Mart Retail Holdings, CIMB Group Holdings, Eco World Development Group, Gamuda, Greatech Technology, Kuala Lumpur Kepong, MISC and Solarvest Holdings.

Peer Comparison

Company	Ticker	Rec	Share Price	Target	Upside	Last	PE			Yield	ROE	Market	Price/
			9 Oct 26 (RM)	Price (RM)	To TP (%)	Year End	2025 (x)	2026F (x)	2027F (x)	2026F (%)	2026F (%)	Cap (RMm)	NAV ps (x)
99 Speed Mart Retail Holdings	99SMART MK	BUY	3.23	4.19	29.7	Dec-25	44.2	38.9	34.0	1.6	36.1	27,132.0	13.6
CIMB Group Holdings	CIMB MK	BUY	7.26	9.30	28.1	Dec-25	9.9	9.4	8.7	7.0	12.0	78,384.0	1.1
Eco World Development Group	ECW MK	BUY	1.93	2.70	39.9	Oct-25	14.8	11.6	10.2	4.3	9.9	6,221.2	0.9
Gamuda	GAM MK	BUY	5.09	6.26	14.1	Jul-26	28.8	26.9	22.1	2.3	10.8	29,797.9	2.3
Greatech Technology	GREATEC MK	BUY	2.70	3.00	11.1	Dec-25	61.4	52.9	31.0	0.0	11.3	6,777.0	6.0
Kuala Lumpur Kepong	KLK MK	BUY	20.62	28.50	38.2	Sep-25	22.2	14.2	12.7	3.5	11.4	22,607.8	1.7
MISC	MISC MK	BUY	7.59	9.50	25.2	Dec-25	14.3	12.7	10.9	4.8	6.3	33,880.2	0.9
Solarvest Holdings	SOLAR MK	BUY	4.24	4.20	(0.9)	Dec-25	45.1	35.9	30.3	0.0	9.7	4,037.8	4.3

Source: Bloomberg, UOB Kay Hian

Budget 2027 Measures

Measures		
Macro/General		
Revenue: Up 4.7% From RM363.6b In 2026F To RM380.8b In 2027F - Tax revenue is expected to grow 5.8%, mainly due to better income tax collection following further adoption of e-invoicing. - Dividends from Petronas, Kwap and Khazanah Nasional expected at RM27b, RM7b and RM2b respectively. Total Expenditure: +3.8% To RM459.8b Or 19.8% Of GDP - OE +3.8% to RM338.2b or 16.4% Of GDP, reflecting higher allocations for public services and targeted support for the <i>rakyat</i> , including social assistance and subsidies. - DE +2.5% at RM83b with the largest portion dedicated to the social sector (35.5%), followed by the security (9.0%) and economic (5.8%) sectors. Real GDP Growth Targets of 4.8-5.3% For 2026 And 4.2-5.2% In 2027 Fiscal Deficit Down To 3.3% In 2027 From 3.6% In 2026F		
Taxes	- Personal income tax relief: Basic individual relief increases from RM9,000 to RM12,000. Tax rates fall by one percentage point to 18% for chargeable income of RM70,000-100,000 and 24% for RM100,000-150,000. Income exceeding RM1m will be taxed at 30%. The government estimates savings of up to RM1,600 for approximately 5m taxpayers. - Broader tax deductions: Relief categories expand to cover postpartum care, wider parental/grandparent care expenses, sports shoes, children's tuition, AI subscriptions and specified pet-related expenses. - Fully locally owned automotive vendors relocating to Tanjong Malim's Automotive Hi-Tech Valley (AHTV) are eligible to claim tax deductions of up to RM5m on relocation costs incurred between 2027 and 2030. - Islamic fund-management incentive. Shariah-compliant fund-management service providers receive a 40% income-tax exemption for YA2028–2030. - Companies looking to install green technology assets like solar panels and BESS will also be eligible for Green Investment tax Allowance (GITA) claims of up to 100% of project value.	
Tourism	- Extension of Visit Malaysia Year until 2027 with an RM935m allocation for tourism and cultural development.	
Sector	Measures	Stock Impact/Comments
Automotive	- RM40b allocation for fuel subsidies. - Fully locally owned automotive vendors relocating to Tanjong Malim's Automotive Hi-Tech Valley (AHTV) are eligible to claim tax deductions of up to RM5m on relocation costs incurred between 2027 and 2030.	NEUTRAL. No significant consumer incentives were announced, including any incentives for electric vehicles (EVs). - The government continues to shield consumers from elevated global energy prices, with RM40b allocation for fuel fuel subsidies, which should help sustain vehicle demand, particularly in the mass-market segment.
Banking	- SME Corporation Malaysia (SME) financing guarantees. Through the government guarantee scheme for business loans (SJPP), the government will raise the guarantee ceiling to up to RM32b in guarantees for 2027 (from RM30b). - The Home Guarantee Scheme (SJKP) housing guarantees. SJKP increases coverage to RM20b from RM15b. - Additional Bank Negara Malaysia (BNM) SME financing. Another RM5b, on top of the existing RM5b, for SMEs affected by the Middle East conflict, bringing the facility to RM10b. - Savings and current-account opening. Full stamp-duty exemption on opening savings and current accounts from 1 Jan 2027. - Salary payments through bank accounts. Companies other than MSMEs may claim salary-expense tax deductions only where salaries are paid through bank accounts, consistent with permitted channels under the Employment Act 1955. - Basic credit cards interest capped. Basic credit cards are offered at interest rates not exceeding 14% annually. Alliance Bank, Maybank and CIMB Group Holdings are acknowledged as already offering them. - Islamic fund-management incentive. Shariah-compliant fund-management service providers receive a 40% income-tax exemption for YA2028–2030. - Malaysia–Hong Kong dual listings: Regulatory cooperation facilitates listings in both markets, with matching grants to cover listing costs.	NEUTRAL. Budget 2027's initiatives are largely neutral for the banking sector, with limited direct earnings impact. The RM7b increase in loan and financing-guarantee facilities to RM57b, alongside RM5b in additional BNM SME financing, is modest relative to system loans. Their contribution to loan growth will depend on utilisation, disbursement timing and incremental borrowing. - Higher SJPP and SJKP guarantee ceilings should support SME financing and mortgage access, while additional BNM funding could ease pressures on SMEs affected by the Middle East conflict. Stamp-duty exemptions on account opening and requiring non-MSMEs to pay salaries through bank accounts for salary-expense tax deductions could support transaction banking and CASA. However, funding benefits are likely modest, as larger formal employers generally already bank in salaries. - The 14% interest-rate ceiling on basic credit cards could moderate interest income on these narrow range of products. Meanwhile, Islamic fund-management tax incentives and Malaysia–Hong Kong dual-listing support offer potential asset-management and investment-banking benefits, although contributions are likely gradual. Overall, these measures should have limited impact on the sector's earnings outlook.
Construction	- Higher government development expenditure of RM83b from RM81b: +2.5% yoy. - However, including RM11b Public-Private investments, RM14.2b Federal Statutory Bodies and MKD companies' investments, and RM25b direct domestic investment from GLICs, public development expenditure for 2026 will be RM133.2b (2026:RM131.8b). - Reinstatement of the Variation of Price (VOP) clause for diesel and bitumen cost increases. Selected projects using JKR pre-approved plans, valued up to RM5m, can proceed through quotation procurement. - Minimum wage increases from RM1,700 to RM2,000 from June 2027, with MSMEs generating sales below RM50m exempted. - Some of the infrastructure projects highlighted are: a) Flood mitigation projects; and b) Johor's elevated autonomous rapid transit (E-ART) project. Other than that, there is a lack of new mega projects being announced.	NEUTRAL. As anticipated, nothing significant/share-price moving for the construction sector from Budget 2026. - The reinstatement of VOP clause for diesel and bitumen cost increases will provide construction cost relief to infrastructure-oriented construction projects, allaying earlier fear on margin compression for smaller contractors. - Meanwhile, the minimum wage increases from RM1,700 to RM2,000 (from July 2027) are not viewed as material risks for mid-large cap contractors under our coverage and remain manageable. Notably, large-cap contractors such as Gamuda, Sunway Construction Group and IJM Corporation has already been paying most of their construction workers above RM1,700. Furthermore, the sector's median salary is above RM2,500, hence impacts towards larger construction companies are likely manageable.

