UOBKayHian

Country Daily | Malaysia

Friday, 14 August 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	53,840.0	0.1	(0.1)	2.6	12.0
S&P 500	7,799.0	0.7	1.2	3.8	13.9
FTSE 100	10,772.7	(0.6)	(0.9)	2.3	8.5
AS30	9,381.4	(0.2)	(0.7)	4.2	4.0
CSI 300	4,664.0	(0.6)	0.3	(2.8)	0.7
FSSTI	5,720.1	(0.0)	2.5	4.1	23.1
HSCEI	8,426.5	(0.2)	(0.9)	4.0	(5.5)
HSI	25,396.5	(0.2)	(0.5)	4.9	(0.9)
JCI	6,301.8	(1.1)	(0.7)	4.3	(27.1)
KLCI	1,734.7	(0.4)	(0.1)	0.9	3.2
KOSPI	6,813.3	3.6	8.2	(0.6)	61.7
Nikkei 225	68,308.6	1.2	3.0	0.8	35.7
SET	1,614.4	0.1	0.3	(0.7)	28.2
TWSE	46,021.5	1.1	3.7	2.9	58.9
BDI	2,844	(3.2)	(7.0)	(3.9)	51.5
CPO (RM/mt)	4,519	(0.6)	(0.3)	0.8	14.9
Brent Crude (US$/bbl)	87	(2.1)	5.6	4.5	43.1

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Meeting on Indonesia Economic Outlook by Mr. Enrico Tanuwidjaja	Indonesia	19 Aug	19 Aug
Analyst Marketing by Julia Pan on Greater China Internet Sector	Singapore	07 Sep	08 Sep
Analyst Marketing by Julia Pan on Greater China Internet Sector	Malaysia	09 Sep	11 Sep

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
GDP 2Q26	Malaysia	14 Aug
CPI	Malaysia	17 Aug
Trade Balance	Malaysia	20 Aug
Foreign Reserves	Malaysia	21 Aug

Top Stories

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- We observed a slowdown in the rollout of domestic public infrastructure projects in 7M26. The public infrastructure pipeline for 2H26-2027 may also be less exciting, due to rising diesel and building material costs, a volatile political landscape, and potentially lower government expenditure on rising petrol subsidies. Historical data also suggests that downside risk for construction stocks due to election is minimal, and the sector tends to deliver consistent returns two months after an election. Maintain OVERWEIGHT.

Market Spotlight

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- The FBMKLCI closed lower (-6.90pt, -0.40%) at 1,734.71 yesterday despite some bargain hunting.
- US stocks were higher after the close on Thursday, as gains in the telecommunications, consumer goods and technology sectors led shares higher.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 6 →

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EPB Group | EPB MK Page 8→

- Trading Buy Range: RM0.24-0.245

EWI Capital | EWICAP MK Page 8 →

- Trading Buy Range: RM0.195-0.20

Harbour-Link Group | HALG MK Page 9 →

- Trading Buy Range: RM1.31-1.33

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.

Construction

Dissecting GE16 Impact And Domestic Infrastructure Momentum

Highlights

- **The rollout of domestic projects has seen a slowdown** in 7M26 (-7% yoy); government-awarded projects stand at RM29b (22% of total).
- **A trifecta of impediments may further delay mega project awards**: a) rising building material and diesel costs; b) a change in the political landscape; c) a potential cut in government expenditure due to rising petrol subsidies.
- **Based on historical trends, there is minimum downside risk from general elections**, which suggest that sector share prices should re-rate upwards from here on.
- **Maintain OVERWEIGHT**; top picks are Gamuda, Binastra and Kerjaya.

