Consumer

Steady Consumption, Easing Costs

POSITIVE (Maintain)

HIGHLIGHTS

- Retail: Consumption Momentum Sustains on Firm Labour Market
- Tourism: Arrivals Up +8%yoy in 8MCY25
- F&B: Input Costs Ease as Sugar, Cocoa and CPO Weaken; Coffee Remains Elevated
- Poultry: Egg Prices Strengthen; Feed Costs Rise but Margins Manageable
- Currency: MYR Strengthens to 4.15/USD
- Maintain POSITIVE on Consumer Sector with **MR D.I.Y (BUY, TP: RM2.20)**, **AEON (BUY, TP: RM1.66)** and **Leong Hup (BUY, TP: RM0.90)** as **Top Picks**
- Maintain **NEUTRAL** on **Life Water** with Revised **TP** of **RM1.37**

Analyst
MBSB Research
Research@Midf.com.my

Retail: Steady Growth

Retail spending shows broad based growth in October. Malaysia's retail trade rose +6.8%yoy to RM69.33b in Oct-25 (Sep-25: +7.0%yoy), supported by broad-based gains across key sub-segments, led by non-specialised stores (+9.1%yoy), food, beverages & tobacco (+6.9%yoy), and other specialised stores (+5.2%yoy), while household equipment recorded a modest increase (+0.4%yoy). On a month-on-month basis, retail sales expanded +0.6%, reflecting steady consumer activity, driven by F&B & tobacco (+1.1%mom), other specialised stores (+0.9%mom), and household equipment (+0.6%mom), while non-specialised stores posted a smaller uptick (+0.2%mom). Cumulatively, 10MCY25 retail sales grew +6.0%yoy to RM672.21b, underscoring resilient household consumption despite a gradually normalising growth pace.

Labour market and inflation remain steady. Malaysia's labour market was stable in Oct-25, with the unemployment rate unchanged at 3.0%, sustaining its lowest level in a decade. Employment growth held firm at +3.1%yoy, continuing to outpace labour force expansion of +2.8%yoy for the 51st consecutive month since Aug-21, underscoring sustained job creation and resilient labour demand. On prices, headline CPI remained at +1.3%yoy, while core CPI inched up to +2.2%yoy, reflecting still-manageable underlying inflationary pressures. Overall, stable employment conditions and moderate price trends continue to support household purchasing power and private consumption momentum.

Looking ahead, retail momentum is expected to remain supportive, underpinned by a firm labour market, contained inflation, and continued fiscal support under the Ekonomi MADANI framework. Higher allocations for STR and SARA cash assistance in Budget 2026 should further lift disposable income and sustain spending, particularly among lower- and middle-income households. At the same time, tourism-related initiatives under Visit Malaysia 2026 are likely to provide an additional boost to retail and F&B activity, especially in urban centres and tourist-driven locations. Together with ongoing job creation and more accommodative financing conditions following the earlier OPR cut, these factors point to a constructive consumption backdrop into year-end. Within the sector, **AEON (BUY, TP: RM1.66)** remains a key pick for its mass-market exposure and stable PMS income, **MR DIY (BUY, TP: RM2.20)** stands out for its resilient value-driven retail model, while **Leong Hup International (BUY, TP: RM0.90)** offers leveraged exposure to improving staple food demand across the region.

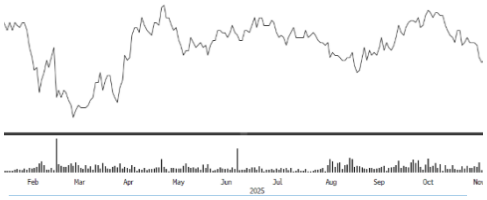
COMPANY *IN FOCUS*

MR D.I.Y. (M) Bhd

Maintain BUY | Target Price: RM2.20
Price @ 13 Oct **2025**: RM27.66

- Diversified expansion across formats broadens revenue base.
- Automation-driven efficiencies support scale and margin resilience.
- Stronger MYR and domestic demand improve cost dynamics.

SHARE PRICE CHART



Aeon Co. (M) Berhad

Maintain BUY | Target Price: RM1.66
Price @ 25 Sep 2025: RM1.29

- Benefit from sustained consumer spending, bolstered by Budget 2026 cash handouts and VMY26.
- PMS segment is set for continued growth with improved rental renewal rates and an optimized tenant mix.

