



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51,621.5	(0.1)	0.9	(1.5)	7.4
S&P 500	7,718.9	(1.1)	(1.1)	1.3	12.8
FTSE 100	10,724.9	0.7	2.5	0.3	8.0
AS30	8,869.0	(0.6)	(0.3)	0.2	(1.7)
CSI 300	4,217.7	(1.4)	(3.2)	(5.2)	(8.9)
FSSTI	5,423.3	(0.1)	(3.3)	(3.8)	16.7
HSCEI	8,183.2	0.1	1.2	(0.3)	(8.2)
HSI	24,314.2	(0.1)	0.8	(2.4)	(5.1)
JCI	5,943.0	0.3	(3.3)	(8.0)	(31.3)
KLCI	1,627.7	0.3	1.0	(3.1)	(3.1)
KOSPI	6,008.8	(0.4)	(13.4)	(9.3)	42.6
Nikkei 225	67,744.3	(0.0)	(4.2)	6.7	34.6
SET	1,575.9	0.3	(0.4)	(0.2)	25.1
TWSE	48,625.8	0.6	(2.4)	6.8	67.9
BDI	2,667	(4.8)	(10.9)	(22.6)	42.1
CPO (RM/mt)	4,399	(0.5)	0.7	(4.3)	11.8
Brent Crude (US\$/bbl)	106	0.4	5.8	0.4	74.3

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 Oce
CPI	Malaysia	19 Oct
Trade Figures	Malaysia	19 Oct

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- Budget 2027 was expectedly consumer-friendly with key measures including higher allocations for subsidies, increased cash handouts and tax reliefs as well as wage hikes. However, while measures appear pro-consumption, persistently soft sentiment and inflationary woes may still be difficult to disperse. Overall, we remain selective on the sector, focusing on frontrunners to benefit from the measures. Maintain MARKET WEIGHT. Top Budget beneficiaries: 99 Speed Mart and Oriental Kopi. We upgrade Oriental Kopi to BUY from HOLD following share price weakness.

Market Spotlight

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- The FBMKLCI added 4.37pt to close at 1,627.72 yesterday as the index moved between positive and negative territories throughout the day.
- US stocks were lower after the close on Wednesday, as losses in the technology, industrials and basic materials sectors led shares lower.

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- Trading Buy Range: RM1.36-1.37

Eco World Development Group | ECW MK

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- Trading Buy Range: RM1.98-1.99

Hibiscus Petroleum | HIBI MK

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- Trading Buy Range: RM2.30-2.31

Consumer

Budget 2027 Deep-Dive: Pro-Rakyat, Selectively Positive For Equities

Highlights

- The measures announced during Budget 2027 were expectedly consumer-friendly with higher cash handouts and increased tax reliefs, especially for the middle-income bracket.
- The minimum wage increase to RM2,000 is expected to hit selective labour-reliant names (ie retailers), but broader wage hikes across the GLCs and skilled and semi-skilled jobs could lift sentiment as spending power grows.
- Maintain MARKET WEIGHT. Despite the broad-based support for consumers, we remain selectively positive on the sector as soft sentiment and other external headwinds persist.
- Top picks for Budget beneficiaries: 99 Speed Mart Retail Holdings and Oriental Kopi Holdings. We upgrade Oriental Kopi Holdings to BUY from HOLD following the recent share price weakness.

Analysis

- Spending power to the people.** Budget 2027 was largely pro-consumer with key measures including broader tax reliefs (especially for the M40 income bracket), wage increases across private and government employment and increased cost of living support across the Sumbangan Tunai Rahmah (STR) and Sumbangan Asas Rahmah (SARA) programmes (see RHS for details). Overall, we view Budget 2027 as mostly positive for sentiment as the measures should help stimulate spending, especially amongst the M40 group where discretionary income is higher. However, we still remain somewhat conservative about the boost cutting through the cloudy sentiment to a meaningful degree as cost headwinds arise.
- Minimum wage pressures retailers.** The minimum wage hike in Jun 27 is above our expectations as the RM300 hike comes in both larger and earlier than our initial view (RM1,900, end-27-to-early-28 implementation). While the broader wage hikes should help boost discretionary spending, the minimum wage increase is likely to weigh on select retailers with a high exposure among their workforce in the short-term. Looking further forward, costs are likely to climb across the board as suppliers and other employees have their average wages adjusted upwards. Positively, we estimate that impact from the RM300 hike on the majority of retailers can be passed through with a 1.0-2.0% increase to ASPs.