Sector	Measures	Stock Impact/Comments
Consumer	- Cost-of-living support: More than RM80b for subsidies, assistance and incentives, including RM40b for fuel subsidies and nearly RM3.3b for welfare assistance. - Increased allocations for STR, RM16b from RM15b. Increased RM150 cash handouts under the Sumbangan Tunai Rahmah (STR) program. - MySARA cash handouts totaling RM200 across two RM100 tranches. SARA purchases extend to fresh food at 216 FAMA markets. RM750m supports 35,000 RAHMAH and Agro MADANI sales events. - Personal income tax relief: Basic individual relief increases from RM9,000 to RM12,000. Tax rates fall by one percentage point to 18% for chargeable income of RM70,000–100,000 and 24% for RM100,000–150,000. Income exceeding RM1m will be taxed at 30%. The government estimates savings of up to RM1,600 for approximately 5m taxpayers. - Broader tax deductions: Relief categories expand to cover postpartum care, wider parental/grandparent care expenses, sports shoes, children's tuition, AI subscriptions and specified pet-related expenses. - Higher wage floor: Minimum wage increases from RM1,700 to RM2,000 from June 2027, with MSMEs generating sales below RM50m exempted. A RM2,500 minimum wage for semi-skilled jobs and graduates will be introduced. GLICs/GLCs raise their living-wage benchmark to RM3,400, from RM3,100. - Extension of Visit Malaysia Year until 2027 with an RM935m allocation for tourism and cultural development.	- Cost-of-living support: More than RM80b for subsidies, assistance and incentives, including RM40b for fuel subsidies and nearly RM3.3b for welfare assistance. - Increased allocations for STR, RM16b from RM15b. Increased RM150 cash handouts under the Sumbangan Tunai Rahmah (STR) program. - MySARA cash handouts totaling RM200 across two RM100 tranches. SARA purchases extend to fresh food at 216 FAMA markets. RM750m supports 35,000 RAHMAH and Agro MADANI sales events. - Personal income tax relief: Basic individual relief increases from RM9,000 to RM12,000. Tax rates fall by one percentage point to 18% for chargeable income of RM70,000–100,000 and 24% for RM100,000–150,000. Income exceeding RM1m will be taxed at 30%. The government estimates savings of up to RM1,600 for approximately 5m taxpayers. - Broader tax deductions: Relief categories expand to cover postpartum care, wider parental/grandparent care expenses, sports shoes, children's tuition, AI subscriptions and specified pet-related expenses. - Higher wage floor: Minimum wage increases from RM1,700 to RM2,000 from June 2027, with MSMEs generating sales below RM50m exempted. A RM2,500 minimum wage for semi-skilled jobs and graduates will be introduced. GLICs/GLCs raise their living-wage benchmark to RM3,400, from RM3,100. - Extension of Visit Malaysia Year until 2027 with an RM935m allocation for tourism and cultural development.
Gloves	- Minimum wage increases from RM1,700 to RM2,000 from June 2027, with MSMEs generating sales below RM50m exempted.	SLIGHT NEGATIVE - It is estimated that 75-80% of workers in glove factories fall below the revised minimum wage of RM2,000. Labour cost is estimated to be about 10-12% of total production cost. - The RM300 minimum wage hike translates to about a 1.5% increase in production cost for Malaysian glovemakers. This is about US\$0.35-0.50/1000 pieces of gloves. Nevertheless, given current's more balanced supply-demand dynamics, such increase in production cost can be pass through to end customers, hence limiting margin compression for Malaysian glovemakers.
Healthcare	- Budget 2027 increased the Ministry of Health's (MoH) allocation by 2.6% to RM47.7b (Budget 2026: RM46.5b), accounting for 10.3% of total government expenditure (Budget 2026: 9.9%). Key priorities include improving healthcare workers' welfare through permanent positions for medical graduates and higher allowances for medical staff. - The allocation for outsourcing public hospital patients increased to RM200m from RM140m, with the scope expanded to include operating theatre services. - The MediAsas Basic Medical Plan will be introduced in Jan 2027, with hospital charges based on diagnosis and treatment categories to improve cost predictability. - EPF members below 55 will be allowed to use Account Sejahtera to pay MediAsas premiums, while eligible SMEs will receive a first-year premium subsidy of RM200 per employee, capped at 50 employees per company. - From 2027, private hospital bills will adopt standardised charge categories, while electronic medical records will be expanded to enhance billing transparency and reduce price distortions.	NEUTRAL. The implementation of MediAsas and DRG forms part of the government's initiatives under the RESET framework to improve the affordability, transparency and sustainability of Malaysia's private healthcare system. - We believe KPJ Healthcare is best positioned to capture incremental patient volumes from the MediAsas-backed population over the longer term, as the plan targets lower- to middle-income groups who are previously uninsured or have lapsed coverage. This aligns with KPJ Healthcare's mass-market positioning and extensive hospital network, which provide broad access to the targeted patient segment. - We expect DRG implementation to be phased, initially focusing on more common and predictable cases. This should provide private hospital operators with a runway for continued earnings growth in the near to medium term, as the impact of DRG adoption is likely to be gradual.
Building Materials	- None	NEUTRAL. With the lack of new mega projects announcements and minimal new infrastructure projects announced such as: a) Flood mitigation projects; and b) Johor's elevated autonomous rapid transit (E-ART) project, we remain neutral on any favourable impact towards the sector. Any upside will be dependent on cement demand from the execution of ongoing mega infrastructure projects which are set largely set to materialise in 2027.