Analysis

- **Rollout of mega projects may be selectively put on hold, with some delays expected…** We opine that several domestic developments are not in the sector's favour in terms of mega projects roll-out, and we may see slower progress due to the financial constraints faced by the federal government. Note that the rollout of domestic projects has been slower in 7M26, with the total value of projects awarded standing at around RM131b (-7% yoy). Out of this, only RM29b (22%) are projects awarded by the government, far below 2025's government projects (at only 50%).
- **…despite certain large infrastructure projects coming on-stream this year.** Notable mega infrastructure projects awarded ytd include: **a)** Phase 1 of the Ulu Padas water supply scheme in Sabah (RM5.98b); **b)** Penang LRT Mutiara Line project system packages (RM3.03b); and **c)** Tanah Rata bypass and federal road upgrade (RM430m). Some key mega projects anticipated in 4Q26-2027 are: **a)** EPCC contract for Perak-Penang Water Supply Scheme (e.RM4b); **b)** Penang LRT Mutiara Line Segment 2 (~RM4b); **c)** Johor's Elevated Autonomous Rapid Transit (e-ART) project (RM7b-10b); **d)** East Coast Rail Link-Port Klang extension (RM0.7b-0.9b), and **e)** more water-related infrastructure projects in the pipeline.
- **Pump-priming of domestic mega projects due to looming GE16 also unlikely, and we think that election risks are mostly priced in.** Fundamental impacts of the 16th General Election (GE16) on the construction sector may be fairly limited, given that the award of mega projects, which provide crucial fiscal stimuli, have seen a slowdown in the past three years due to the government's more conservative budget allocation. We also believe that the potential downside risk is limited given the market has already partially priced in the election risk premium into valuations. Sector valuations now trade at 18-19x 2027F PE, which are still attractive after factoring in earnings growth amidst the private job flow upcycle.

Analyst(s)

Jack Goh
jackgoh@uobkh.com
+603 2147 1943

Jack Lai
jacklai@uobkh.com
+603 2147 1983

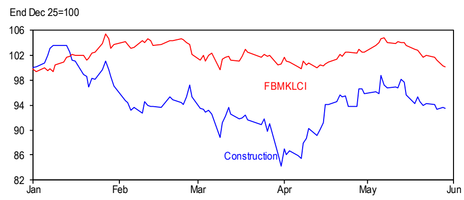
OVERWEIGHT (Maintained)

Sector Picks

Company	Ticker	Rec	Share Price (RM)	Target Price (RM)
Gamuda	GAM MK	BUY	4.50	5.25
Kerjaya	KPG MK	BUY	2.74	3.20
Binastra	Binastra MK	BUY	2.20	2.68

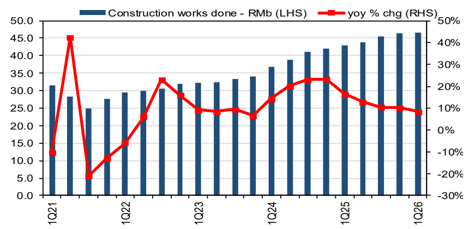
Source: Bloomberg, UOB Kay Hian

Construction Index vs FBMKLCI



Source: UOB Kay Hian

Value of construction works done (in 7M26)



Source: Department of Statistics Malaysia, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec	Share Price 13 Aug 26 (RM)	Target Price (RM)	Market Cap (RMm)	PE FY25 (x)	PE FY26F (x)	PE FY27F (x)	ROE 2026F (%)	Price/NTA 2026F (%)	2026F Div Yield (%)
Binastra Corporation	BNASTRA MK	BUY	2.20	2.68	2,401.1	21.8	16.8	14.0	53.6	8.1	3.6
Gamuda	GAM MK	BUY	4.50	5.25	26,461.0	29.7	27.8	22.8	10.2	2.1	2.6
IJM Corporation	IJM MK	BUY	2.72	2.48	9,571.9	27.3	24.3	20.7	3.2	1.0	2.4
Kerjaya Prospek Group	KPG MK	BUY	2.74	3.20	3,457.6	16.9	15.8	14.3	21.5	2.6	4.5
Malaysian Resources Corporation	MRC MK	HOLD	0.345	0.32	1,519.8	30.9	28.3	21.3	5.4	0.4	2.9
Sunway Construction Group	SCGB MK	HOLD	8.28	7.88	10,893.3	22.4	22.0	21.3	50.6	9.8	4.1
WCT Holdings	WCTHG MK	HOLD	0.415	0.50	639.6	12.2	14.7	15.2	25.2	0.2	0.0