Peer Comparison

Company	Tickers	Rec	Share Price 14 Oct 26 (RM)	Target Price (RM)	Market Cap (RMm)	PE FY26F (x)	PE FY27F (x)	P/BV FY26F (x)	Yield FY26F (%)	Yield FY27F (%)
99 Speed Mart Retail Holdings	99SMART MK	BUY	3.09	4.00	25,956.0	35.5	32.2	10.7	0.6	1.7
Eco-Shop Marketing	ECOSHOP MK	BUY	1.43	1.60	8,233.7	28.2	23.7	5.9	2.1	2.6
Carlsberg Brewery Malaysia	CAB MK	BUY	12.02	21.10	3,675.1	10.1	9.7	9.6	9.2	9.6
Fraser & Neave Holdings	FNH MK	BUY	19.94	36.00	7,313.6	15.2	9.9	1.6	4.7	3.8
Heineken Malaysia	HEIM MK	BUY	13.00	21.80	3,927.3	11.6	10.3	8.1	11.9	9.3
Mr DIY Group (M)	MRDIY MK	BUY	1.20	1.65	11,373.0	17.1	15.8	6.3	5.0	6.5
Nestle (Malaysia)	NESZ MK	BUY	90.12	104.00	21,133.1	33.2	31.3	33.4	2.4	3.1
Oriental Kopi Holdings	KOPI MK	BUY	0.91	1.05	1,810.0	24.6	19.3	4.2	1.2	1.6
QL Resources	QLG MK	HOLD	3.83	4.00	13,950.7	29.5	28.1	3.5	1.6	1.4
Average					10,086.5	23.2	20.1	8.7	3.9	4.1

Source: Bloomberg, UOB Kay Hian

Analyst(s)

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MARKET WEIGHT (Maintained)

Sector Picks

Company	Ticker	Rec	Share Price (RM)	Target Price (RM)
99 Speed Mart	99SMART MK	BUY	3.09	4.00
Fraser & Neave	FNH MK	BUY	19.94	36.00
Oriental Kopi	KOPI MK	BUY	0.91	1.05

Source: Bloomberg, UOB Kay Hian

Retailers Minimum Wage Exposure

Company	Rec	Target Price (RM)	Comments
99 Speed Mart	BUY	4.00	<5% of workforce
Eco-Shop Marketing	BUY	1.60	60% of workforce
Mr DIY Group	BUY	1.65	20-25% of workforce

Source: Respective companies, UOB Kay Hian

- **Tempering our forecasts for retailers.** Post-budget, we have made the following earnings adjustments to retailers:

Company	Rec	Share Price (RM)	Target Price (RM)	Earnings	Change	Comments
99 Speed Mart Retail Holdings	BUY	3.09	4.00 (from 4.10)	2027 2028	-0.4% -2.0%	Direct exposure is marginal at <5%. Immediate impact will likely be cushioned by increased MySARA spending
Eco-Shop Marketing	BUY	1.43	1.60 (from 1.70)	FY28 FY29	-3.7% -1.4%	Exposure is the highest among retailers under our coverage (60% of workforce)
Mr DIY Group (M)	BUY	1.20	1.65 (from 1.70)	2027 2028	-1.7% -2.9%	Estimated exposure is ~20%-25% of workforce