Sector	Measures	Stock Impact/Comments
Oil & Gas	- Petrolia Nasional Bhd (Petronas) is expected to contribute RM32b (US\$7.8b) dividend to the federal government in 2027 (+19% yoy). This is similar to 2024/2025 dividend and also the 10-year average between 2015-2025. - Note that 2026 dividend was revised up to RM27b, from RM20b. This is most likely to support the government's soaring fuel subsidy bill which was revealed to be at RM40b, or about RM1,900 per eligible voter, and more than double the RM15b allocation estimated in the previous Malaysia Budget 2026. - Aside from more friendly renewable energy – related budget allocation, there are no notable specific allocation that directly benefits the O&G Services & Equipment (OGSE) industry.	NEUTRAL. The higher dividend revision for 2026 and higher allocation for 2027 are not expected to be major constraint to Petronas' balance sheet. To recap, in 1H26 Petronas had a RM22b capital injection into Pengerang Refining Company and Petrochemical (PRefChem), which resulted in a slight FCF loss of RM1-2b after dividend. It is also possible in our view, for Petronas to contribute a little more capital injection in 2H26, to close off PRefChem's transfer from subsidiary Petronas Chemical (PCHEM MK, NR) as Petronas is committed to retain full ownership of PRefChem, which is strategically important as a refinery for fuel security. - Despite this, O&G prices are expected to remain persistently high due to ongoing geopolitical developments in the Middle East. This means two directions for Petronas. Firstly, its upstream segment will continue to benefit from high O&G prices. Secondly, Petronas is expected to continue to anchor Malaysia's fuel security, which is also aligned to its long-term target of domestic O&G production of 2m boepd. - The Budget highlighted Petronas' diversification strategy which is paying fruit, including expansion of LNG Canada 2, potential monetisation of the significant Suriname discovery, and the recent restructuring of Petronas Carigali portfolio to Searah (a Petronas-Eni JV), Enquest and Vestigo. So long as Petronas manages inventory and procurement strategies efficiently, it should theoretically earn sufficient FCF from decent volumes and high O&G prices alone to support the dividends. On this theme, O&G stocks that will also benefit include Dialog Group (BUY/Target: RM2.95) and Hibiscus Petroleum (HIBI MK, NOT RATED). - We remain Neutral on the sector outlook, as the near-term sector earnings will see volatility risk especially in 3Q26 results season on the service contract novation related to services rendered for Petronas Carigali (which is novated to Searah). On the longer-term, the key pivot to rejuvenate the sector's valuation must still come from an absolute resolution of the Petronas-Petros constitutional issue, which was the key cause that dragged down sector valuations since 2H24. The next Federal Court hearing of this important issue is set for 25-29 Jan 27, which will involve a full bench of 9-11 Federal Judges. - However, selective themes will benefit Dialog (as mentioned above), Petronas Chemical (potential removal of PRefChem which was its earnings drag), and MISC (sole beneficiary of crude tanker sentiment and a key Petronas subsidiary for Gas & Maritime outlook).
Plantation	- Budget 2027 raised the national minimum wage by 17.6% to RM2,000 per month (from RM1,700), effective Jun 2027. SMEs with annual sales below RM50m are exempted to allow time for business model adjustments. - A minimum wage of RM2,500 per month will be introduced for semi-skilled and graduate positions, as an initial step to reform the workers' income framework. - Non-SME companies will only be able to claim tax deductions on salary expenses if wages are paid through bank accounts, in line with channels permitted under the Employment Act 1955. - Telematics systems will be made mandatory for commercial vehicles to monitor speed, location and risky driving patterns, with voluntary adoption until 2027. - The allocation for repairing estate roads was doubled to RM100m (Budget 2026: RM50m). - RM100m in hybrid financing will be provided to support oil palm replanting for 4,500 smallholders, who are only required to repay half of the financing. - An additional RM200m soft financing facility was introduced for replanting of up to 40ha, with repayments deferred for four years. Smallholders bear only 2% interest, with the balance borne by the government. - RM30m was allocated to curb crop diseases and pests, including Ganoderma and bagworm in the oil palm sector. - Manufacturers will be able to claim back sales tax on machinery, spare parts and equipment purchased from local traders, including raw materials used to produce fertilisers and pesticides. - RM15m of cess collected from the palm oil industry will be channelled to conservation efforts, prioritising the habitats of the Malayan tiger, Borneo elephant and orangutan. - The Pengerang Biorefinery, developed in partnership with Enilive, will expand the production of low-carbon fuels, including sustainable aviation fuel (SAF), hydrotreated vegetable oil (HVO) and bio-naphtha. - The Green Investment Tax Allowance of up to 100% for green technology projects and green asset purchases was extended to 31 Dec 2030. - Sabah's infrastructure will be strengthened through continued Pan Borneo Highway works and grid stability measures to secure electricity supply.	SLIGHTLY NEGATIVE. Mildly negative on planters' costs, neutral to positive on sector structure. The minimum wage hike is a key headwind. Most other measures support smallholders and ESG, with limited direct earnings impact on listed names. <u>Cost headwinds:</u> - Minimum wage RM1,700 → RM2,000 from Jun 27 (+17.6%). Only SMEs with sales below RM50m are exempt, so all listed planters are affected. No exclusion for foreign workers. Field/upkeep workers on base pay are hit hardest; harvesters on piece rates less so. FY27 takes ~7 months of impact, with the full-year effect in FY28. - New RM2,500 minimum for semi-skilled & graduate roles. Could lift pay for mill technicians, assistants and junior field staff. - Salary tax deductions only if paid via bank account. Largely formalises existing practice. - Mandatory telematics for commercial vehicles (voluntary until 2027). Minor compliance cost for FFB haulage fleets. <u>Support measures:</u> - Smallholder replanting: RM100m hybrid financing (only half repayable) for 4,500 smallholders, plus RM200m soft loans (up to 40ha, 4-yr moratorium, 2% interest). Slight near-term output dip from smallholders, but better yields from 2030. - Estate road repairs doubled to RM100m, plus RM30m for Ganoderma, bagworm and other pest control. - Fertiliser & pesticide makers can claim back sales tax on inputs. Marginally eases fertiliser costs. - RM15m of palm industry cess for wildlife conservation (tigers, Borneo elephants, orangutans). Supportive for the sector's EUDR/ESG positioning. - Pengerang biorefinery (SAF, HVO, bio-naphtha). A new domestic outlet for palm-based waste feedstock (POME oil, UCO). - Green Investment Tax Allowance up to 100% extended to 2030. Covers mill biogas capture and estate solar. - Sabah infrastructure (Pan Borneo roads, grid stability). Positive for planters with large Sabah exposure. Top picks: SD Guthrie, Kuala Lumpur Kepong and Genting Plantations

