



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51,850.6	0.4	1.1	(1.4)	7.9
S&P 500	7,807.2	(0.1)	0.4	2.0	14.0
FTSE 100	10,656.3	1.0	1.5	0.1	7.3
AS30	8,937.0	0.7	0.9	0.2	(0.9)
CSI 300	4,288.0	(0.7)	(1.2)	(4.9)	(7.4)
FSSTI	5,415.5	0.3	(4.4)	(4.9)	16.6
HSCEI	8,168.6	0.3	1.5	(0.9)	(8.4)
HSI	24,271.2	0.2	1.0	(2.2)	(5.3)
JCI	5,936.1	(2.6)	(3.0)	(9.3)	(31.3)
KLCI	1,618.0	0.6	(0.8)	(4.1)	(3.7)
KOSPI	6,384.2	(3.6)	(8.4)	(7.6)	51.5
Nikkei 225	69,030.9	(0.0)	1.1	7.8	37.1
SET	1,571.7	(0.4)	(0.3)	(1.2)	24.8
TWSE	49,302.0	(0.0)	1.7	6.7	70.2
BDI	2,852	(2.2)	(7.1)	(18.7)	51.9
CPO (RM/mt)	4,472	1.4	2.5	(4.2)	13.7
Brent Crude (US\$/bbl)	107	1.8	6.3	2.0	75.3

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
GDP	Malaysia	16 Oct
CPI	Malaysia	19 Oct
Trade Figures	Malaysia	19 Oct

Top Stories

Sector Update | Plantation

[Page 2 →](#)

- MPOB's Sep 26 data showed palm oil inventories rising for a sixth consecutive month to a record 3.51m tonnes, as production rose 16.5% mom to a monthly record while exports fell 12.1% mom. The approximate 692,000-tonne build is the largest in MPOB's monthly series and the stock/usage ratio jumped to 2.37x. We expect stocks to peak in October-November as India restocks after its duty cut, and to ease from December onwards. Maintain OVERWEIGHT.

What's Inside

Company Update | Tenaga Nasional (TNB MK/HOLD/RM13.04/Target: RM14.60)

[Page 4 →](#)

- According to Treasury Secretary-General Tan Sri Johan Mahmood Merican, the government is in discussions with Tenaga and the regulator on measures it can take to subsidise households' electricity next year. We believe the government may impose a tiered AFA structure from 2027 onwards, whereby it continues to subsidise domestic tariffs while allowing commercial and industrial tariff rates to float. Maintain HOLD with a DCF-based target price of RM14.60.

Market Spotlight

[Page 5 →](#)

- The FBMKLCI remained in positive territory for most of the day, ending 9.56pt higher at 1,618.01 yesterday.
- US stocks were mixed after the close on Monday, as gains in the telecommunications, oil & gas and healthcare sectors led shares higher while losses in the technology, industrials and consumer services sectors led shares lower.

Technical Analysis

FBMKLCI, FCPO & FKL Index Outlook

[Page 6 →](#)

Traders' Corner

[Page 8 →](#)

EPB Group | EPB MK

[Page 8 →](#)

- Trading Buy Range: RM0.245-0.25

ES Ceramics Technology | ESC MK

[Page 8 →](#)

- Trading Buy Range: RM0.205-0.215

Harn Len Corporation | HARN MK

[Page 9 →](#)

- Trading Buy Range: RM0.49-0.495

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.

Plantation

Stocks Hit A Record As Output Peaks

Highlights

- MPOB's Sep 26 data showed a 24.5% mom rise in Malaysia's palm oil stocks to a record 3.51m tonnes, above our 3.3m-tonne estimate. Production (2.12m tonnes) set a monthly record, while exports (1.12m tonnes) fell less than cargo surveyors had implied.
- We expect stocks to peak in October-November as India restocks after its duty cut, and to ease from December as output turns seasonally lower.
- Maintain OVERWEIGHT. Sector picks: SD Guthrie (BUY/Target: RM8.30), Genting Plantations (BUY/Target: RM7.42) and Kuala Lumpur Kepong (BUY/Target: RM28.50).