SHARE PRICE CHART

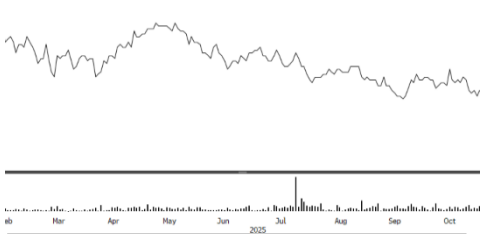


Table 1: Malaysia's monthly key statistics for July 2025

	Monthly Data							
Date	**Oct-25**	**Sep-25**	**Oct-24**	**YoY**	**MoM**	**10M 25**	**10M 24**	**YoY**
Retail Trade (RM'b)	**69.33**	**68.92**	**64.91**	**6.8%**	**0.6%**	**672.21**	**634.23**	**6.0%**
Non-specialized Stores	27.16	27.09	24.90	**9.1%**	**0.2%**	260.19	244.12	**6.6%**
F&B and Tobacco	4.40	4.36	4.12	**6.9%**	**1.1%**	42.87	40.11	**6.9%**
Household Equipment	7.67	7.63	7.65	**0.4%**	**0.6%**	75.87	73.17	**3.7%**
Others in Specialized Stores	14.35	14.22	13.64	**5.2%**	**0.9%**	140.98	132.88	**6.1%**
Unemployment rate (%)	3.00	3.00	3.20	**-0.2ppt**	**0.0**			

Sources: Department of Statistics Malaysia (DOSM), BNM, MBSBR

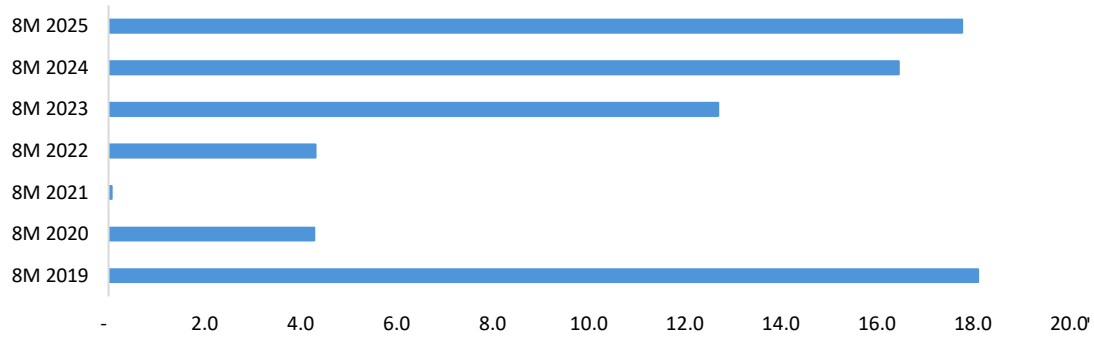
**Non-specialized Stores = supermarkets, hypermarkets, and convenience stores.*
**F&B and Tobacco = restaurant, food-related & tobacco related stores.*
**Automotive = Petrol, diesel or alternative fuel at petrol stations*
**Info & Comm Equipment = Computer, Laptops, Mobile devices, printers, hardrives, television, projectors and more*
**Cultural and recreation goods = Books, publication, audios, music, art and more*
**Household Equipment = textiles, hardware, carpets, other consumer electronic appliances, or furniture.*
**Others in Specialized Stores = clothing, footwear, pharmaceuticals, watches, souvenirs, and others.*
**Via stalls and markets = Fresh produce, handmade crafts, and street food*
**Not in stores, stalls or markets = Online purchases, direct-from-manufacturer items, and more*

Tourism: Arrivals Growing Leading Up to VMY26

Tourism continues to build momentum ahead of Visit Malaysia 2026. Malaysia welcomed 17.8m tourists in 8MCY25, marking an +8%yoy increase from 16.5m a year earlier, underscoring the steady normalisation of travel activity. The sustained inflow reflects ongoing government-led promotional efforts and Malaysia's positioning as a safe, accessible, and well-connected regional destination. As preparations for Visit Malaysia 2026 intensify, the recovery is broadening across source markets, generating positive spillovers to retail, F&B, and hospitality, and reinforcing tourism as an increasingly important pillar of domestic consumption.