- Overall, we trim our forecasts as we shift the wage adjustment forward for the retailers. Furthermore, while we largely expect price adjustments across the board in tandem with the wage hike, we remain cautious as inflationary pressure and persistently soft sentiment may limit the ability to fully pass on costs. Eco-Shop Marketing appears to be the most impacted due to the combination of high sensitivity to wages and lower pricing power.
- **Cash handouts, broad subsidies remain.** The government is reiterating its commitment to cost-of-living support, allocating more than RM80b for subsidies, assistance and incentives. This includes increased allocations for STR, RM16b from RM15b, an increased RM150 cash handout under the STR programme and two additional rounds of broad RM100 cash handouts via the SARA programme. We view 99 Speed Mart Retail Holdings as the prime beneficiary from said handouts as the group captured nearly 15% of previous SARA spending, translating to an 11% increase in FY28 and FY29. However, SSSG may moderate competition during the previous period given the stronger base from the first two tranches of SARA handouts.
- **Visit Malaysia Year extended to 2027.** The government also announced that Visit Malaysia Year (VMY) will be extended to 2027 with a RM935m allocation for tourism and cultural development. VMY2026 was disrupted by the escalation of the Iran War in 1Q26 with tourist arrivals declining 1.8% yoy during 8M26. Looking forward, while oil prices and tensions in the Middle East remain escalated, sentiment from tourists appears to have stabilised with 3Q26 arrivals already showing a steady recovery. Key beneficiaries under our coverage include Oriental Kopi Holdings given its outlets in key tourist hotspots.

Valuation/Recommendation

- **Maintain MARKET WEIGHT: Focusing on frontrunners.** Our top picks for Budget 2027 beneficiaries are 99 Speed Mart Retail Holdings and Oriental Kopi Holdings.
- 99 Speed Mart Retail Holdings is poised to benefit from the increased cash handouts while also being largely shielded from the initial impact of the wage increase.
- We also upgrade Oriental Kopi Holdings to BUY from HOLD as we view it as a prime beneficiary from the extended VMY. While our target price is unchanged, recent share price weakness presents an attractive entry point.
- Otherwise, we also continue to like Fraser & Neave Holdings. While FY26 continues to be challenging, the outlook for FY27 and beyond appears to be improving. Depressed valuations following the recent sell-off also present an attractive entry point, with the group trading near -2.0% to mean based on 2027F PE.

Key Beneficiaries Of VMY

Oriental Kopi Holdings	While almost all its outlets are based in shopping malls, which are thronged by tourists, Oriental Kopi has a high proportion of outlets at key tourist hotspots. Four outlets are at airports while three are at iconic shopping malls (Pavilion Kuala Lumpur, TRX and KLCC).
Fraser & Neave Holdings	Roughly 40% of its operating income is derived from Malaysia. The flagship isotonic brand, 100Plus, is poised to capture incremental tourist-driven consumption in Malaysia's hot climate, while its dairy portfolio – particularly condensed and evaporated milk – should benefit from sustained demand across hawker channels and the broader foodservice trade.

Source: UOB Kay Hian

Key Measures In Budget 2027

- Broader tax relief categories expand to cover postpartum care, wider parental/grandparent care expenses, sports shoes, children's tuition, AI subscriptions and specified pet-related expenses.
- Minimum wage increase to RM2,000 from RM1,700 with MSMEs generating sales below RM50m exempted.
- RM2,500 minimum wage for semi-skilled jobs and graduates will be introduced. GLICs/GLCs raise their living-wage benchmark to RM3,400, from RM3,100.
- SARA cash handouts total RM200 across two RM100 tranches. SARA purchases extend to fresh food at 216.
- Increased allocations for STR, RM16b from RM15b. Increased RM150 cash handouts under the Sumbangan Tunai Rahmah (STR) programme.
- Introduction of an E-Commerce Bill to regulate online marketplaces and protect local MSMEs from foreign competition.
- Extension of Visit Malaysia Year to 2027.

Source: Bloomberg, UOB Kay Hian

Market Spotlight

Market News

The FBMKLCI added 4.37pt to close at 1,627.72 yesterday as the index moved between positive and negative territories throughout the day. Meanwhile, Asian stocks mostly fell on Wednesday as an early rebound in artificial intelligence-linked shares lost momentum, while elevated oil prices and caution ahead of US inflation data kept investors on edge. The FBMKLCI's top gainers were MISC (+5.7%), Petronas Chemicals Group (+2.6%) and Kuala Lumpur Kepong (+2.2%), while the top losers were Maxis (-2.5%), Gamuda (-2.0%) and Sunway Healthcare Holdings (-0.93%). In the broader market, gainers outpaced losers 541 to 532 with 566 counters unchanged. Turnover was 3.25b shares valued at RM3.03b.