Sector	Measures	Stock Impact/Comments
Property	- Extended 100% stamp duty exemption for first time home buyers up to RM500,000. For homes up to RM750,000, full exemption on the first RM500,000 and 50% on the balance. Applies to SPAs executed from 1 Jan 27 to 31 Dec 30. - 100% stamp duty exemption for rescued abandoned projects from 2027 to 2030. - SJKP will provide housing financing guarantees of up to RM20b for 80,000 first time home buyers, unchanged from last year when it was doubled from RM10b. - Nearly RM1b is allocated for projects such as Rumah Mesra Rakyat and Program Residensi Rakyat (vs RM671m last year), with four new projects in Kulai, Nilai, Paya Rumpit and Lembah Pertang. - Civil servants: Allocation for quarters raised to RM2.3b, from nearly RM2.2b last year.	NEUTRAL TO MILDLY POSITIVE. The existing full stamp-duty exemption for first homes priced up to RM500,000 has been extended by three years to Dec 30. Meanwhile, stamp-duty relief for homes priced above RM500,000, which lapsed in Dec 23, has been reintroduced for properties up to RM750,000. This should help reduce upfront purchasing costs in the mid-market segment, where REHDA's latest survey indicated growing loan rejection rates of 31-45% for homes priced RM500,000-700,000. - On end financing, there were no major new measures and the SJKP guarantee unchanged at RM20b. - Johor remains a key beneficiary. The government's continued commitment to the JS-SEZ was reaffirmed, with the master plan and blueprint now targeted for launch by end-26 following earlier delays. The RM10b elevated ART network, which will connect the Skudai, Tebrau and Iskandar Puteri corridors to the RTS Link, should further improve connectivity and support property demand over the longer term. However, with completion expected to take about four years, interim bus, KTM Komuter and shuttle services will be important in easing connectivity constraints. Overall, these initiatives should continue to support developers with Johor exposure. - Top picks: Eco World Development Group and Mah Sing Group
REITs	- Tourism and culture allocation rose to RM935m from over RM700m last year, with the Visit Malaysia campaign already extended into 2027.	NEUTRAL. Retail and hospital REITs indirectly benefit via extended visit Malaysia year and higher budget allocation. - Top picks: CapitaLand Malaysia Trust, Pavilion REIT and Sunway REIT
Technology	- Khazanah and KWAP will invest RM1.2bn to lift local semiconductor companies into higher-value segments, including a semiconductor investment fund with the Selangor state government. - The NIMP Fund, KWAP's Pemacu Fund and Khazanah's MTC Fund, worth RM2.1b in total, will build up mid-sized companies in E&E, digital, aerospace and medical devices. - Penang is mapped as the Nation's financial technology hub. Khazanah and InvestPenang will set up a RM100m Strategic Investment Fund to help semiconductor and advanced manufacturing companies in their early growth stage. - SemiconStart by MTDC will provide follow-on equity investment to startups in IC design and advanced packaging. - Higher wage floor: Minimum wage increases from RM1,700 to RM2,000 from June 2027, with MSMEs generating sales below RM50m exempted. A RM2,500 minimum wage for semi-skilled jobs and graduates will be introduced. GLICs/GLCs raise their living-wage benchmark to RM3,400, from RM3,100. - Higher wage floor: Minimum wage increases from RM1,700 to RM2,000 from June 2027, with MSMEs generating sales below RM50m exempted. A RM2,500 minimum wage for semi-skilled jobs and graduates will be introduced. GLICs/GLCs raise their living-wage benchmark to RM3,400, from RM3,100.	POSITIVE for long-term capability building for semicon & E&E, with selective near-term spillovers. The investment commitments should improve access to growth capital and accelerate local companies' expansion into IC design, advanced packaging and other higher-value activities. Potential indirect beneficiaries include semiconductor equipment, automation and precision-engineering suppliers as investee companies expand capacity and upgrade technology. However, much of the support targets startups and mid-sized companies, while the RM2.1b funding pool spans several industries. The immediate earnings uplift for listed semiconductor players is therefore likely to be selective and dependent on funding deployment and project execution. Budget 2027 keep the policy push for the semiconductor sector ongoing. Support from GLIC fund favour local mid-caps moving up the value chain, but there are no new National Semiconductor Strategy (NSS) tax incentives. SLIGHT POSITIVE for Penang's semiconductor ecosystem, with limited immediate earnings impact on listed players. The RM100m Strategic Investment Fund should improve access to growth capital for early-stage semiconductor and advanced manufacturing companies, supporting innovation and expansion into higher-value activities. Potential indirect beneficiaries include listed automation, semiconductor equipment and precision-engineering suppliers as investee companies scale up. However, given the fund's modest size and early-stage focus, near-term earnings spillovers are likely to be selective, with benefits accruing gradually as investments translate into commercial projects and orders. NEGATIVE to EMS; slight impact to OSAT/SPE. The higher wage hike of 18% could increase operating costs for EMS companies, given their heavy reliance on foreign labour. While EMS contracts are generally structured on a cost-plus basis, the extent of cost pass-through will depend on negotiations with customers and the timing of contract repricing. Customer cost-down programmes and ongoing tariff pressure may limit full pass-through in the near term. As a result, we expect margin pressure from Jun-27 onwards, likely most visible in the first one to two quarters after the hike, before repricing catches up.
Telecommunications	- Malaysia's dual wholesale 5G network (DNB and U Mobile) to achieve 80% coverage countrywide by 2026. - Expansion of fibre coverage to more than 2,700 new locations through Jendela Phase 2, with government allocations up to RM780m (Jendela Phase 1: RM28b, 40% government funded and 60% commercially funded). - MCMC has allocated up to RM2b for a 3,190km submarine cable known as Kabel Dasar Laut Madani (Salam), connecting Johor to Sarawak and Sabah.	- Key beneficiaries would include Telekom Malaysia – who will benefit from the rollout of 5g coverage by U Mobile as the second network provider. It could also play a role in submarine cable works. - The rollout of Jendela Phase 2 programme will benefit OCK Group, Edotco (under Axiata Group) and Reach Ten. - Top picks: CelcomDigi, TIME dotCom and Maxis.