Analysis

- MPOB's Sep 26 data.** Palm oil inventory rose 24.5% mom to 3.51m tonnes, a sixth straight build and a record high, surpassing the 3.22m tonnes of Dec 18. The 692,000-tonne increase is the largest monthly build in MPOB's series, and the stock/usage ratio grew to 2.37x from 1.68x. Our call for stocks to test 3m tonnes by end-September proved too conservative.
- Production rose 16.5% mom to 2.12m tonnes**, the highest monthly output on record (+15.0% yoy), though below the 21-25% mom rise in our survey. Sabah led (+35.0% mom), ahead of Sarawak (+15.5%) and Peninsular Malaysia (+10.9%). The national oil extraction rate increased 0.25ppt mom to 20.26%. 9M26 output of 14.75m tonnes was up 1.9% yoy.
- Exports fell 12.1% mom to 1.12m tonnes**, the lowest since Apr 25, though shallower than the 17.1% mom drop in Intertek Testing Services estimates. Crude palm oil exports expanded 24.5% mom while processed palm oil declined 22.0%. Biodiesel exports dropped to 2,930 tonnes (-91.7% mom). 9M26 exports of 11.54m tonnes remained 4.6% ahead yoy.
- Imports went up 17.2% mom to 58,064 tonnes**, including 6,812 tonnes of crude palm oil. Implied domestic disappearance fell 9.5% mom to 362,784 tonnes. With output below the Malaysian Palm Oil Association's estimate of about 19% growth and exports beating surveyors, weaker domestic offtake explains most of the overshoot against our stock estimate.
- Outlook.** We expect stocks to peak in October-November and ease from December. India's cut in its crude palm oil duty to 11.0% from 16.5% on 24 September, and festive buying ahead of Diwali on 8 November, should support palm oil demand. ITS estimates 1-10 October exports rose 33.5% mom. Output should turn seasonally lower from November, and Malaysian Plantation and Commodities Minister Noraini Ahmad's 19.5m-19.8m-tonne 2026 target implies only 1.58m-1.68m tonnes a month in 4Q26.

Analyst(s)

Amerul Iqmal

ameruliqmal@uobkh.com
+603 2147 1915

Malaysia Research Team

research@uobkh.com
+603 2147 1915

OVERWEIGHT (Maintained)

Segmental Rating

Segment	Rating
Malaysia	OVERWEIGHT (Maintained)

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (RM)	Target Price (RM)
Genting Plantations	GENP MK	BUY	5.42	7.42
KL Kepong	KLK MK	BUY	20.56	28.50
SD Guthrie	SDG MK	BUY	5.94	8.30

Source: Bloomberg, UOB Kay Hian

CPO Price Assumptions (RM/Tonne)

	CPO Price (RM/tonne)
2021	4,408
2022	5,088
2023	3,810
2024	4,180
2025	4,306
Our Forecast:	
2026F	4,500
2027F	4,700
CPO Price:	
MPOB Sep 26 average	4,615
BMD 3rd Month Contract	4,592

Source: MPOB, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec*	Price 12 Oct 26 (RM)	Target Price (RM)	Upside To TP (%)	Last Year End	PE			Yield 2026F (%)	ROE 2026F (%)	Market Cap. (RM)	Price/ NAV ps (x)
							2025 (x)	2026F (x)	2027F (x)				
Hap Seng Plantations	HAPL MK	BUY	2.31	3.05	32.0	Dec-26	16.0	10.7	9.1	4.8	6.3	1,849.2	0.9
Genting Plantations	GENP MK	BUY	5.42	7.42	36.9	Dec-26	14.2	11.4	10.2	5.4	6.1	4,861.0	1.1
IOI Corporation	IOI MK	BUY	4.57	5.50	20.4	Jun-27	19.7	15.8	15.2	2.8	13.2	28,720.5	2.1
KL Kepong	KLK MK	BUY	20.56	28.50	38.6	Sep-26	29.8	14.8	12.6	2.9	(4.3)	22,957.2	1.9
SD Guthrie	SDG MK	BUY	5.94	8.30	39.7	Dec-26	17.3	14.9	13.6	3.7	15.4	41,083.1	2.0

Source: Bloomberg, UOB Kay Hian

MPOB's Sep 26 Statistics

(m tonne)	Sep 25	Aug 26	Sep 26	mom % chg	yoy % chg	9M25	9M26
CPO Production	1.84	1.82	2.12	16.5	15.0	14.47	14.75
Palm Oil Domestic Use	0.33	0.40	0.36	(9.5)	8.4	3.46	3.31
Palm Oil Exports	1.43	1.28	1.12	(12.1)	(21.5)	11.03	11.54
Oleochemical	0.24	0.23	0.24	2.6	2.0	2.01	2.20
Biodiesel	0.03	0.04	0.00	(91.7)	(91.6)	0.27	0.20
Palm Oil Imports	0.08	0.05	0.06	17.2	(26.0)	0.67	0.56
Palm Oil Stocks	2.36	2.82	3.51	24.5	48.8	2.36	3.51