Source: Bloomberg, UOB Kay Hian

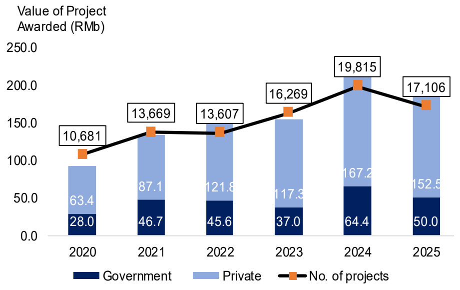
- **Trifecta of impediments may slow down pace of public infrastructure projects award during 2H26-1H27.**
  1) **Rising building material and diesel costs.** Despite building material prices having normalised from March-April's peak due to the de-escalation of Iran war, we estimate that general construction costs for public infrastructure projects are still 10-15% higher than before the Iran war, mainly due to diesel price (50% higher than pre-Iran war) related cost escalations. Furthermore, there is limited variation of prices (VOP) for public infrastructure projects as compared with private job flows, and infrastructure projects usually do not allow delays or work orders as it is deemed as a violation of contract conditions.
  2) **Changes in the political landscape** are likely to lead to delays in public projects (especially large infrastructure projects). Projects are now under more careful scrutiny and key development policies may require a longer tender processing period.
  3) **Potential cut in government expenditure to cope with rising petrol subsidies.** Given the rising crude oil prices and constraints on petrol price hikes currently, the federal government would need to control expenditure to achieve its budget deficit target of 3.5% (or RM74.6b) of GDP for 2026. At the current high crude oil prices of above US$84/barrel, the government's fuel subsidy allocation has increased to RM40b from the RM15b initially budgeted for 2026. We are of the view that more fiscal constraint on government expenditure will potentially delay the rollout of certain mega-projects, despite broad-based construction expenditure possibly remaining at high levels.
- **Update on MRT3 and HSR railway projects.** To recall, the final railway scheme for the Mass Rapid Transit 3 (MRT3) circle line was approved back in 3Q25, with landbank acquisition targeted to be completed by end-2026. Nevertheless, we do not rule out a further delay into 2027, anticipating that the tender awards for contractors will materialise only in 2H27-1H28. Meanwhile, we also understand that there is no major progress for the KL-Singapore High-Speed-Rail (HSR) projects, as the government had earlier proposed that the project be private sector-led and funded, under a concession model. There is also no newsflow on any specific proposal raised with the Singapore government yet.
- **A simple comparison between general elections – minimum downside risk.** Construction companies are unlikely to suffer the magnitude of the 2018 election sell-down when Barisan Nasional ended its 60-year reign as the ruling government for the first time. During the 15th General Election (GE15) in 2022, the KLCON index and most construction stocks within our coverage saw a correction of 1-12% two months before the election, and surged 4-14% two months after the GE15. We are of the view that the downside from the upcoming election is limited as: a) the market has already factored in the volatility, and b) sector bellwethers are riding on the data centre (DC) upcycle with record-high earnings delivery. As such, we expect share prices to re-rate upwards from here on, limiting the impact and sentiment from GE16.

Share Price Reaction Before Past Elections

	Dates		KLCON Index	Gamuda	Suncon	IJM	WCT	Binastra	Kerjaya	MRCB
GE 11	21-Mar-04	2 months before	6.5%	-0.8%	n.a.	8.0%	6.1%	n.a.	-4.6%	2.0%
		2 months after	-18.3%	-17.5%	n.a.	-8.8%	-16.4%	n.a.	-12.6%	-30.5%
GE 12	8-Mar-08	2 months before	-21.9%	-37.9%	n.a.	-20.6%	-18.6%	-14.7%	-9.2%	-32.8%
		2 months after	11.1%	7.5%	n.a.	0.9%	10.6%	42.4%	-21.6%	28.4%
GE 13	5-May-13	2 months before	2.8%	2.0%	n.a.	6.5%	4.0%	7.0%	-13.1%	0.7%
		2 months after	10.4%	10.2%	n.a.	2.1%	1.2%	-6.6%	15.0%	2.6%
GE 14	9-May-18	2 months before	-1.7%	3.0%	11.7%	3.5%	-6.6%	-70.7%	5.2%	-2.0%
		2 months after	-29.2%	-34.7%	-24.7%	-35.8%	-37.9%	-8.2%	-8.1%	-40.0%
GE 15	19-Nov-22	2 months before	-6.0%	-8.1%	-2.0%	-11.3%	-11.5%	0.0%	-0.9%	-12.1%
		2 months after	7.2%	7.4%	13.8%	4.0%	3.9%	811.6%	7.0%	5.2%
	Ytd (2026)		0.7%	-9.8%	44.3%	18.5%	-28.4%	-2.3%	0.0%	-9.2%