Sector	Measures	Stock Impact/Comments
Utilities	- Tenaga Nasional is investing RM15b to reinforce the national grid to ensure continuous power supply for the country. - This is within expectations, forming part of Regulatory Period 4 (RP4)'s total regulated CAPEX spent – which averages RM13b annually over 2025-27. - To recap, total regulated CAPEX under RP4 is RM42b with 64% earmarked towards infrastructure upgrades to accommodate higher injection of Renewable Energy, grid connection and the National Energy Transition Roadmap (NeTR). Renewable Energy - The government will be investing an expected RM1.5b for the development of a centralised solar farm (~375MW) for the generation and transmission of renewable energy to government buildings. The EPCC award will be prioritised towards bumiputera contractors. - Green Investment tax Allowance (GITA) for the development of green technology projects and installation of EV charging stations will be extended until 31 Dec 30. - Companies looking to install green technology assets like solar panels and BESS will also be eligible for Green Investment tax Allowance (GITA) claims of up to 100% of project value. We expect Solarvest Holdings, Pekat Group and Northern Solar Holdings to benefit from this extension as more commercial and industrial customers look to adopt solar + BESS systems while benefitting from an attractive payback period of five years thanks to the capital allowance.	- C&I orderbook replenishments for solar + BESS and standalone BESS are expected to be robust supported by the Green Investment tax Allowance (GITA). Currently, C&I orderbook stands at RM200m/RM150m/RM100m annually for Solarvest/Pekat Group/Northern Solar Holdings respectively. - Broadly, we expect the RE EPCC players to benefit from positive regulatory outlook and elevated orderbook replenishment opportunities. To recap, we expect total EPCC opportunities of 8GW over 2027-32, driven by the take-off of CRESS projects in 4Q26/1Q27 and the government awarding the tender for LSS6 in 1H27. Assuming a construction cost of RM3.5m per MW, total EPCC replenishment opportunities are estimated at a staggering RM16b-24b over the next five years. - Top Picks: Solarvest Holdings, Pekat Group and Northern Solar Holdings