Source: MPOB, UOB Kay Hian

Sep 26 CPO Production By Region And State

(m tonne)	Sep 25	Aug 26	Sep 26	mom % chg	yoy % chg	9M25	9M26
Johor	0.29	0.29	0.34	16.4	17.6	2.27	2.33
Pahang	0.34	0.30	0.34	12.1	(0.4)	2.48	2.25
Perak	0.18	0.20	0.20	(1.7)	12.5	1.53	1.53
Negeri Sembilan	0.07	0.07	0.08	17.0	16.8	0.53	0.50
Selangor	0.05	0.06	0.06	5.1	16.2	0.43	0.43
Terengganu	0.05	0.05	0.06	11.4	18.6	0.33	0.37
Kelantan	0.04	0.03	0.04	24.4	(1.3)	0.29	0.26
Kedah	0.02	0.02	0.02	5.4	(0.2)	0.22	0.19
Other States	0.02	0.02	0.02	18.7	26.6	0.17	0.17
Pen Malaysia	1.05	1.04	1.15	10.9	9.9	8.26	8.03
Sabah	0.37	0.34	0.46	35.0	22.7	3.09	3.28
Sarawak	0.42	0.44	0.51	15.5	20.8	3.13	3.44
East Malaysia	0.79	0.78	0.96	24.0	21.7	6.22	6.72

Source: MPOB, UOB Kay Hian

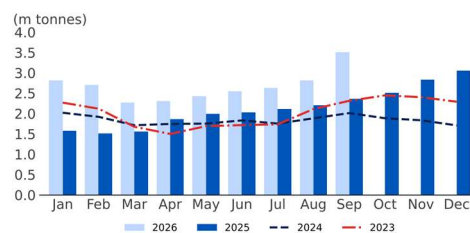
Valuation/Recommendation

- **Maintain OVERWEIGHT.** We remain constructive, underpinned by structural demand growth from regional biofuel mandates, namely Indonesia's B50. We keep our CPO price forecasts at RM4,500 and RM4,700 per tonne for 2026 and 2027 respectively as a strong El Niño would cut Malaysian output by 8% in 2027.
- **Top picks.** We like SD Guthrie as a liquid big-cap play on the CPO backdrop, supported by its renewable energy and industrial park pivot. Kuala Lumpur Kepong is our laggard pick on a progressive downstream earnings recovery.
- **Minimum wage confirmed at RM2,000.** Budget 2027 raises the minimum wage to RM2,000 a month from 1 Jun 27. We estimate the full-year cost at about RM110 per tonne of CPO (2.3% of our 2027 CPO assumption) with a 2-9% impact on full-year earnings across our coverage (refer to the RHS table). We expect the latest minimum wage revision to have more pronounced impact on Malaysian-based upstream planters, with HAPL being the most affected among our coverage.

Sector Catalyst/Risk

- **Catalyst: Indian restocking.** Pre-Diwali demand and the duty cut should lift Malaysian shipments in October.
- **Risk: Black Sea recovery.** Faster Black Sea shipments would let sunflower oil use its Indian duty edge and take share from palm oil.

Malaysia Palm Oil Production



Source: MPOB, UOB Kay Hian

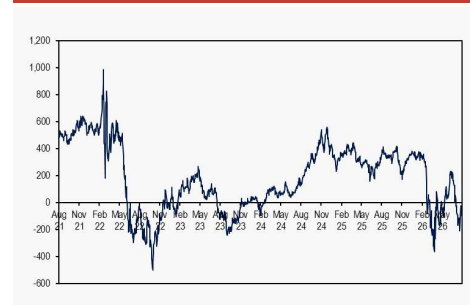
Rainfall By Region, Jan-Sep 26
(mm/Month)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
North Pen.	29	122	72	257	337	226	162	180	313
East Pen.	90	139	66	134	287	233	247	281	284
West Pen.	64	200	163	250	211	204	214	129	184
Sabah	281	481	207	127	224	219	212	202	238
Sarawak	432	424	219	276	365	281	167	136	199
MALAYSIA	256	330	170	214	300	240	196	176	225

mm/mth: <100 100-150 150-200 200-300 >300

Note: Colour shows monthly rainfall against the 150-200mm/month optimum for oil palm. Sep 26 data are preliminary.

