Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52,637.0	0.3	(0.5)	5.4	9.5
S&P 500	7,575.4	0.4	1.2	4.2	10.7
FTSE 100	10,497.3	0.2	(1.7)	2.4	5.7
AS30	9,003.7	0.5	(0.5)	1.7	(0.2)
CSI 300	4,780.8	(2.0)	(1.3)	0.7	3.3
FSSTI	5,469.3	0.7	4.3	10.3	17.7
HSCEI	8,039.2	0.5	4.4	(3.4)	(9.8)
HSI	24,175.1	0.6	3.5	(1.0)	(5.7)
JCI	5,924.4	0.2	0.8	0.4	(31.5)
KLCI	1,691.5	0.8	0.7	0.7	0.7
KOSPI	7,475.9	2.5	(7.6)	(3.3)	77.4
Nikkei 225	68,557.7	1.2	(1.7)	6.8	36.2
SET	1,621.6	0.8	0.6	3.7	28.7
TWSE	45,354.6	0.0	(3.0)	4.9	56.6
BDI	2,944.0	1.2	8.4	6.2	56.8
CPO (RM/mt)	4,482.0	0.0	0.8	0.4	14.0
Brent Crude (US$/bbl)	76.0	(0.4)	5.4	(18.4)	24.9

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing on 2H Thai Strategy and Healthcare Sector presentation	Malaysia	13 Jul	15 Jul
Virtual Post-Results Meeting with ASL Marine Holdings Ltd (ASL SP)	Singapore	21 Jul	21 Jul

Corporate & Macro Calendar

Economic Indicator/Event	Country/Region	Date
CPI	Malaysia	17 Jul
2Q GDP	Malaysia	17 Jul
Trade Figures	Malaysia	20 Jul
Foreign Reserves	Malaysia	22 Jul

Please click on the page number to move to the relevant page

Top Stories

Sector Update | Plantation Page 2

MPOB's Jun 26 data showed palm oil inventories rising for a third consecutive month to a June record, though the buildup was smaller than we expected as exports and domestic use cleared more supply than assumed. With the stock/usage ratio easing, absorption is keeping pace with seasonal supply growth into the 2H production peak. Maintain OVERWEIGHT on the sector, underpinned by structural demand growth from the expansion of regional biofuel mandates.

What's Inside

Strategy| Implications Of The Johor State Election Result Page 4

As expected, BN has widened its already-comfortable majority in last Saturday's Johor state election (winning 48 of 56 seats, versus 40 seats in 2022), at the cost of other competing coalitions. Naturally, we expect market sentiment to remain cautious and generally risk-off, ahead of the 1 August Negeri Sembilan state election, which is seen as pivotal in deciding the possibility of a snap general election (GE16).

Market Spotlight Page 5

- The FBMKLCI increased 13.85pt (+0.33%) to close at 1,691.49pt last Friday
- US stocks were higher after the close on Friday, as gains in the basic materials, telecommunicaitons and technology sectors led shares higher.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 6

Traders' Corner Page 8

CAB Cakaran Corporation | CABC MK
Trading Buy Range: RM0.53-0.535

Elsoft Research | ELSR MK
Trading Buy Range: RM0.23-0.235

EP Manufacturing | EPMB MK
Trading Buy Range: RM0.44-0.45

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

Third Straight Buildup, But Absorption Keeps Pace

OVERWEIGHT
(Maintained)

Highlights

- MPOB's Jun 26 data showed a 4.8% rise in Malaysia's palm oil stockpiles to 2.54m tonnes, the highest for any June on record and slightly above the 2.50m Reuters consensus.
- June rainfall was broadly supportive across the regions, so the output divergence reflects the lagged imprint of earlier dry spells: Sarawak's March deficit drove its June decline, while Sabah's April deficit lands into 3Q. Both are lagged headwinds consistent with our El Niño thesis.
- Maintain OVERWEIGHT. Sector picks: SD Guthrie (BUY/Target: RM6.90) and Kuala Lumpur Kepong (BUY/Target: RM24.65).