Source: MOF, BNM, UOB Kay Hian

HE Group (HEGROUP MK)

A Diversified MEP Player; Scaling Up On DC And Semiconductor Demand

Highlights

- HE's orderbook reached a record RM441m following RM416m in ytd wins across seven projects, lifting orderbook coverage to 3.6x 2025 revenue and providing visibility through 1Q28.
- The RM1.6b tender book is around 60% DC-related, and Phase 1 incumbency positions HE for subsequent phases across six-phase campuses. Semiconductor capex upcycle and CRESS renewable projects offer further growth legs.
- Following a relatively quiet 2025, progressive billing on the orderbook should drive a 50-60% EPS growth to RM16m-18m in 2026. This implies 27-30x 2026F PE, broadly in line with peers.

Analysis

- Record orderbook...** Following its largest-ever RM124m data centre (DC) contract win in 23 Sept, HE Group's (HE) outstanding orderbook rose to RM441m, a new record high. Ytd contract wins have reached **RM416m across seven projects**, highlighting the rapid scale-up following the group's strategic pivot towards DCs. 2025 was a relatively quiet year as HE repositioned the business, securing its maiden DC project in Cyberjaya before the two larger packages in Johor in 2026. The tender book remains sizeable at RM1.6b, with around 60% DC-related across six projects. Management remains positive on DC demand despite potential regulatory tightening, noting that the broader project pipeline remains intact.
- ...provides visibility through 2028, with further campus phases offering upside.** The current RM441m orderbook translates to 3.6x 2025 revenue cover, with contracted projects scheduled for completion by 1Q28. With more projects entering the progressive billing phase, management expects a sustained quarterly revenue run rate of RM50m-60m in 2H26; this implies an estimated 2026 revenue of RM180m-200m (1H26: RM72.4m). Importantly, current DC awards cover only the first phase of client campuses planned across six phases, with full build-out targeted by 2029 based on clients' current plans. Phase 1 incumbency positions HE to secure subsequent phases, supporting continued orderbook replenishment and extending earnings visibility beyond the current project cycle.

Key Financials

Year to 31 Dec (RMm)	2021	2022	2023	2024	2025
Net turnover	100.5	107.6	204.2	206.9	123.3
EBITDA	6.2	9.0	16.0	18.9	14.7
Operating profit	6.1	8.7	15.4	18.2	13.8
Net profit (rep./act.)	4.1	6.2	11.0	13.7	11.0
Net profit (adj.)	4.1	6.2	11.0	13.7	11.0
EPS	0.9	1.4	2.5	3.1	2.5
PE	118.1	79.2	44.6	35.7	44.3
P/B	38.4	30.7	18.2	7.9	6.9
EV/EBITDA	78.5	54.3	29.1	22.8	29.1
Dividend yield	0.0	0.0	0.0	0.4	0.4
Net margin	4.1	5.7	5.4	6.6	9.0
Net debt/(cash) to equity	12.6	2.8	(79.7)	(91.4)	(86.4)
Interest cover	9.7	10.4	16.9	30.1	16.1
ROE	32.5	38.8	40.8	22.1	15.6

Source: HE, UOB Kay Hian

Analyst(s)

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NOT RATED

Share Price	RM1.11
Target Price	n.a.
Upside	n.a.

Stock Data

Sector	Industrials
Bloomberg ticker	HEGROUP MK
Shares issued (m)	440.0
Market cap ({Curr})m	484.0
Market cap (US\$m)	118.6
3-mth avg daily t'over (US\$m)	1.3

Price Performance (%)

52-week high/low				RM1.13/RM0.28
1mth	3mth	6mth	1yr	YTD
17.5	88.1	282.8	152.3	204.1

Major Shareholders (%)

Haw Chee Seng	21.8
Eng Choon Leong	15.4
Hexatech Energy Cons	4.9

Balance Sheet Metrics

FY25 NAV/Share (RM)	0.16
FY25 Net Debt/Share (RM)	0.14

Price Chart



Source: Bloomberg

Company Description

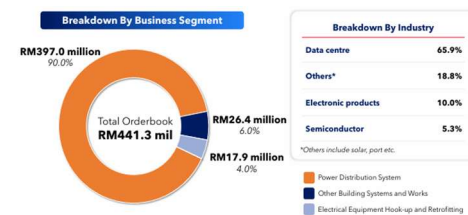
Mechanical & electrical engineering services provider focusing on power distribution systems for end-user premises such as industrial plants and substations, covering design, supply, installation, testing and commissioning of HV, MV, LV and ELV systems.