Consumer sector continues to benefit from tourism-driven spending. Steady tourist arrivals are expected to provide a sustained lift to consumer-facing segments, particularly FMCG, convenience retail, and casual dining formats. Higher footfall across airports, shopping malls, and key tourist destinations should translate into firmer demand for bottled beverages, packaged foods, and impulse purchases. **Life Water (NEUTRAL, TP: RM1.37)** is well placed to capture stronger demand in Sabah, supported by its leading market position and recent capacity expansion, while **Spritzer (SELL, TP: RM2.54)** should continue to benefit from higher bottled water consumption along major tourist corridors in Peninsular Malaysia. **Oriental Kopi (SELL, TP: RM1.03)** may see incremental upside from increased outlet traffic and rising FMCG penetration, while **QL Resources (NEUTRAL, TP: RM4.33),** via its FamilyMart network, remains well positioned to serve transit- and convenience-driven consumption. In addition, **MR DIY (BUY, TP: RM2.20),** through its KKV lifestyle stores, stands to benefit from higher tourist spending on affordable discretionary and novelty items. With tourism recovery, we expect broader-based volume support and gradually improving earnings visibility across the consumer sector.

Chart 1: Malaysia Tourist Arrivals (8MCY25)



Sources: Tourism Malaysia, MBSBR

F&B: Easing Cost Environment aside from Arabica Surge

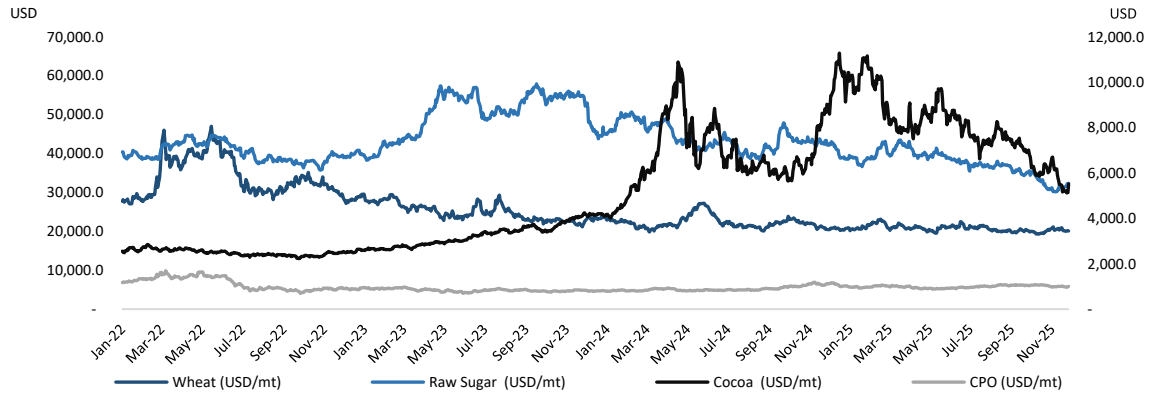
Broad based easing in commodity prices. Commodity prices in Nov-25 eased with wheat prices softening year-on-year (-3.6%yoy) but rebounding month-on-month (+3.5%mom). Sugar prices remained firmly lower, with raw sugar down -27.4%yoy (-5.7%mom) and white sugar easing -7.0%yoy (-0.8%mom), providing meaningful cost relief for food manufacturers. Cocoa prices corrected sharply (-26.2%yoy; -7.2%mom), easing margin pressure for confectionery players. Coffee markets remained divergent, with Arabica still elevated (+34.2%yoy; +1.8%mom), while Robusta stayed softer (-5.9%yoy; -0.2%mom). Crude palm oil (CPO) prices declined (-10.4%yoy; -5.9%mom), alleviating cost pressure for palm-based producers such as **Hup Seng (NEUTRAL, TP: RM0.92).** Meanwhile, PET resin prices remained subdued (-6.8%yoy; -0.1%mom), continuing to support packaging and bottling margins for **Life Water (NEUTRAL, TP: RM1.37)** and **Spritzer (SELL, TP: RM2.54).** Overall, broad-based softness across sugar, cocoa, CPO and PET resin provides a more supportive input cost environment, partially offset by still-elevated Arabica coffee prices.