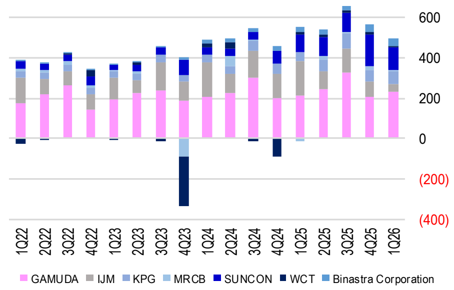
** Data collected two months before and after General Election*
Source: Bloomberg, UOB Kay Hian

Domestic Projects Awarded



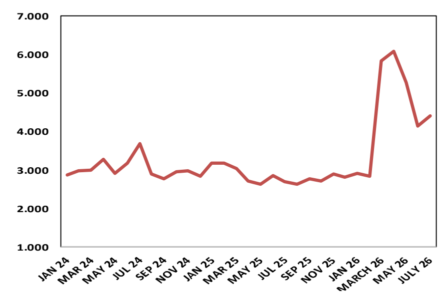
Source: Construction Industry Development Board, UOB Kay Hian

Construction Firms' Earnings Trend



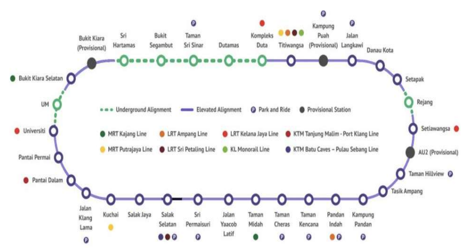
Source: Respective companies, UOB Kay Hian

Diesel Price (RM/litre)



Source: UOB Kay Hian

MRT 3 Circle Line Alignment



Source: UOB Kay Hian

Valuation/Recommendation

- **Maintain OVERWEIGHT on the sector,** as most contractors under our coverage are poised to deliver resilient earnings throughout 2026-27, backed by record-high private job flows from the residential and DC segments.
- **For infrastructure projects,** more patience is required for local contractors that may benefit, as the award of mega projects remain selective and could face a delay.
- **Our sector top picks are** Gamuda (BUY/Target: RM5.25), Binastra (BUY/ Target: RM2.68) and Kerjaya (BUY/Target: RM3.20). We like these companies for their DC growth aspects and internal project visibility. Ratings and target price of other stocks under coverage are in the RHS table.

Valuations and Target Price

Company	Ratings	Implied Valuations	Implied TP (RM)
Binastra	BUY	16.8x FY27F PE (mean)	2.68
Gamuda	BUY	22x FY27F PE (+1.5SD above mean)	5.25
Sunway Construction Group	HOLD	22x 2026F PE (+1SD above mean)	7.88
IJM Corporation	BUY	24.8x FY27F PE (+1SD above mean)	2.48
Kerjaya Prospek Group	BUY	15.8x 2026F PE (+1SD above mean)	3.20
WCT Holdings	HOLD	9.9x 2026F PE (slightly below mean)	0.50
Malaysian Resources Corporation	HOLD	33x 2027F PE (mean)	0.32

Source: UOB Kay Hian

Market Spotlight

Market News

The FBMKLCI closed lower (-6.90pt, -0.40%) at 1,734.71 yesterday despite some bargain hunting. Meanwhile, Asian stocks mostly rose on Thursday as a renewed rally in technology shares pushed South Korea's KOSPI into a technical bull market, while a softer US inflation report reduced expectations for a Federal Reserve rate hike. The FBMKLCI's top gainers were IOI Properties Group (+1.8%), Axiata Group (+1.7%) and Gamuda (+0.89%), while the top losers were Petronas Chemicals Group (-2.2%), PPB Group (-2.0%) and IOI Corporation (-2.0%). In the broader market, losers outpaced gainers 703 to 410 with 603 counters unchanged. Turnover was 3.52b shares valued at RM3.05b.