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Analysis

- **MPOB's Jun 26 data.** Palm oil inventory rose to 2.54m tonnes (+4.8% mom), a third straight buildup and the highest June number on record, a shade above the 2.50m Reuters consensus but below our 2.65m estimate. The stock/usage ratio eased to 1.56x from 1.68x, showing CPO absorption largely keeping pace with the seasonal growth in supply.
  - **Production rose 8.1% mom to 1.64m tonnes**, at the low end of our estate survey range of +8% to +12% and near the 1.65m consensus. Peninsular Malaysia (+15.4% mom) led on a well-distributed 2Q rainfall recovery. With June rainfall broadly supportive, the divergence between states reflects lagged moisture effects - Sarawak saw a rainfall deficit in March, while Sabah's deficit in April should limit its output in 3Q.
  - **Exports rose 6.2% mom to 1.20m tonnes**, above our 1.16m estimate but well below the 1.30m consensus. Palm's decreased price competitiveness capped the recovery, with Indian buyers favouring South American soybean oil; the CPO discount to soybean oil into India remains near US$30/tonne vs a five-year average of about US$125/tonne.
  - **Imports more than doubled to 103,113 tonnes** (+135% mom) as processed palm oil inflows surged in June. Implied domestic disappearance of 421,754 tonnes ran well above our pre-report assumption of 340,000 tonnes.
- **Outlook.** Production should climb further into the September-October seasonal peak, but the easing stock/usage ratio suggests absorption is largely keeping pace with supply. Near-term direction hinges on whether the July export recovery sustains and on whether gasoil stabilises. On supply, Sarawak's March and Sabah's April rainfall deficits are lagged headwinds to 2H output, consistent with our El Niño thesis of delayed, asymmetric yield loss building into 1Q27.

Segmental Rating

Segment	Rating
Malaysia	OVERWEIGHT (Maintained)

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (RM)	Target Price (RM)
Kuala Lumpur Kepong	KLK MK	BUY	21.60	24.65
SD Guthrie	SDG MK	BUY	6.24	6.90

Source: Bloomberg, UOB Kay Hian

CPO Price Assumptions

	CPO Price (RM/tonne)
2021	4,408
2022	5,088
2023	3,810
2024	4,180
2025	4,306
<u>Our Forecast:</u>	
2026F	4,500
<u>CPO Price:</u>	
MPOB @ 9 Jul 26	4,482
BMD 3rd Month Contract	4,511

Source: UOB Kay Hian

Peer Comparison

Company	Ticker	Rec	Share Price 9 Jul 26 (RM)	Target Price (RM)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap (RM)	Price/ NAV ps (x)
Hap Seng Plantations	HAPL MK	BUY	2.35	2.47	5.1	Dec-25	10.9	8.0	7.8	5.1	5.9	1,759.3	0.8
Genting Plantations	GENP MK	HOLD	5.48	5.44	(0.7)	Dec-25	12.1	12.0	11.3	4.4	6.9	4,755.0	1.0
IOI Corporation	IOI MK	BUY	4.51	4.90	8.6	Jun-25	17.7	18.4	16.5	2.5	12.7	26,586.4	2.1
Kuala Lumpur Kepong	KLK MK	BUY	21.60	24.65	14.1	Sep-26	27.1	14.9	13.2	3.0	5.8	23,119.6	1.6
SD Guthrie	SDG MK	BUY	6.24	6.90	10.6	Dec-25	21.4	19.9	21.6	2.9	12.2	41,494.3	2.3

Source: Bloomberg, UOB Kay Hian

MPOB'S JUN 26 STATISTICS

(m tonne)	Jun 25	May 26	Jun 26	mom % chg	yoy % chg	6M25	6M26
CPO Production	1.69	1.52	1.64	8.1	(3.2)	8.97	9.02
Palm Oil Domestic Use	0.46	0.27	0.42	55.6	37.3	2.17	2.22
Palm Oil Exports	1.26	1.13	1.20	6.2	(4.7)	6.95	7.73
Oleochemical	0.20	0.26	0.22	(12.4)	0.1	1.29	1.45
Biodiesel	0.00	0.04	0.00	(88.4)	0.1	0.15	0.13
Palm Oil Imports	0.07	0.04	0.10	135.1	47.1	0.47	0.40
Palm Oil Stocks	2.03	2.43	2.54	4.8	25.1	2.03	2.54

Source: MPOB, UOB Kay Hian

Jun 26 CPO Production By Region And State

(m tonne)	Jun 25	May 26	Jun 26	mom % chg	yoy % chg	6M25	6M26
Johor	0.27	0.24	0.28	16.4	4.4	1.39	1.41
Pahang	0.30	0.22	0.23	8.9	(20.7)	1.45	1.35
Perak	0.18	0.15	0.18	22.5	1.8	0.96	0.92
Negeri Sembilan	0.07	0.05	0.05	17.3	(17.9)	0.32	0.30
Selangor	0.05	0.04	0.05	12.2	(0.1)	0.27	0.26
Terengganu	0.04	0.04	0.04	16.0	4.3	0.18	0.21
Kelantan	0.04	0.03	0.03	9.6	(26.8)	0.17	0.16
Kedah	0.03	0.02	0.03	29.1	(1.5)	0.14	0.12
Other States	0.02	0.02	0.02	15.1	(2.5)	0.10	0.10
Peninsular Malaysia	**0.99**	**0.79**	**0.92**	**15.4**	**(6.9)**	**4.97**	**4.83**
Sabah	0.36	0.35	0.36	5.1	(0.2)	2.01	2.12
Sarawak	0.34	0.38	0.36	(4.6)	4.4	1.98	2.07
East Malaysia	**0.71**	**0.72**	**0.72**	**0.0**	**2.0**	**3.99**	**4.19**