Table 2: November 2025 Average Commodities Futures Prices for F&B Producers

Commodities	Nov-25	Oct-25	Nov-24	YoY (%)	MoM (%)	Remarks
Wheat (USD/mt)	20,496	19,804	21,254	-3.6	3.5	**YoY:** Prices declined amid record global wheat production and elevated stocks, with intense export competition, especially from Russia, keeping markets well supplied and pressuring prices.
						MoM: Prices were boosted by potential demand from China and ongoing geopolitical tensions in the Black Sea.
Cocoa (USD/mt)	5,700	6,142	7,723	-26.2	-7.2	**YoY:** Prices declined on anticipation of stronger upcoming harvests in Côte d'Ivoire and Ghana.
						MoM: Cocoa prices fell as improving West African harvest expectations and continued demand softness from earlier price-driven consumption cuts reduced near-term market tightness.
Raw Sugar (USD/mt)	31,140	33,019	42,897	-27.4	-5.7	**YoY:** Prices fell on forecasts of a large 2025/26 global sugar surplus, fuelled by bumper crops in major producers and increased Brazilian sugar output.
						MoM: Raw sugar prices eased as stronger harvest expectations in Brazil, India and Thailand reinforced projections of a sizeable global surplus.
CPO (USD/mt)	991	1,053	1,106	-10.4	-5.9	**YoY:** CPO prices softened as Malaysian stockpiles climbed to a six-year high and exports weakened, while buyers shifted toward cheaper rival oils amid subdued crude oil benchmarks.
						MoM: CPO eased amid rising regional stockpiles and weaker shipment volumes, with colder-season demand and relative softness in rival edible oils reinforcing the downward trend.
White Sugar (USD/mt)	758	764	815	-7.0	-0.8	**YoY:** Prices softened, driven by robust output in Brazil and favourable crop conditions in India and Thailand that continued to build a comfortable supply outlook.
						MoM: White sugar edged lower as rising supply momentum in major producers and currency-driven export pressure from Brazil outweighed the typically subdued November demand environment.
Arabica (USD/mt)	7,672	7,534	5,716	34.2	1.8	**YoY:** Arabica prices surged on the back of adverse weather in Brazil and other key origins, combined with multi-year low inventories and U.S. tariff-driven trade disruptions that tightened global supply despite resilient demand.
						MoM: Arabica benchmarks edged higher as tight global stocks and ongoing weather disruptions outweighed easing tariff pressures, with speculative buying amplifying the upward move.
Robusta (USD/mt)	4,413	4,423	4,692	-5.9	-0.2	**YoY:** Robusta prices declined as improved global supply expectations, driven by larger anticipated harvests in Vietnam and record Conilon output in Brazil, eased prior concerns over tightness.
						MoM: Robusta benchmarks edged lower as robust production forecasts and rising export availability outweighed lingering tariff-related volatility in the U.S. market.
PET Resin (USD/mt)	812	812	871	-6.8	-0.1	**YoY:** PET resin faced continued downward pressure as oversupply, muted restocking activity, and weak consumption trends persisted across regional markets.
						MoM: PET resin held largely flat as oversupply and muted downstream buying kept market conditions balanced despite marginal easing in feedstock costs.

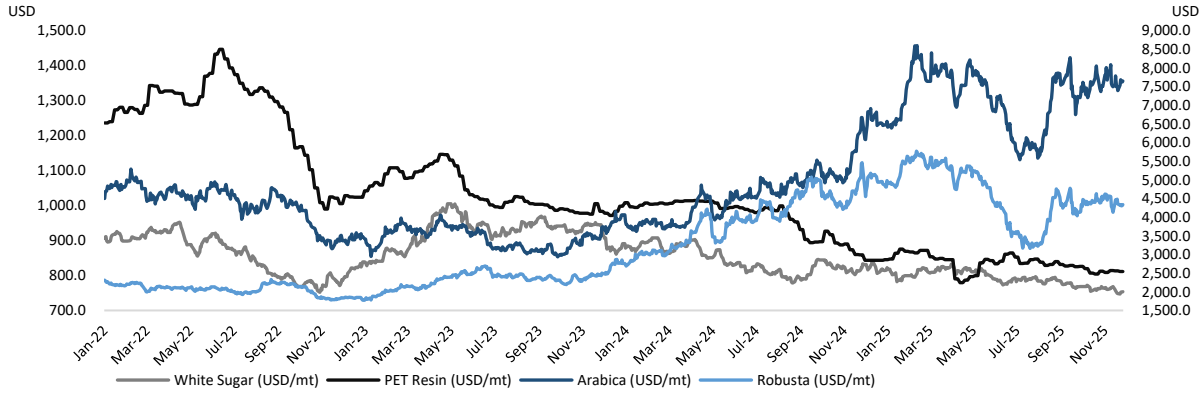
*Sources: Bloomberg, USDA, MBSBR ***Pet resin = Polyethylene terephthalate*