- **275kV job broadens its electrical infrastructure capabilities.** HE's RM47m job win, while relatively small, provides an opportunity to build its track record in high-voltage (275kV) electrical works and strengthen its credentials for a broader pool of DC-related projects. This could also pave the way for future opportunities in more complex electrical infrastructure works.
- **Semiconductor capex upcycle adds another growth driver.** Beyond DCs, HE is seeing opportunities from the local semiconductor industry, including expansion and retrofitting works for existing and new clients. With semiconductor players operating at full capacity and planning further expansions, management expects a stronger flow of semiconductor-related contracts in 2027. While these projects are generally smaller in value than DC contracts, retrofitting works offer higher margins. The anticipated entry of a major Korean semiconductor player could further strengthen HE's project pipeline over the medium term.
- **CRESS offers a potential growth catalyst through existing DC relationships.** Management is exploring opportunities under the Corporate Renewable Energy Supply Scheme (CRESS) to help DC clients meet renewable energy requirements. The 30% renewable energy requirement could imply around 1.8GW of renewable supply demand against around 6GW of DC capacity approved by the Data Centre Task Force. HE's existing DC relationships provide a potential entry point into renewable energy supply, with successful project conversion offering an incremental earnings stream and share price catalyst.
- **Building systems could pave the way for larger EPCC packages.** HE has also undertaken non-core civil and structural and architectural works, including a recent project for a port operator. Management views these projects as a stepping stone towards offering broader engineering, procurement, construction and commissioning (EPCC) packages that bundle electrical, mechanical, external and building works. This would enable HE to diversify its service offerings, secure higher-value contracts and expand its addressable market, while strengthening its in-house engineering capabilities to support its next phase of expansion.

Valuation/Recommendation

- **Not rated.** Net cash stood at RM56.6m as at Jun 26 (12% of HE's market cap), leaving room for working capital needs as DC orderbook scales up. Based on an indicative 2026 revenue of RM180m-200m and a 9% net profit margin, in line with 2025, net profit could reach RM16m-18m, implying a 2026F PE of 27-30x, broadly in line with peers. The valuation appears reasonable given the anticipated 50-60% EPS growth in 2026, underpinned by the ramp-up in DC project execution, with further growth opportunities from semiconductor capex and subsequent DC campus phases.

Outstanding Orderbook



Source: HE

Ytd Contract Wins

RM416.6 mil		7	Jan 2026 - Oct 2026	
Total contract value		Projects secured	Visibility up to 2028	
No.	Project	Description	Location	Contract value (RM mil)
1	Data centre	Main electrical works	Johor	124.0
2	Data centre	Main electrical works	Johor	102.0
3	132kV/33kV substation	Construction	Selangor	86.0
4	Data centre	Supply and installation of 275kV electrical works	Johor	47.0
5	Advanced NAND flash memory products manufacturer	Power distribution works	Malaysia	25.0
6	Advanced NAND flash memory products manufacturer	Power distribution works	Malaysia	20.0
7	Electronics products manufacturer	Power distribution works	Malaysia	12.6

Source: HE

Profit & Loss

Year to 31 Dec (RMm)	2022	2023	2024	2025
Net turnover	107.6	204.2	206.9	123.3
EBITDA	9.0	16.0	18.9	14.7
Deprec. & amort.	(0.3)	(0.7)	(0.7)	(0.8)
EBIT	8.7	15.4	18.2	13.8
Associates	n.a.	n.a.	n.a.	n.a.
Net interest income/(expense)	(0.7)	(0.6)	0.8	1.0
Pre-tax profit	8.0	14.8	19.0	14.9
Tax	(1.8)	(3.9)	(5.3)	(3.8)
Minorities	0.0	0.0	0.0	0.0
Net profit	6.2	11.0	13.7	11.0
Net profit (adj.)	6.2	11.0	13.7	11.0

Cash Flow

Year to 31 Dec (RMm)	2022	2023	2024	2025
Operating	8.8	14.1	13.8	6.6
Pre-tax profit	8.0	14.8	19.0	14.9
Tax	(2.1)	(3.0)	(4.6)	(5.3)
Deprec. & amort.	0.3	0.7	0.7	0.8
Working Capital Changes	(4.9)	(29.5)	16.1	(2.7)
Other operating cashflows	7.4	31.1	(17.3)	(1.2)
Investing	(0.2)	3.3	1.5	(1.0)
Capex (growth)	(0.3)	(0.6)	(0.4)	(0.3)
Investments	0.0	0.0	0.0	0.0
Proceeds from Sale of Assets	0.0	4.3	0.0	0.0
Others	0.1	(0.4)	1.9	(0.7)
Financing	(0.7)	(9.0)	19.8	(3.8)
Dividend payments	(3.0)	0.0	(1.8)	(2.0)
Proceed from Borrowings	17.4	3.5	0.0	0.0
Loan repayment	(14.1)	(11.4)	(0.3)	(0.4)
Others/interest paid	(1.0)	(1.2)	(2.4)	(1.4)
Net cash inflow (outflow)	7.9	8.3	35.2	1.8
Beginning cash & cash equivalent	(0.4)	7.5	15.9	51.1
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	7.5	15.9	51.1	52.8

Balance Sheet

Year to 31 Dec (RMm)	2022	2023	2024	2025
Fixed assets	1.9	3.1	3.6	3.5
Other LT assets	1.2	2.0	2.0	2.0
Cash/ST investment	9.0	22.9	57.7	62.3
Other current assets	77.2	65.1	47.8	46.3
Total assets	89.3	93.1	111.2	114.1
ST debt	8.7	0.3	0.4	0.6
Other current liabilities	63.3	63.6	46.7	40.9
LT debt	0.7	1.2	0.8	0.4
Other LT liabilities	0.6	1.2	1.5	1.3
Shareholders' equity	15.9	26.8	61.9	70.9
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	89.3	93.1	111.2	114.1