Source: CHIRPS, UOB Kay Hian

Palm Oil – Gasoil Spread
(US\$/Tonne)

Source: Bloomberg, UOB Kay Hian

Estimated Earnings Impact Of
Minimum Wage Hike

Company	Full-year Net Profit Impact (%)
Hap Seng Plantations	8.5
Genting Plantations	3.4
IOI Corporation	2.1
KL Kepong	2.3
SD Guthrie	2.0

Source: UOB Kay Hian

Tenaga Nasional

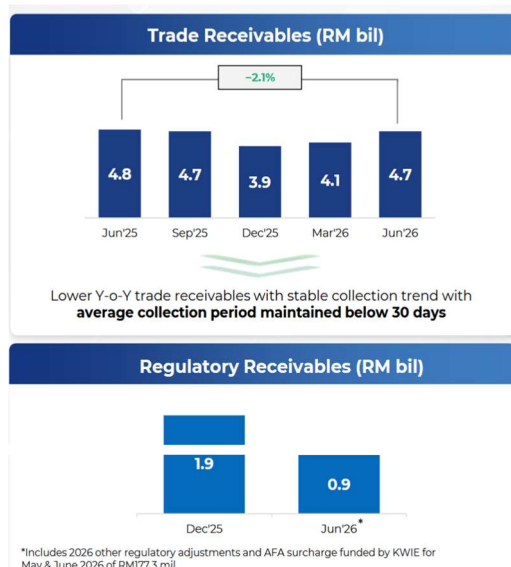
(TNB MK/HOLD/RM13.04/Target: RM14.60)

AFA Mechanism To Be Adjusted In 2027; Company Believes The 4Q26 Subsidy A One-Off

Highlights

- According to Treasury Secretary-General Tan Sri Johan Mahmood Merican, the government is in discussions with Tenaga Nasional (Tenaga) and the regulator, Energy Commission on measures it can take to subsidise households' electricity next year. This comes as the higher monthly household consumption threshold for the subsidised rate is set to expire at the end of this year. "That decision has not been firmed up in terms of what would be the parameters for next year," he said.
- To recap, the level of subsidised electricity for households has been increased to 800 kilowatt-hours (kWh) a month from 600kWh until Dec 31. This means domestic users of up to this level of consumption will be exempt from the Automatic Fuel Adjustment (AFA), retail charges and Sales and Service Tax until the end of this year. The AFA adjusts electricity generation charges monthly to reflect changes in fuel prices and other generation-related costs. When fuel and other generation costs rise, the AFA can result in higher electricity charges and vice versa.
- As a result, Tenaga is absorbing the impact, estimated at between RM120m and RM150m up to end-26. Earnings impact is 2% to 2026's forecast. However, the decision above implies that the AFA mechanism may be subject to government intervention in the near future and we expect investors to gradually discount the sanctity of the Incentive Based Regulation and cost pass-through framework as we await further clarity on the AFA mechanism in 2027.
- Based on our previous discussion with Tenaga, the government may impose a tiered AFA structure from 2027 onwards. This is similar to the imbalanced-cost-pass-through mechanism where the government continues to subsidise domestic tariffs (via a Kumpulan Wang Industri Elektrik, KWIE fund – payable to Tenaga) while allowing commercial and industrial tariff rates to float. This may lead to rising regulatory trade receivables (which have been reduced from RM1.9b in Dec 25 to RM0.9b in Jun 26 as the government has been paying down its payables to Tenaga via the KWIE fund).

Tenaga Regulatory Trade Receivables Eased To RM0.9b As Of Jun 26



Source: Tenaga, UOB Kay Hian

Valuation

- Maintain HOLD with a DCF-based target price of RM14.60** (discount rate: 8.2%, growth rate: 4%). At our target price, the stock trades at mean valuation.
- We believe the regulatory uncertainty above will remain an overhang on Tenaga's near-term share price performance. In arriving at our fair value, we have previously raised our discount rate from 7.8% to 8.2% (incorporating a 100bp increase in risk premium for the stock) to account for the rising regulatory risk amid elevated fuel prices.

Analyst(s)

Chong Lee Len

leelen@uobkh.com
+603 2147 1992

Market Spotlight

Market News

The FBMKLCI remained in positive territory for most of the day, ending 9.56pt higher at 1,618.01 yesterday. Meanwhile, Asian stocks were mixed on Monday as South Korean shares tumbled on renewed competition concerns in the memory-chip market, while oil retreated amid uncertainty over a proposed Russia-Ukraine energy truce. The FBMKLCI's top gainers were MISC (+6.2%), Axiata Group (+3.7%) and Sunway Bhd (+2.1%), while the top losers were Mr D.I.Y. Group (M) (-4.8%), YTL Power International (-3.5%) and 99 Speed Mart Retail Holdings (-2.8%). In the broader market, losers outpaced gainers 778 to 344 with 520 counters unchanged. Turnover was 3.36b shares valued at RM2.92b.