Chart 2: Raw Material Futures Price Trend for Food Producers (USD/mt)



Sources: Bloomberg, MBSBR

Chart 3: Raw Material Futures Price Trend for Beverage Producers (USD/mt)



Sources: Bloomberg, MBSBR

Poultry: Egg Prices Recover; Chicken Remains Range-Bound

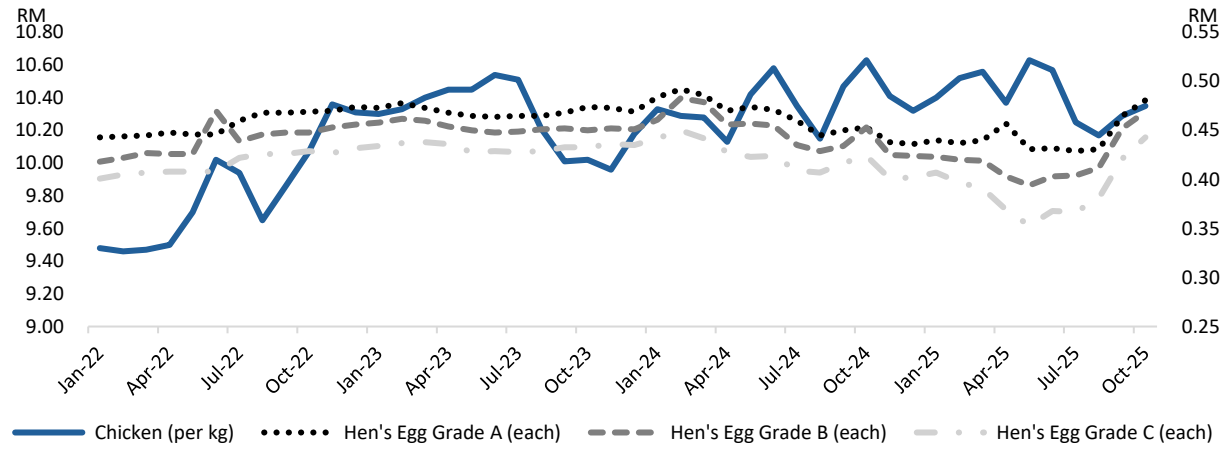
Egg prices strengthen; chicken prices mixed. Retail egg prices continued to firm, with Grade A, B and C eggs rising +6.2%yoy, +3.5%yoy and +4.5%yoy respectively, alongside stronger sequential gains of +3.4%mom, +3.8%mom and +5.2%mom. The improvement reflects firmer demand and orderly supply conditions following earlier market adjustments. In contrast, average retail chicken prices declined -2.6%yoy but edged up +0.6%mom, pointing to mild near-term stabilisation after earlier softness. Overall, poultry pricing remains relatively balanced, with eggs showing clearer recovery while chicken prices stay range-bound.

Table 3: Malaysia Monthly Hen's egg and chicken Statistics

Data	Monthly Data				
Date	Oct-25	Sep-25	Oct-24	YoY	MoM
Hen's Egg Grade A (each)	0.481	0.465	0.453	6.2%	3.4%
Hen's Egg Grade B (each)	0.469	0.452	0.453	3.5%	3.8%
Hen's Egg Grade C (each)	0.443	0.421	0.424	4.5%	5.2%
Chicken (per kg)	10.35	10.29	10.63	-2.6%	0.6%