Source: MPOB, UOB Kay Hian

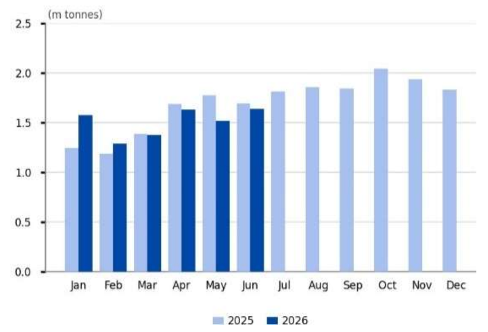
Valuation/Recommendation

- **Maintain OVERWEIGHT.** We remain constructive on the sector, underpinned by structural demand growth from regional biofuel mandates, including Indonesia's B50 policy. We keep our CPO price forecasts at RM4,500/4,400 per tonne for 2026/27 respectively.
- **Top picks.** We favour SD Guthrie as our preferred liquid big-cap exposure to the supportive CPO price environment, underpinned by its renewable energy and industrial park initiatives. Kuala Lumpur Kepong is our laggard pick, offering potential upside from a progressive recovery in downstream earnings alongside resilient upstream contributions. Meanwhile, pure-play Hap Seng Plantations trades at an attractive valuation while offering a compelling 5.5% dividend yield.

Sector Catalyst/Risk

- The incremental demand uplift from Malaysia's B15 mandate may disappoint.
- A softer ringgit could support India's import demand for CPO.
- Elevated crude oil prices due to geopolitical concerns would keep the palm oil-gas oil spread supportive.

Malaysia Palm Oil Production



Source: MPOB, UOB Kay Hian

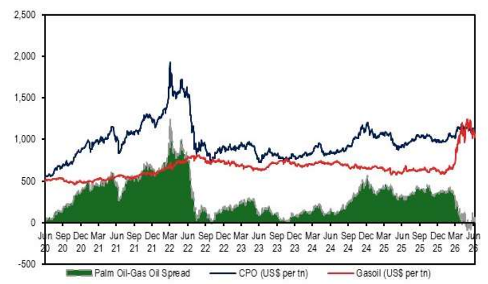
Rainfall By Region, Jan-Jun 26 (MM/MTH)

	Jan	Feb	Mar	Apr	May	Jun
North Pen.	51	148	117	254	354	213
East Pen.	90	146	76	155	278	194
West Pen.	67	180	138	249	219	171
Sabah	281	481	207	127	224	176
Sarawak	432	424	219	276	365	278
MALAYSIA	256	330	170	214	300	221

Colour: % of long-term avg <50 50-80 80-120 120-160 >160

Note: June 2026 data is preliminary.
Source: CHIRPS/in-house, UOB Kay Hian.

Palm Oil-Gas Oil Spread



Source: Bloomberg, UOB Kay Hian

Strategy – Malaysia

Implications Of The Johor State Election Result

Highlights

- Barisan Nasional (BN) won the simple majority in the Johor State election, securing 48 of 56 seats.

Essentials

- As expected, Barisan Nasional (BN) has widened its already-comfortable majority in last Saturday's Johor state election (winning 48 of 56 seats, versus 40 seats in 2022), at the cost of other competing coalitions (refer to table below).
- Naturally, we expect market sentiment to remain cautious and generally risk-off, ahead of the 1 August Negeri Sembilan state election, which is seen as pivotal in deciding the possibility of a snap general election (GE16).
- Looking ahead, a comfortable BN win in the Negeri Sembilan state election would signal a likely snap GE16.
- Investors will have to brace for a hung parliament scenario in GE16, and bear the uncertainty of the consequent forming/emergence of a new ruling coalition (just as in GE15).
- No change to our top picks, which continue to reflect a barbell strategy: 99 Speed Mart Retail Holdings, CIMB Group Holdings, Eco World Development Group, Kuala Lumpur Kepong, MISC, Greatech Technology, Solarvest Holdings and Tenaga Nasional.
- Core exposure to defensive large-cap domestic leaders with resilient earnings and cash flows.
- Selective accumulation of undervalued laggards with earnings re-rating catalysts.
- Tactical positioning in beneficiaries of Middle East tensions and sectors supported by long-term structural growth.

