UOBKayHian

Sector – Update | Malaysia

Wednesday, 11 November 2026

Plantation

Export Surge Slows The Stock Build

Highlights

- MPOB's Oct 26 data showed Malaysia's palm oil stocks rising 3.2% mom to a fresh record of 3.62m tonnes, below the 3.75m-tonne Reuters poll median. Exports jumped 55.7% mom to 1.71m tonnes, the steepest monthly rise in our data, and offset record production of 2.15m tonnes.
- We expect stocks to peak in November at 3.6m-3.8m tonnes and to decline from December as output turns seasonally lower.
- Maintain OVERWEIGHT. Sector picks: SD Guthrie (BUY/Target: RM8.30), Genting Plantations (BUY/Target: RM7.42) and KL Kepong (BUY/Target: RM28.50).

Analysis

- **MPOB's Oct 26 data.** Palm oil inventory rose 3.2% mom to 3.62m tonnes, a seventh straight build and a fresh record (+44.4% yoy). The 110,609-tonne increase was a sixth of September's build and left stocks about 130,000 tonnes below the 3.75m-tonne Reuters poll median. The stock/usage ratio eased to 1.75x from 2.37x.
- **Production rose 1.7% mom to 2.15m tonnes,** a second straight monthly record (+5.4% yoy), at the lower end of the 1-5% rise in our survey and below the Reuters poll's 2.20m tonnes. Sabah led (+7.2% mom), while Sarawak (+0.5%) and Peninsular Malaysia (+0.1%) were flat. The national oil extraction rate rose 0.08ppt to 20.34%. 10M26 output of 16.90m tonnes was up 2.3% yoy.
- **Exports jumped 55.7% mom to 1.71m tonnes,** the steepest monthly rise in our data back to 1992 and the highest volume since Oct 24. This beat both the 45.4% rise in cargo surveyor estimates and the Reuters poll's 1.60m tonnes, consistent with restocking after India's duty cut and ahead of Diwali. Crude and processed palm oil exports rose 54.5% and 56.3% mom respectively. 10M26 exports of 13.23m tonnes were 4.0% ahead yoy.
- **Imports fell 54.9% mom to 26,207 tonnes,** implying domestic disappearance eased 6.7% mom to 360,629 tonnes. Stronger exports explain most of the gap to the Reuters poll.
- **Outlook.** We expect stocks to peak in November at 3.6m-3.8m tonnes and to decline from December. November output has fallen in each of the past 10 years (median: -7% mom), and Southern Peninsular Palm Oil Millers' Association (SPPOMA) estimates 1-5 November output fell 9.7%. Exports are the swing factor: holding October's pace would trim stocks, while the median 12% seasonal fall would lift them to about 3.8m tonnes. Confirmation point: stocks at or below 3.8m tonnes in MPOB's November data, due around 10 December.

Analyst(s)

Amerul Iqmal

ameruliqmal@uobkh.com

+603 2147 1915

Malaysia Research Team

research@uobkh.com

OVERWEIGHT (Maintained)

Segmental Rating

Segment	Rating
Plantation	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 Oct 26 average	4,406
BMD 3rd Month Contract	4,258

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 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (lcy)	Price/ NAV ps (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 Oct 26 Statistics

(m tonne)	Oct 25	Sep 26	Oct 26	mom % chg	yoy % chg	10M25	10M26
CPO Production	2.04	2.12	2.15	1.7	5.4	16.52	16.90
Palm Oil Domestic Use	0.24	0.39	0.36	(6.7)	47.9	3.71	3.69
Palm Oil Exports	1.69	1.10	1.71	55.7	1.3	12.72	13.23
Oleochemical	0.25	0.24	0.32	34.3	26.8	2.27	2.52
Biodiesel	0.02	0.00	0.01	84.5	(76.5)	0.29	0.20
Palm Oil Imports	0.04	0.06	0.03	(54.9)	(27.8)	0.71	0.58
Palm Oil Stocks	2.51	3.51	3.62	3.2	44.4	2.51	3.62

Source: MPOB, UOB Kay Hian

Oct 26 CPO Production By Region And State

(m tonne)	Oct 25	Sep 26	Oct 26	mom % chg	yoy % chg	10M25	10M26
Johor	0.31	0.34	0.34	0.8	10.0	2.58	2.67
Pahang	0.36	0.34	0.37	9.0	0.8	2.84	2.61
Perak	0.18	0.20	0.18	(11.5)	(3.3)	1.71	1.71
Negeri Sembilan	0.07	0.08	0.08	0.7	9.6	0.60	0.58
Selangor	0.05	0.06	0.05	(11.4)	4.1	0.48	0.48
Terengganu	0.06	0.06	0.06	0.7	7.1	0.38	0.43
Kelantan	0.04	0.04	0.05	13.7	2.6	0.34	0.31
Kedah	0.02	0.02	0.02	(10.2)	(6.0)	0.24	0.21
Other States	0.02	0.02	0.02	(26.2)	(18.6)	0.19	0.19
Pen Malaysia	**1.12**	**1.15**	**1.15**	**0.1**	**3.2**	**9.37**	**9.19**
Sabah	0.45	0.46	0.49	7.2	10.1	3.54	3.77
Sarawak	0.48	0.51	0.51	0.5	6.0	3.61	3.95
East Malaysia	**0.93**	**0.96**	**1.00**	**3.7**	**7.9**	**7.14**	**7.72**

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. With MPOB's 10M26 average at RM4,404 per tonne and Bursa futures below RM4,300, there is downside risk to our 2026 forecast.
- **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.
- **Export duty waiver under review.** The Finance Ministry is reviewing a proposal to temporarily suspend Malaysia's CPO export duty, which stands at 10% for November. Industry estimates put Malaysian CPO at a RM700-900 per tonne disadvantage to Indonesian supply. A suspension would help draw down inventories and lift domestic CPO prices for upstream planters.

Sector Catalyst/Risk

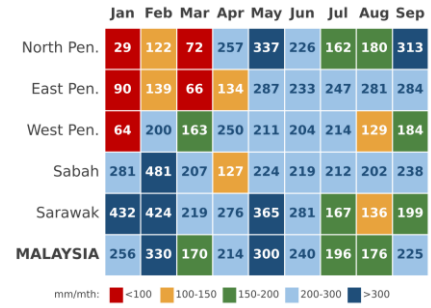
- **Catalyst: Export duty suspension.** A temporary waiver would improve competitiveness against Indonesia and speed up the stock drawdown.
- **Risk: Weaker post-Diwali demand.** A sharper fall in Indian buying after October's restocking would extend the stock build into December.

Malaysia Palm Oil Production



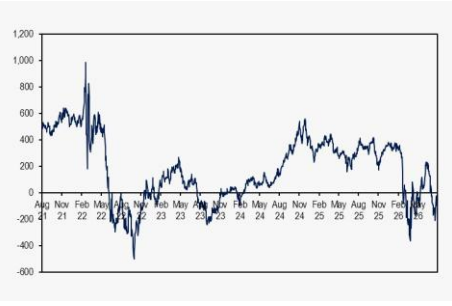
Source: MPOB, UOB Kay Hian

Rainfall By Region, Jan-Sep 26 (MM/Mth)



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

CPO Price Sensitivity (Per RM100/Tonne)

Company	Net Profit Impact (%)
Hap Seng Plantations	8-9
Genting Plantations	7-8
IOI Corporation	4-5
KL Kepong	4-5
SD Guthrie	7-8

Source: UOB Kay Hian

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.