Sources: DOSM, MBSBR

Chart 4: Malaysia's Price Trend for Chicken and Egg



Sources: Bloomberg, MBSBR

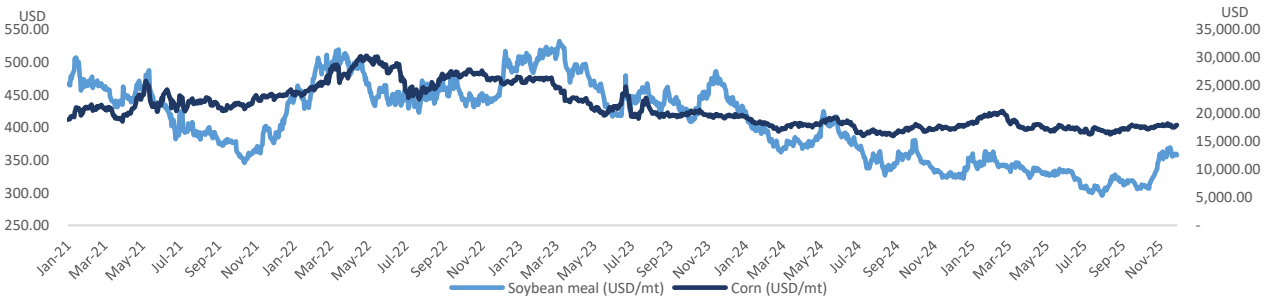
Feed costs firming on higher soybean meal and corn prices. Feed input prices trended higher, with average soybean meal prices rising to RM359/mt (+9.3%yoy; +11.4%mom), driven by stronger global demand and renewed buying interest from key importing markets. Corn prices also edged up to RM17,824/mt (+2.3%yoy; +1.6%mom), reflecting firmer export demand and tighter near-term supply availability. The uptick in key feed ingredients points to gradually rising cost pressure for poultry producers, though the increases remain manageable and broadly in line with current selling price trends across the sector.

Table 4: Average Monthly Soybean meal, and corn futures prices for November 2025

Commodities	Nov-25	Oct-25	Nov-24	YoY (%)	MoM (%)	Remarks
Soybean meal (USD/mt)	359	322	329	9.3	11.4	**YoY:** Prices rose YoY as tighter U.S. soybean supply, lingering U.S.-China trade frictions, and weather risks in South America added further support.
						MoM: Prices rose MoM as renewed U.S. export demand, driven by stronger Chinese purchases, and a rebound in feed demand lifted futures, with speculative trading adding short-term upward pressure.
Corn (USD/mt)	17,824	17,550	17,417	2.3	1.6	**YoY:** Prices rose YoY as stronger U.S. export demand tightened near-term supply, while logistical delays and slower farmer selling added support despite expectations of a large global harvest.
						MoM: Prices rose MoM as stronger U.S. export demand and weather-related supply concerns in Ukraine, Argentina, and Brazil tightened near-term availability.

Sources: Bloomberg, USDA, MBSBR

Chart 5: Raw Material Futures Price Trend for Poultry Producer (USD/mt)



Sources: Bloomberg, USDA, MBSBR

Currency: Ringgit Strengthens, Easing Import Cost Pressures

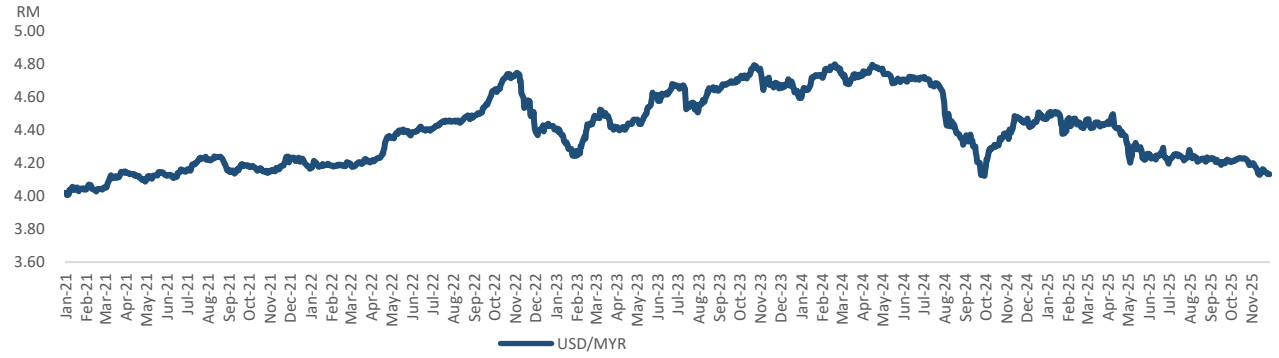
Ringgit extends appreciation, supporting cost dynamics. The Malaysian Ringgit (MYR) averaged 4.15/USD in Nov-25, strengthening +6.3%yoy and +1.5%mom. The sharp recent appreciation against a broad basket of currencies provides a clear tailwind for import-reliant consumer producers, helping to ease input cost pressures and improve margin visibility. Notably, the MYR also strengthened against the CNY, averaging 0.58 in Nov-25 (+5.0%yoy; +1.3%mom), further supporting companies with China-linked sourcing and procurement exposure.