US stocks were lower after the close on Wednesday, as losses in the technology, industrials and basic materials sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average lost 0.09%, while the S&P 500 Index lost 1.10%, and the NASDAQ Composite Index fell 1.88%. Falling stocks outnumbered advancing ones on the New York Stock Exchange by ,2097 to 656 and 58 ended unchanged; on the Nasdaq Stock Exchange, 2,633 fell and 784 advanced, while 185 ended unchanged. (*Sources: Investing.com*)

FBMKLCI, FCPO & FKL Index Outlook

FBMKLCI



Source: UOBKH ChartGenie

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FTSE Bursa Malaysia KLCI

Last close: 1,627.72
Expected moving range: 1,600-1,630

Technical View:

The FBMKLCI continued on a bullish movement and closed at 1,627.72 in yesterday's trading activity. This was supported by positive RSI readings and bullish crossovers in MACD. This means that in the near term (hourly chart), the index is likely to make a higher high and higher low, a characteristic of an uptrend. We view that the short-term movement is on the upside and the mid-term movement should be in a sideways mode. 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 +4.6% potential return

Trading BUY range: RM4,500-4,550
Last price: RM4,661
Target price: RM4,799, RM4,879
Support: RM4,585
Stop-loss: RM4,584

BUY with a target price of RM4,879 and stop-loss at RM4,584. Based on the chart, FCPO continues the bullish movement and closed higher at RM4,661 yesterday. This bullish movement is supported by an uptick in RSI and bullish crossover in both MACD and DMI indicators. We maintained our targets at RM4,799 and RM4,879 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 +1.7% potential return

Trading BUY range: 1,600-1,610
Last price: 1,615.5
Target price: 1,636, 1,646
Support: 1,600
Stop-loss: 1,599

BUY with a target price of 1,646 and stop-loss at 1,599. Based on the chart, FKLI continues the bullish movement and closed higher at 1,615.5 yesterday. This bearish movement is supported by an uptick in the RSI and bullish crossovers in both MACD and DMI indicators. We maintained our targets at 1,636 and 1,646 in the near term.

Expected timeframe: One day to three days

Traders' Corner



Source: UOBKH ChartGenie



Source: UOBKH ChartGenie

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AME Elite Consortium AME MK

Technical BUY on breakout with +9.6% potential return

Trading BUY range: RM1.36-1.37
Last price: RM1.33
Target price: RM1.44, RM1.49
Support: RM1.27
Stop-loss: RM1.26

BUY on breakout with a target price of RM1.49 and stop-loss at RM1.26. We expect a positive follow-through to validate a new up-leg if AME penetrates above the breakout level of RM1.36. The rising momentum, as shown by a bullish crossover in the 7- and 21-day EMAs, along with an uptick in RSI, suggests an upward continuation. This is supported by a bullish crossover in the MACD and DMI. We peg our targets at RM1.44 and RM1.49 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Eco World Development Group ECW MK

Technical BUY on breakout with +12.6% potential return

Trading BUY range: RM1.98-1.99
Last price: RM1.95
Target price: RM2.16, RM2.23
Support: RM1.85
Stop-loss: RM1.84

BUY on breakout with a target price of RM2.23 and stop-loss at RM1.84. As the stock is climbing steadily along the BBI lines, we expect the recent bullish momentum to resume. This is consistent with the rising buying momentum as shown by an uptick in the RSI and bullish crossover in the MACD. Currently, the DMI is on the verge of making a golden cross to the positive signal. We peg our targets at RM2.16 and RM2.23 once it manages to penetrate above the breakout level of RM1.98.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

Hibiscus Petroleum HIBI MK

Technical BUY with +13.0% potential return

Trading BUY range:	RM2.30-2.31
Last price:	RM2.31
Target price:	RM2.49, RM2.61
Support:	RM2.10
Stop-loss:	RM2.09

BUY with a target price of RM2.61 and stop-loss at RM2.09. Yesterday, the stock closed above the BBI line and we expect HIBI to continue moving in an uptrend hereafter. This bullish movement is supported by the MACD, which is currently on a bullish crossover. This is also consistent with the uptick in the DMI, which suggests stronger buying momentum ahead. We peg our targets at RM2.49 and RM2.61 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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