Key Metric

Year to 31 Dec (%)	2022	2023	2024	2025
Profitability				
EBITDA margin	8.4	7.9	9.1	11.9
Pre-tax margin	7.4	7.3	9.2	12.1
Net margin	5.7	5.4	6.6	9.0
ROA	6.9	11.8	12.3	9.7
ROE	38.8	40.8	22.1	15.6
Growth				
Turnover	7.1	89.8	1.3	(40.4)
EBITDA	44.4	78.0	17.9	(22.3)
Pre-tax profit	45.7	85.7	28.0	(21.5)
Net profit	49.2	77.7	24.8	(19.3)
Net profit (adj.)	49.2	77.7	24.8	(19.3)
EPS	49.2	77.7	24.8	(19.3)
Leverage				
Debt to total capital	10.5	1.6	1.1	0.9
Debt to equity	59.2	5.7	1.9	1.4
Net debt/(cash) to equity	2.8	(79.7)	(91.4)	(86.4)
Interest cover	10.4	16.9	30.1	16.1

Market Spotlight

Market News

The FBMKLCI rose 7.44pt to close at 1,608.45 last Friday following strong buying interest in blue chips buoyed by the positive sentiment in the overnight US market. Meanwhile, Asian stocks recovered from early losses on Friday after a Bloomberg report that OpenAI expects annualized revenue to reach or exceed \$70 billion by year-end eased investors' concerns about demand for artificial intelligence. The FBMKLCI's top gainers were 99 Speed Mart Retail Holdings (+3.5%), Gamuda (+2.8%) and YTL Power International (+2.5%), while the top losers were Petronas Gas (-3.8%), IOI Properties Group (-0.89%) and Maxis (-0.28%). In the broader market, gainers outpaced losers 627 to 450 with 547 counters unchanged. Turnover was 3.33b shares valued at RM2.90b.

US stocks were higher after the close on Friday, as gains in the healthcare, consumer services and basic materials sectors led shares higher. At the close in NYSE, the Dow Jones Industrial Average added 0.83%, while the S&P 500 Index climbed 0.59%, and the NASDAQ Composite Index gained 0.64%. Rising stocks outnumbered declining ones on the New York Stock Exchange by 1,523 to 1,185 and 86 ended unchanged; on the Nasdaq Stock Exchange, 1,768 rose and 1,632 declined, while 213 ended unchanged. (Sources: *Investing.com*)

FBMKLCI, FCPO & FKLI Index Outlook

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FBMKLCI



Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close: 1,608.45
Expected moving range: 1,600-1,630

Technical View:

The FBMKLCI is trading within a tight range but recorded a technical rebound last Friday after few consecutive days of losses. We expect the index to trade sideways in the near term due to the absence of domestic catalysts and uncertainty in the global market. However, if the index manages to penetrate above 1,614 level, the short-term bullish momentum will stay. The support and resistance levels are still maintained as follows:

Support: 1,600, 1,590

Resistance: 1,651, 1,683

FCPO



Source: TradingView

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

Technical BUY with +4.5% potential return

Trading BUY range: RM4,500-4,550
Last price: RM4,592
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 continues the bullish movement and closed higher at RM4,592 last Friday. This bullish movement is supported by an uptick in RSI and bullish crossover in both MACD and DMI indicators. We still maintained 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 -1.9% downside

Trading SELL range: 1,620-1,630
Last price: 1,60.57
Target price: 1,581, 1,576
Resistance: 1,602
Stop-loss: 1,603

SELL with a target price of 1,576 and stop-loss at 1,603. Based on the chart, FKLI continues to form a series of lower highs and lower lows that indicate the downtrend pattern. 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 1,581 and 1,576 in the near term.

Expected timeframe: One day to three days

Traders' Corner



Source: UOBKH ChartGenie



Source: UOBKH ChartGenie

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Aeon Co. (M) AEON MK

Technical BUY on breakout with +16.9% potential return

Trading BUY range: RM0.975-0.98
 Last price: RM0.965
 Target price: RM1.09, RM1.14
 Support: RM0.915
 Stop-loss: RM0.91

BUY on breakout with a target price of RM1.14 and stop-loss at RM0.91. Based on the daily chart, the share price has been trading above the BBI line. Given the profit-taking activity, AEON rebounded on last Friday's gain and established a new up-leg. Persistent buying interest as shown by the RSI and MACD should drive the share price higher. We peg our targets at RM1.09 and RM1.14 once it penetrates the breakout level of RM0.975.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

EG Industries EG MK

Technical BUY on breakout with +12.7% potential return

Trading BUY range: RM1.81-1.82
 Last price: RM1.78
 Target price: RM1.99, RM2.04
 Support: RM1.66
 Stop-loss: RM1.64

BUY on breakout with a target price of RM2.04 and stop-loss at RM1.64. Following the earlier correction, the share price has rebounded and moved above the BBI line, implying that the recent correction is over. The steady incline in the RSI points to a gradual rise in momentum. This is supported by the positive reading in the DMI. As such, we expect the upward movement to be sustainable, and thus peg our upside targets at RM1.99 and RM2.04 once it manages to penetrate above the breakout level of RM1.81.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Gadang Holdings GADG MK

Technical BUY on breakout with +40.0% potential return

Trading BUY range:	RM0.175-0.18
Last price:	RM0.16
Target price:	RM0.205, RM0.245
Support:	RM0.14
Stop-loss:	RM0.135

BUY on breakout with a target price of RM0.245 and stop-loss at RM0.135. Based on the daily chart, GADG has seen its share price recover gradually and move above the 7- and 21-day EMAs following last Friday's spike to close higher at RM0.16. This is supported by an uptick in the RSI and a bullish crossover in the MACD and DMI, indicating that positive momentum would strengthen in the near term. We peg our targets at RM0.205 and RM0.245 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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