Table 5: USD/MYR, CNY/MYR Monthly statistics for November 2025

Currency	Nov-25	Oct-25	Nov-24	YoY (%)	MoM (%)
USD/MYR	4.15	4.22	4.44	- 6.3	- 1.5
CNY/MYR	0.58	0.59	0.62	- 5.0	- 1.3

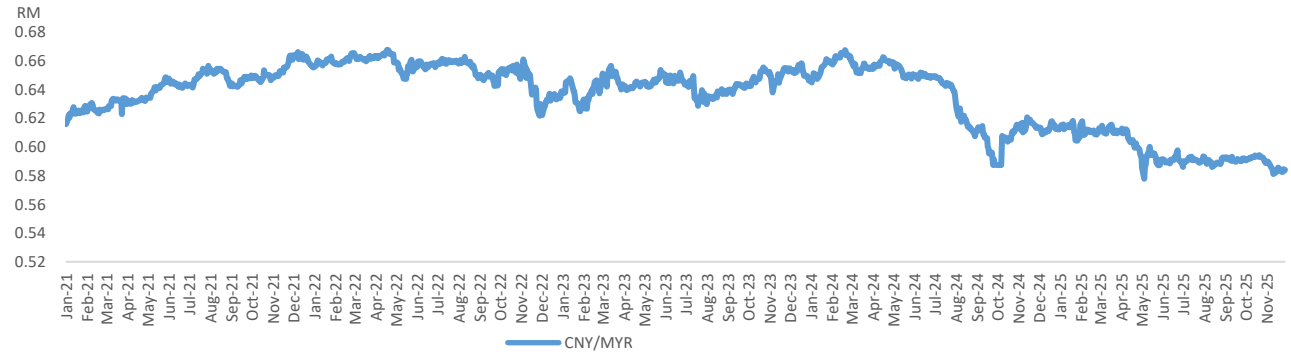
Sources: Bloomberg, MBSBR

Chart 6: Price Trend of USD/MYR



Sources: Bloomberg, MBSBR

Chart 7: Price Trend of CNY/MYR



Sources: Bloomberg, MBSBR

Maintain POSITIVE on the Consumer Sector. We reiterate our **POSITIVE** stance on the consumer sector, anchored by steady domestic demand, targeted fiscal support and a gradually improving cost environment heading into 2026. The continuation and expansion of STR and SARA cash assistance, alongside easing pressures across several key input commodities, should help sustain household spending within mass-market and essential categories, and contain cost pressures. At the same time, the anticipated uplift in consumer mobility from Visit Malaysia 2026 is expected to provide an incremental demand

tailwind across retail, FMCG and foodservice segments. Sector players have demonstrated pricing discipline and operational adaptability, supporting earnings resilience into CY26.

Our **top picks** in the sector remain **MR D.I.Y (BUY, TP: RM2.20), AEON (BUY, TP: RM1.66)** and **Leong Hup International (BUY, TP: RM0.90)**. MR D.I.Y is well positioned to benefit from policy-supported mass-market consumption and favourable CNY/MYR sourcing dynamics, reinforcing margin stability. AEON should capture higher mall footfall and sustained demand across general merchandise and supermarkets, supported by stable rental income from its Property Management Services segment. Meanwhile, Leong Hup offers defensive exposure to staple protein consumption, underpinned by stable poultry demand and a broadly manageable feed-cost environment. Collectively, these names provide balanced exposure to volume recovery, operating leverage and defensiveness, aligning well with the sector's constructive growth trajectory into 2026.

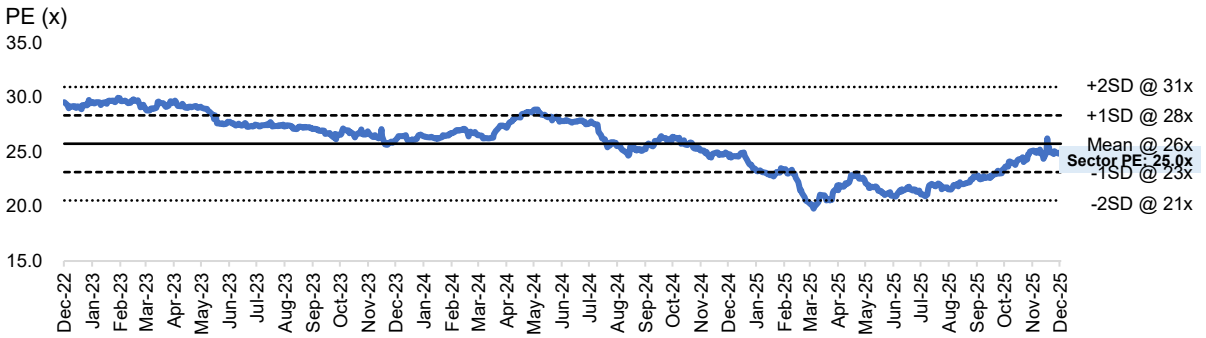
We maintain a **NEUTRAL** call on **Life Water** with a **revised TP of RM1.37**, pegged to 16x PE (near its 1-year historical mean), supported by tourism-related demand trends heading into Visit Malaysia 2026.