Johor State Election Results

Barisan Nasional (48)	UMNO **(36)**
	MCA **(8)**
	MIC **(4)**
Pakatan Harapan (8)	PKR **(1)**
	DAP **(6)**
	AMANAH **(1)**
Perikatan Nasional (0)	
BERSAMA (0)	

Source: Election Commission, UOB Kay Hian

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Market Spotlight

Market News

The FBMKLCI increased 13.85pt (+0.33%) to close at 1,691.49pt last Friday. Meanwhile, Asian stocks rallied on Friday, led by a sharp rebound in semiconductor shares, as investors looked past renewed Middle East tensions to refocus on the long-term artificial intelligence investment theme following fresh signs that chipmakers are preparing for another wave of spending. The FBMKLCI's top gainers were Sunway Healthcare Holdings (+3.7%), IOI Corporation (+3.4%) and Sunway Bhd (+3.4%), while the top losers were Petronas Chemicals Group (-1.2%), Axiata Group (-0.94 %) and RHB Bank (-0.24%). In the broader market, gainers outpaced losers 648 to 443 with 581 counters unchanged. Turnover was 2.85b shares valued at RM2.23b.

US stocks were higher after the close on Friday, as gains in the basic materials, telecommunications and technology sectors led shares higher. At the close in NYSE, the Dow Jones Industrial Average rose 0.29%, while the S&P 500 index added 0.42%, and the NASDAQ Composite index added 0.28%. Rising stocks outnumbered declining ones on the New York Stock Exchange by 1,565 to 1,144 and 103 ended unchanged; on the Nasdaq Stock Exchange, 1,848 fell and 1,549 advanced, while 168 ended unchanged. *(Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

FBMKLCI

Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close: 1,691.49

Expected moving range: 1,660– 1,690

Technical view:

Based on the daily chart, the FBMKLCI climbed higher last Friday 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 1,691.49 last Friday, 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 still maintained as follows:

Support: 1,625, 1,600

Resistance: 1,722, 1,751

FCPO

Source: Tradingview

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

Technical SELL with -2.0% potential downside

Trading SELL range: RM4,500-4,600

Last price: RM4,511

Target price: RM4,441, RM4,420

Resistance: RM4,600

Stop-loss: RM4,601

SELL with a target price of RM4,420 and stop-loss at RM4,601. Based on the chart, FCPO penetrated the uptrend line and closed lower at RM4,511 last Friday. This bearish movement is supported by a downtick in the RSI and a bearish crossover in both the MACD and DMI indicators. We peg our targets at RM4,441 and RM4,420 in the near term.

Expected timeframe: One day to three days

FKLI

Source: Tradingview

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

Technical BUY with +1.1% potential return

Trading buy range: 1,685-1,700

Last price: 1,699.5

Target price: 1,706, 1,719

Support: 1,680

Stop-loss: 1,679

BUY with a target price of 1,719 and stop-loss at 1,679. Based on the chart, FKLI hit our first previous target at 1,701 and closed higher at 1,699 last Friday. This bullish movement is supported by an uptick in the RSI and bullish crossovers in both MACD and DMI indicators. We peg our new targets at 1,706 and 1,719 in the near term.

Expected timeframe: One day to three days

Traders' Corner

Source: UOBKH ChartGenie

CAB Cakaran Corporation (CABC MK)

Technical BUY on breakout with +18.9% potential return

Trading buy range: RM0.53-0.535

Last price: RM0.52

Target price: RM0.595, RM0.63

Support: RM0.495

Stop-loss: RM0.49

BUY on breakout with a target price of RM0.63 and stop-loss at RM0.49. Based on the daily chart, CABC has formed a bullish candlestick on last Friday's movement, and climbed higher gradually after establishing support at RM0.495 level. We expect the stock to continue moving up if it penetrates the breakout level of RM0.53. Positive readings in both the MACD and DMI should translate into stronger momentum for share price.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Elsoft Research (ELSR MK)

Technical BUY on breakout with +28.3% potential return

Trading buy range: RM0.23-0.235

Last price: RM0.215

Target price: RM0.27, RM0.295

Support: RM0.19

Stop-loss: RM0.185

BUY on breakout with a target price of RM0.295 and stop-loss at RM0.185. Share price was consolidating within the immediate support of RM0.19 before last Friday's positive closing above the BBI set a new tone for the short-term outlook. We expect ELSR to continue to make a new high once it manages to penetrate the breakout level of RM0.23. The bullish bias has been established following an uptick in the RSI and a bullish crossover in the DMI. We peg our targets at RM0.27 and RM0.295 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

EP Manufacturing (EPMB MK)

Technical BUY with +18.0% potential return

Trading buy range: RM0.44-0.45

Last price: RM0.445

Target price: RM0.495, RM0.525

Support: RM0.40

Stop-loss: RM0.395

BUY with a target price of RM0.525 and stop-loss at RM0.395. Last Friday's price movement has triggered a BUY on the back of the positive closing above the BBI line, a growing bullish divergence in the DMI and a bullish crossover in the MACD. With the consistent climb along the trendline, this is likely to increase EPMB's probability of moving higher in the near term. As such, we peg our targets at RM0.495 and RM0.525 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Analyst

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