US stocks were mixed after the close on Monday, as gains in the telecoms, oil & gas and healthcare sectors led shares higher while losses in the technology, industrials and consumer services sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average added 0.38%, while the S&P 500 Index fell 0.06%, and the NASDAQ Composite Index lost 0.44%. Falling stocks outnumbered advancing ones on the New York Stock Exchange by 1,434 to 1,288 and 75 ended unchanged; on the Nasdaq Stock Exchange, 2,113 fell and 1,325 advanced, while 189 ended unchanged. (*Sources: Investing.com*)

FBMKLCI, FCPO & FKLI Index Outlook

FBMKLCI



Source: UOBKH ChartGenie

Analyst(s)

Mohd Fakhrul Asyraq, MSTA, CFTe
mohdfakhrulasyraq@uobkh.com
+603 21471994

FTSE Bursa Malaysia KLCI

Last close:	1,618.01
Expected moving range:	1,600-1,630

Technical View:

From a technical viewpoint, nothing much changed in yesterday's movement as we had expected the index to continue consolidating within our prescribed range of 1,610 to 1,620 while violation of either band, in our view, would lead to a follow-through. For now, investors remain cautious given the uncertain sentiments across the globe. Moving forward, the index could stabilise if the current sentiment persists. 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 +3.7% potential return

Trading BUY range:	RM4,500-4,550
Last price:	RM4,629
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 RM4,629 yesterday. 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 -1.6% downside

Trading SELL range:	1,620-1,630
Last price:	1,611
Target price:	1,601, 1,586
Resistance:	1,615
Stop-loss:	1,616

SELL with a target price of 1,586 and stop-loss at 1,616. Based on the chart, FKLI continues the bearish movement and closed lower at 1,611 yesterday. This bearish movement is supported by the downtick in the RSI and bearish crossovers in both MACD and DMI indicators. We peg our targets at 1,601 and 1,586 in the near term.

Expected timeframe: One day to three days

Traders' Corner



Source: UOBKH ChartGenie



Source: UOBKH ChartGenie

Analyst(s)

Mohd Fakhru Asyraq, MSTA, CFTe
mohdfakhrulasyraq@uobkh.com
+603 21471994

EPB Group EPB MK

Technical BUY on breakout with +30.6% potential return

Trading BUY range: RM0.245-0.25
Last price: RM0.23
Target price: RM0.285, RM0.32
Support: RM0.205
Stop-loss: RM0.195

BUY on breakout with a target price of RM0.32 and stop-loss at RM0.195. We expect a positive follow-through to validate a new up-leg if EPB penetrates above the breakout level of RM0.425. This is supported by an uptick in RSI and bullish crossover in MACD. Currently, DMI is on the verge of making a golden cross to the positive signal. We peg our targets at RM0.285 and RM0.32 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

ES Ceramics Technology ESC MK

Technical BUY with +37.2% potential return

Trading BUY range: RM0.205-0.215
Last price: RM0.215
Target price: RM0.275, RM0.295
Support: RM0.17
Stop-loss: RM0.165

BUY with a target price of RM0.295 and stop-loss at RM0.165. used on the daily chart, share price has consolidated lower and traded sideways in the past few weeks. Yesterday, ESC formed a bullish candlestick and penetrated the breakout level of RM0.205 to close higher at RM0.215. Positive readings in both the RSI and the MACD should translate into stronger momentum for share price. We peg our targets at RM0.275 and RM0.295 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Harn Len Corporation HARN MK

Technical BUY on breakout with +36.7% potential return

Trading BUY range:	RM0.49-0.495
Last price:	RM0.475
Target price:	RM0.62, RM0.67
Support:	RM0.41
Stop-loss:	RM0.405

BUY on breakout with a target price of RM0.67 and stop-loss at RM0.405. Based on the daily chart, we can see HARN trying to penetrate the breakout level at RM0.49, and managed to close above the BBI line yesterday. Aggressive traders can buy at breakout level at RM0.49 and set a short-term target at RM0.62. This is supported by an uptick in the RSI, which indicates that the positive momentum would strengthen in the near term. Currently, DMI is on the verge of making a golden cross to the positive signal.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

IMPORTANT NOTICE – DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at [this link](#) or by scanning the QR code below:



The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full.