US stocks were higher after the close on Thursday, as gains in the telecommunications, consumer goods and technology sectors led shares higher. At the close in NYSE, the Dow Jones Industrial Average added 0.13%, while the S&P 500 Index climbed 0.65%, and the NASDAQ Composite Index added 0.81%. Rising stocks outnumbered declining ones on the New York Stock Exchange by 1,677 to 1,034 and 100 ended unchanged; on the Nasdaq Stock Exchange, 1,905 rose and 1,511 declined, while 195 ended unchanged. *(Sources: Investing.com)*

FBMKLCI, FCPO & FKLI Index Outlook

Analyst(s)

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

FBMKLCI

Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,734.71
Expected moving range:	1,730-1,750

Technical View:

From the technical perspective, the outlook for the FBMKLCI remains timid as a lack of catalysts pared down earlier gains. The index formed "spinning top" pattern yesterday as the selling pressure has been absorbed. Despite a shaky short-term outlook, we remain optimistic for the index to recover once the selling pressure normalises. For now, we expect sideways movement ahead with the benchmark index likely to consolidate further. Support and resistance levels are still maintained as follows:

Support: 1,677, 1,652

Resistance: 1,753, 1,770

FCPO

Source: TradingView

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

Technical SELL with +2.3% potential downside

Trading SELL range:	RM4,700-4,750
Last price:	RM4,725
Target price:	RM4,657, RM4,615
Resistance:	RM4,770
Stop-loss:	RM4,771

SELL with a target price of RM4,615 and stop-loss at RM4,771. Based on the chart, FCPO continued the bearish movement and closed lower at RM4,725 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 still maintained our targets at RM4,657 and RM4,615 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 1.4% potential return

Trading BUY range:	1,730-1,750
Last price:	1,734
Target price:	1,753, 1,758
Support:	1,727
Stop-loss:	1,726

BUY with a target price of 1,758 and stop-loss at 1,726. Based on the chart, FKLI continued the bullish movement and closed at 1,744 on yesterday's movement. This bullish movement is supported by an uptick in the RSI and bullish crossovers in the MACD. We maintained our targets at 1,753 and 1,758 in the near term.

Expected timeframe: One day to three days

Traders' Corner

Analyst(s)

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

Source: UOBKH ChartGenie

EPB Group
EPB MK

Technical BUY on breakout with +33.3% potential return

Trading BUY range:	RM0.24-0.245
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. Yesterday's movement had triggered a BUY on the back of a positive closing above the BBI line and a bullish crossover in the DMI. This, along with consistent climb along the trend line, is likely to increase EPB's probability of moving higher in the near term. We peg our targets at RM0.285 and RM0.32 once it breaks above the breakout level of RM0.24.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

EWI Capital
EWICAP MK

Technical BUY with +27.5% potential return

Trading BUY range:	RM0.195-0.20
Last price:	RM0.20
Target price:	RM0.24, RM0.255
Support:	RM0.17
Stop-loss:	RM0.165

BUY with a target price of RM0.26 and stop-loss at RM0.205. Yesterday, EWICAP managed to penetrate the breakout level of RM0.195 and closed higher at RM0.20. Positive readings in both the DMI and the MACD should translate into stronger momentum for the share price. This is supported by an uptick in the RSI. We expect the share price will continue its bullish movement towards our targets at RM0.24 and RM0.255 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

Harbour-Link Group
HALG MK

Technical BUY with +8.3% potential return

Trading BUY range:	RM1.31-1.33
Last price:	RM1.33
Target price:	RM1.39, RM1.44
Support:	RM1.26
Stop-loss:	RM1.24

BUY with a target price of RM1.44 and stop-loss at RM1.24. The stock has closed above the bullish crossover of the 7-day and 21-day EMA lines yesterday on much higher trading volumes, suggesting renewed interest may spur an upward move from here onwards. This is consistent with the rising momentum while an uptick in +DI indicates a stronger uptrend ahead. We peg our upside targets at RM1.39 and RM1.44 in near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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