Table 6: Peers Comparison Table

Stocks	Rec.	Price @	TP	Mkt. Cap (RM'm)	Core EPS (sen)		PER (x)		Div Yield (%)	
		18-Dec-25			CY25F	CY26F	CY25F	CY26F	CY24F	CY25F
Consumer Staples:										
Fraser & Neave Holdings	NEUTRAL	35.60	32.08	13,079.9	140.4	160.4	25.4	22.2	2.7	2.8
Leong Hup International	BUY	0.72	0.90	2,628.0	12.5	12.9	5.8	5.6	3.9	4.1
QL Resources	NEUTRAL	3.91	4.33	14,273.4	12.8	13.7	30.5	28.5	1.2	1.3
Spritzer	SELL	2.75	2.54	1,751.0	13.9	15.5	19.8	17.7	1.9	2.1
Hup Seng Industries	NEUTRAL	1.00	0.92	800.0	6.0	5.9	16.6	16.9	5.1	5.5
Nestle Malaysia	SELL	115.90	94.50	27,178.6	226.2	249.9	51.2	46.4	2.2	2.4
Life Water	NEUTRAL	1.47	1.37	695.6	8.1	9.2	18.2	16.0	2.5	4.0
PPB Group	NEUTRAL	10.30	10.89	14,652.8	52.7	73.6	19.6	14.0	0.7	1.8
Weighted Avg.					**120.0**	**136.4**	**33.6**	**29.7**	**1.6**	**1.8**
Consumer Discretionary:										
Aeon Co M	BUY	1.07	1.66	1,502.3	10.8	11.5	9.9	9.3	3.5	3.8
MR D.I.Y.	BUY	1.53	2.20	14,465.3	6.4	7.1	23.8	21.4		
Padini Holdings	BUY	1.83	2.22	1,806.0	15.4	15.3	11.9	11.9	5.3	5.4
Oriental Kopi	SELL	1.25	1.03	2,500.0	3.2	4.1	38.9	30.2	0.5	0.8
Weighted Avg.					**7.2**	**7.8**	**23.6**	**20.8**	**2.8**	**3.0**

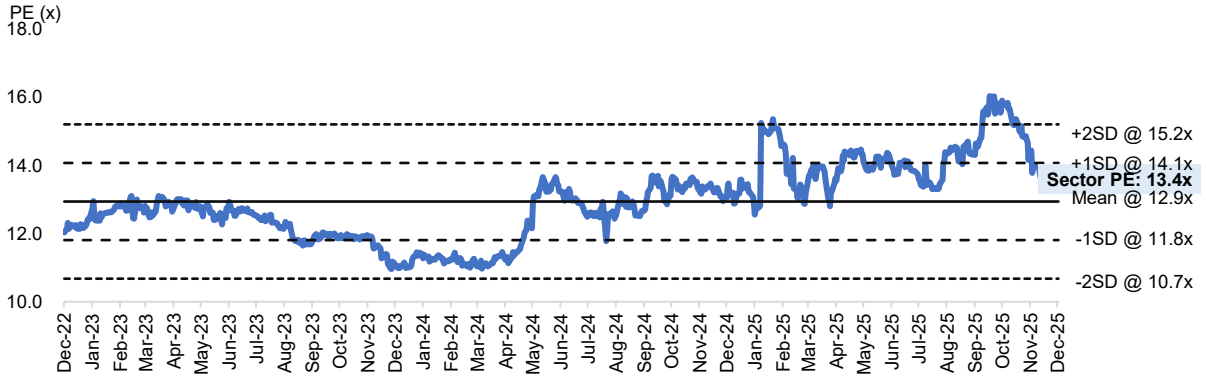
Sources: MBSBR

Chart 8: 3-Year Forward P/E Band – Consumer Staple



Sources: MBSBR

Chart 9: 3-Year Forward P/E Band – Consumer Discretionary



Sources: MBSBR

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology