Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51,594.1	(2.2)	(1.2)	(1.1)	7.3
S&P 500	7,316.2	(1.5)	(2.4)	(1.7)	6.9
FTSE 100	10,908.4	0.3	1.8	4.0	9.8
AS30	9,199.7	1.0	2.2	2.4	2.0
CSI 300	4,600.3	0.7	(2.5)	(7.6)	(0.6)
FSSTI	5,713.2	1.7	2.1	10.5	23.0
HSCEI	8,623.5	2.2	4.5	14.1	(3.3)
HSI	25,807.9	2.0	3.7	12.1	0.7
JCI	6,091.4	(0.6)	(3.8)	7.9	(29.6)
KLCI	1,715.6	0.2	0.2	3.1	2.1
KOSPI	5,663.2	(6.0)	(16.7)	(33.2)	34.4
Nikkei 225	61,434.2	(1.5)	(7.1)	(12.3)	22.0
SET	1,624.5	(1.2)	(1.3)	2.1	29.0
TWSE	40,039.2	(3.8)	(10.7)	(13.2)	38.2
BDI	2,664	(1.2)	(1.9)	7.0	41.9
CPO (RM/mt)	4,499	(0.7)	0.0	(0.1)	14.4
Brent Crude (US$/bbl)	91	7.9	(3.5)	24.0	49.1

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Hybrid Post-result Group Luncheon with Plover Bay Technologies Ltd (1523 HK)	Hong Kong	31 Jul	31 Jul
Virtual Meeting with i-Tail Corporation Public Company Limited (ITC TB)	Thailand	05 Aug	05 Aug
Virtual Meeting with UOB-Kay Hian Holdings Ltd (UOBK SP)	Singapore	11 Aug	11 Aug
Hybrid Meeting with UltraGreen.ai Ltd (UGAI SP)	Singapore	13 Aug	13 Aug

Corporate & Macro Calendar

Economic Indicator/Event	Country/Region	Date
PMI	Malaysia	3 Aug
Foreign Reserves	Malaysia	7 Aug
Industrial Production	Malaysia	11 Aug
Manufacturing Sales	Malaysia	11 Aug

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Top Stories

Sector Update | Plantation Page 2

Indonesia's B50 mandate went live on 1 July with ample feedstocks. Stocks entered the switchover at 3.04m tonnes in May, partly due to a declining biodiesel offtake. Cargo surveyors put 1-25 July exports down 23.2% mom, shrinking the levy base that funds the subsidy for biodiesel production. We maintain our OVERWEIGHT call and our CPO assumptions of RM4,500/RM4,400 for 2026/2027 respectively, but tighten our palm oil-gasoil premium risk threshold for the B50 mandate.

Market Spotlight

Page 4

- The FBMKLCI closed marginally higher yesterday by 3.08pt to 1,715.56 buoyed by positive sentiments in the overnight US market.
- US stocks were lower after the close on Wednesday, as losses in the industrials, telecommunications and technology sectors led shares lower.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 5

Traders' Corner Page 7

Oriental Kopi Holdings | KOPI MK
Trading Buy Range: RM0.965-0.97

Yinson Holdings | YNS MK
Trading Buy Range: RM1.97-1.98

LBS Bina Group | LBS MK
Trading Buy Range: RM0.435-0.44

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

OVERWEIGHT
(Maintained)

B50: Feedstock Secured; Funding Borrowed

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Highlights

- **B50 is live, and feedstock is still ample.** Indonesia began mandatory 50% blending on 1 July under ESDM Decree 257/2026. GAPKI's May release, published in July on the usual two-month lag, shows closing stocks of 3.04m tonnes against 2.07m in January, with January-May production up 10.7% yoy.
- **The levy base is shrinking amid a rising subsidy requirement.** Cargo surveyor estimates put 1-25 July exports at 1.10m tonnes against 1.43m for 1-25 June, down 23.2%. With the levy held at 12.5% on CPO and the July reference price cut 2.8% to US$1,000.90/tonne, we estimate collections for the comparable window fell about a quarter to roughly US$109m.
- **Maintain OVERWEIGHT, but we tighten our POGO risk threshold.** We reiterate CPO assumptions of RM4,500/RM4,400 for 2026/27 and our preference for SD Guthrie and Kuala Lumpur Kepong (both BUY). We now regard a palm oil – gas oil (POGO) premium of above US$70-85/tonne as the baseline level at which levy collections stop covering the monthly subsidy requirement.

Analysis

- **Indonesia's biodiesel subsidy funding is kept afloat by the geopolitical conflict in the Middle East.** The POGO premium sits at +US$48/tonne against a 1,000-day mean of +US$146. On that basis, B50's monthly subsidy requirement amounts to roughly US$75m against a normalised US$230m. The compression is mostly driven by a rallying crude oil market: ICE gasoil is up 96.6% ytd amid the Hormuz disruption and the recent Jazan outage, while CPO has held firm.
- Two conditions determine whether B50 can fund itself:
  - **Indonesia's Palm Oil Fund's (BPDPKS) own test is only half-met.** Chief Eddy Abdurrachman has said the present levy rate suffices, provided Brent holds near US$85/bbl and CPO near US$1,000/tonne. Brent settled at US$84.09, but only after a three-session fall of some 16%. According to Indonesia's Institute for Essential Services Reform (IESR), CPO price should be 10x below Brent price for blending to be self-sustaining. By using the current Dumai FOB price assessment of US$1,185/tonne, the current ratio stands at 14.1x, well above the 10x no-subsidy line.
  - **Our breakeven POGO is US$70-85/tonne.** On a 1.57m tonne monthly feedstock draw and collections near US$129m, with 85% going to biodiesel, that is where the levy stops covering the subsidy. Our previous US$147 assessment was the long-run POGO mean and only holds if BPDPKS can draw on reserves.

Segmental Rating

Segment	Rating
Malaysia	OVERWEIGHT

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (RM)	Target Price (RM)
Kuala Lumpur Kepong	KLK MK	BUY	20.76	24.65
SD Guthrie	SDG MK	BUY	6.57	7.25

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	4,400
CPO Price:	
MPOB CPO Local @ 28 July 26	4,499
BMD 3rd Month @ 28 July 26	4,642

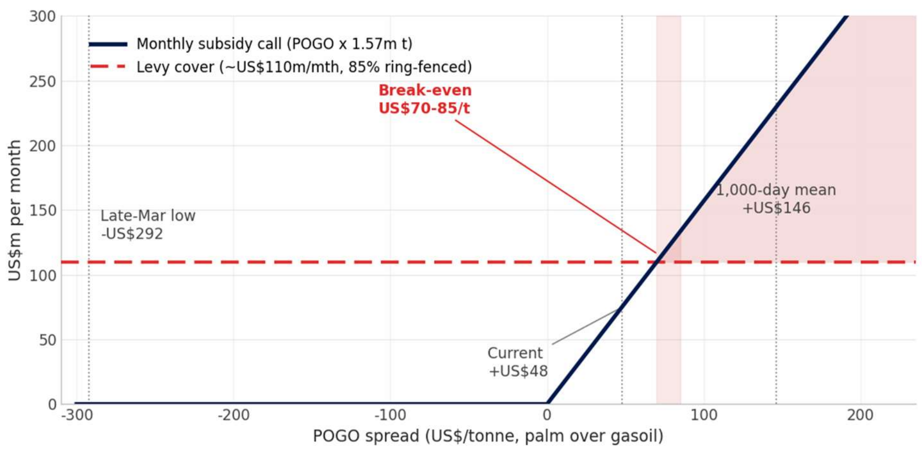
Source: UOB Kay Hian

Peer Comparison

Company	Ticker	Rec	Share Price 29 July 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 (RMm)	Price/ NAV ps (x)
Hap Seng Plantations	HAPL MK	HOLD	2.43	2.47	1.6	Dec 26	12.5	8.2	8.1	4.9	5.9	1,759.3	0.8
Genting Plantations	GENP MK	HOLD	5.71	5.44	(4.7)	Dec 26	13.4	12.5	11.8	4.2	6.9	4,755.0	1.0
IOI Corporation	IOI MK	BUY	4.45	4.90	10.1	Jun 26	18.4	18.2	16.3	2.6	12.7	26,586.4	2.1
Kuala Lumpur Kepong	KLK MK	BUY	20.76	24.65	18.7	Sep 26	27.4	14.3	13.0	3.1	5.8	23,119.6	1.6
SD Guthrie	SDG MK	BUY	6.57	7.25	10.4	Dec 26	23.3	20.9	22.7	2.7	12.2	41,494.3	2.3

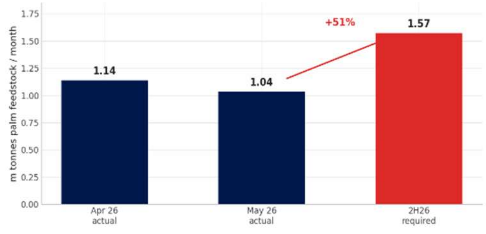
Source: Bloomberg, UOB Kay Hian

Levy Cover Against The POGO Spread



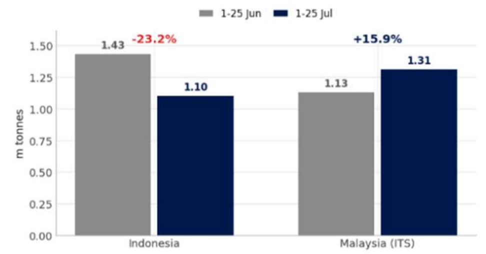
Source: LSEG, GAPKI, UOB Kay Hian

Biodiesel Absorption vs 2H26 Requirement



Source: GAPKI, ESDM, UOB Kay Hian

Indonesia vs Malaysia Exports, 1-25 June vs 1-25 July



Source: AmSpec, ITS, UOB Kay Hian

- **The export drop reported by cargo surveyors overstates the direct B50 effect.** Surveyor estimates of vessel loadings are the only near-real-time read on Indonesian flows, with GAPKI running two months behind. These currently show exports down 23.2% to 1.10m tonnes for 1-25 July. The steep decline in exports does not prove strong biodiesel feedstock absorption as June exports were front-loaded ahead of the B50 implementation. The Ministry of Trade cited weaker Indian demand, especially with export tax and levies amounting to US$273/tonne. Malaysian exports rose 15.9% over the same window, so the divergence still points to a cost- and policy-driven shortfall.

Valuation/Recommendation

- **Maintain OVERWEIGHT.** B50 absorbs Indonesian supply, but its support is underwritten by the ongoing war in the Middle East, leaving it more fragile than supply-driven support. We reiterate CPO assumptions of RM4,500/RM4,400 for 2026/27. Malaysian players should gain near-term share, while Indonesia's upstream exposure provides a complementary route which captures the domestic feedstock absorption for B50.
- **SD Guthrie (BUY) and Kuala Lumpur Kepong (BUY) are our top picks.** We like SD Guthrie as a liquid big cap play on the CPO backdrop, as it should remain supported by its renewable energy and industrial park pivot. Meanwhile, we favour Kuala Lumpur Kepong for its Indonesian upstream exposure which captures B50's domestic absorption directly.

Sector Catalyst/Risk

- **Indonesian exports normalise steeply.** Danantara Sumberdaya Indonesia (DSI) is expected to become the country's sole export channel on 1 Jan 27, delayed from September, giving shippers reason to clear volume into 4Q26. DSI's price verification may also lift levy capture per tonne even where volumes do not recover.
- **A further decline in crude oil price.** POGO past US$70-85/tonne leaves collections short of the subsidy funding requirement and forces the levy higher.
- **B50 offtake undershoots.** Absorption fell to 1.035m tonnes in May from 1.137m in April, against a required step-up of about 51% across 2H26.

Market Spotlight

Market News

The FBMKLCI closed marginally higher yesterday by 3.08pt to 1,715.56 buoyed by positive sentiments in the overnight US market. Meanwhile, Asian stocks fell on Wednesday, led by steep losses in South Korea, as a brutal selloff in technology shares extended for a second straight session ahead of key US earnings and the Federal Reserve's policy decision later in the day. The FBMKLCI's top gainers were Nestle (M) (+3.3%), CelcomDigi (+3.2%) and Maxis (+2.5%), while the top losers were Sunway Healthcare Holdings (-1.5%), Hong Leong Bank (-1.2%) and Public Bank (-0.77%). In the broader market, gainers outpaced losers 550 to 476 with 612 counters unchanged. Turnover was 2.97b shares valued at RM2.47b.

US stocks were lower after the close on Wednesday, as losses in the industrials, telecommunications and technology sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average fell 2.18% to hit a new 1-month low, while the S&P 500 Index lost 1.51%, and the NASDAQ Composite Index lost 1.74%. Falling stocks outnumbered advancing ones on the New York Stock Exchange by 1,869 to 857 and 84 ended unchanged; on the Nasdaq Stock Exchange, 2,318 fell and 1,072 advanced, while 189 ended unchanged. *(Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

FBMKLCI

Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close: 1,715.56

Expected moving range: 1,700– 1,730

Technical view:

The FBMKLCI was trading within a tight range but recorded a technical rebound yesterday after a 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. Despite a shaky short-term outlook, we remain optimistic for the index to recover once the selling pressure normalises. The support and resistance levels are still maintained as follows:

Support: 1,677, 1,650

Resistance: 1,750, 1,770

FCPO

Source: Tradingview

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

Technical SELL with 2.5% potential downside

Trading SELL range: RM4,600-4,700

Last price: RM4,653

Target price: RM4,571, RM4,538

Resistance: RM4,694

Stop-loss: RM4,695

SELL with a target price of RM4,538 and stop-loss at RM4,695. Based on the chart, FCPO continued the bearish movement and closed lower at RM4,653 on yesterday's movement. 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 RM4,571 and RM4,538 in the near term.

Expected timeframe: One day to three

FKLI

Source: Tradingview

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

Technical SELL with 1.7% potential downside

Trading SELL range: 1,700-1,730

Last price: 1,709.5

Target price: 1,689, 1,681

Resistance: 1,723

Stop-loss: 1,722

SELL with a target price of 1,681 and stop-loss at 1,722. Based on the chart, FKLI continued the bearish movement and closed lower at 1,709.5 yesterday. This bearish movement is supported by a downtick in the RSI and a bearish crossover in both the MACD and DMI indicators. We still maintained our targets at 1,689 and 1,681 in the near term.

Expected timeframe: One day to three days

Traders' Corner

Source: UOBKH ChartGenie

Oriental Kopi Holdings (KOPI MK)

Technical BUY with +18.1% potential return

Trading buy range: RM0.965-0.97

Last price: RM0.98

Target price: RM1.04, RM1.14

Support: RM0.88

Stop-loss: RM0.875

BUY with a target price of RM1.14 and stop-loss at RM0.875. On yesterday's movement, the stock formed a higher high and higher low and managed to close above the BBI line to keep up the bullish momentum. This is supported by the DMI's bullish crossover and is consistent with the uptick in the RSI which suggests stronger buying momentum ahead. We peg our targets at RM1.04 and RM1.14 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Yinson Holdings (YNS MK)

Technical BUY on breakout with +13.2% potential return

Trading buy range: RM1.97-1.98

Last price: RM1.91

Target price: RM2.14, RM2.23

Support: RM1.80

Stop-loss: RM1.79

BUY on breakout with a target price of RM2.23 and stop-loss at RM1.79. A successful closing above the BBI line on yesterday's movement suggests improving sentiment as YNS looks set to resume the upward movement. This is supported by an uptick in the RSI. Currently, the DMI is showing positive signals, which will support the upward momentum. We expect YNS to continue the upward movement to our targets at RM2.14 and RM2.23 in the near to term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

LBS Bina Group (LBS MK)

Technical BUY on breakout with +16.1% potential return

Trading buy range: RM0.435-0.44

Last price: RM0.42

Target price: RM0.47, RM0.505

Support: RM0.40

Stop-loss: RM0.395

BUY on breakout with a target price of RM0.505 and stop-loss at RM0.395. The chart shows the upside trend will be intact if the stock can penetrate the breakout level of RM0.435. This is supported by an uptick in RSI and bullish crossover in MACD indicator. We peg our targets at RM0.47 and RM0.505 once it manages to penetrate above the breakout level of RM0.435.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Analyst

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