Plantation

NEUTRAL (Maintain)

January 2026 Statistics

HIGHLIGHTS

- CPO prices weakened in tandem with abundant stocks pile
- Production continued grew by double digit in Jan 2026 despite low cropping period
- Stock level continued high despite high exports
- Maintain **NEUTRAL** with average CPO Price target of RM4,200/Mt for CY26

SECTOR RECAP

CPO Price averagely at RM4,019/tonne in Jan. The local CPO price delivery ended the month at RM4,222/tonne with an average price of RM4,019/tonne (-0.5%mom, **-16.5%yoy**), as the market began to recognise the impact of improved production numbers and elevated stock level. Stockpile in both Malaysia and Indonesia remained high, supported by double digit growth production, which we expect will moderate any further price upside. That said, after a weaker start to the month, bottoming at RM3,968/tonne, prices rebounded, rising +6.4% to RM4,222/tonne by month-end.

Looking ahead to Feb, we anticipate the CPO price to edge higher by +5.2%mom to an average of RM4,227/tonne, supported by seasonally softer output during the pollination months. Nonetheless, price sentiment is likely to remain range-bound, as elevated stock level continue to cap the upside.

Continuation double digit growth in production. CPO output in January continued supportive at 1.58m tonne (-13.8%mom, **+27.2%yoy**) versus prior year, driven by stronger production eastern Sabah/Sarawak area (+25.1%yoy) as well peninsular estates, particularly Kelantan (+59.9%yoy), Terengganu (+58.8%yoy) and Negeri Sembilan (+39.9%yoy).

Notably, all states recorded robust production, with growth exceeding the high-teens level. On average, national FFB yield improved by +20.9%yoy, thanks to the strong FFB deliveries to mills at 7.97m tonne (+21.0%yoy).

The higher yields likely reflect an expansion in mature hectarage, while the increase in mill receipts was underpinned by stronger field productivity, aided by favourable weather conditions across states. As a result, the average OER remained firm at 20.06% (vs Dec26: 19.91%), as drier day, improved harvesting and FFB evacuation efficiency.

COMPANY *IN FOCUS*

SD Guthrie

Maintain BUY | Target Price: RM6.15
Price @ 10th Feb 2026: RM5.78

- Malaysia production growth c. +5% supported by strong FFB yield of 19.63tonne/ha and OER 21.3%
- Less downstream earnings volatility
- Net Gearing at 19x – the lowest since listing

SHARE PRICE CHART



Abbreviation.

FFB: Fresh Fruit bunches
CPO: Crude Palm Oil
SBO: Soybean Oil
PKO: Palm Kernel Oil
ASP: Average Selling Price
OER: Oil Extraction rate

MET Malaysia: Meteorology Malaysia
EL- Niño: Warm and dry weather
La-Niña: Cold and wet weather

Continuation of elevated stock level

Ending stockpile in January remain elevated, above its psychological level of 2.0m tonne at circa 2.82m tonne (-7.7%mom, **+78.1%yoy**), largely due to the robust output volume. That said, export volumes restored on the back of active restocking activities ahead of the CNY and Ramadhan festive, rising to 1.48m tonne (+12.7%mom, **+25.8%yoy**).

Both CPO and PPO demand improved, recording growth of >100%yoy and +7.9%yoy, respectively. The sharp rise in CPO demand was mainly price-driven, as CPO prices in January traded -16.5% lower year-on-year, supported by India's reduction in effective CPO duties in Oct. Nonetheless, despite year-on-year increase, CPO's overall contribution remained limited, accounting for only 27% of total PO exports.

NEUTRAL sector view maintained as meaningful catalyst delayed, we maintain SDG as a Top Pick

Maintain Neutral. Looking ahead, we maintain our **NEUTRAL** call on the sector with average CPO price of **RM4,200/tonne** for CY26. The outlook remains hazy by an imbalance between supply and demand, with total demand of around 1.84m tonnes still well below total supply of 4.66m tonnes, resulting in elevated ending stocks of 2.82m tonnes. This translates into a relatively high stock-to-usage ratio of approximately 12.7%, indicating supply growth has outpaced consumption.

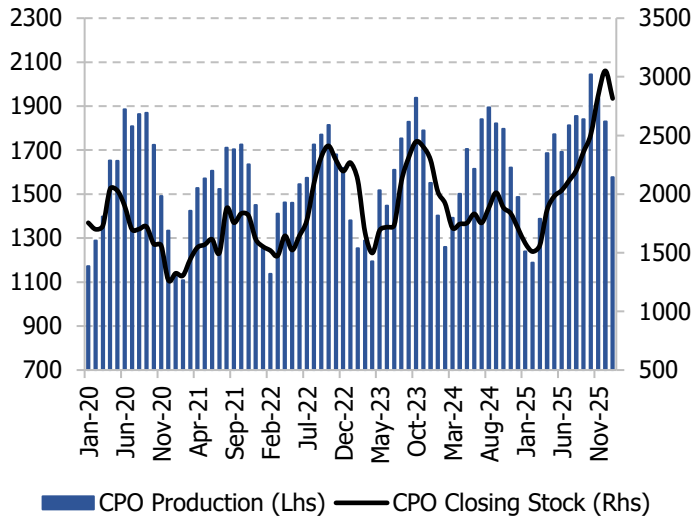
We believe a meaningful catalyst is likely to be delayed, with any potential palm oil supply tightening hinging on Indonesia's more aggressive biodiesel policies, notably the proposed B45 mandate, which is currently expected to materialise only in early 2HCY26. We continue to like **SD Guthrie** (**BUY, TP: RM6.15**) due to its rerating catalyst which include its land monetisation strategy.

Table 1: Malaysia Palm Oil Statistics for January 2026 ('000 Tonnes)

	Jan-25	Dec-25	Jan-26	mom%	yoy%	1M25	1M26	yoy%
Opening Stocks	1.71	2.84	3.05	7.6%	78.5%	1.71	3.05	78.5%
Production	**1.24**	**1.83**	**1.58**	**-13.8%**	**27.2%**	**1.24**	**1.58**	**27.2%**
Imports	0.09	0.03	0.03	-2.9%	-63.5%	0.09	0.03	-63.5%
Total Supply	**3.04**	**4.70**	**4.66**	**-0.8%**	**53.4%**	**3.04**	**4.66**	**53.4%**
Exports	**1.18**	**1.32**	**1.48**	**12.7%**	**25.8%**	**1.18**	**1.48**	**25.8%**
Dom Disapp	0.28	0.33	0.36	8.8%	30.5%	0.28	0.36	30.5%
Total Demand	**1.46**	**1.65**	**1.84**	**11.9%**	**26.7%**	**1.46**	**1.84**	**26.7%**
End Stocks	**1.58**	**3.05**	**2.82**	**-7.7%**	**78.1%**	**1.58**	**2.82**	**78.1%**

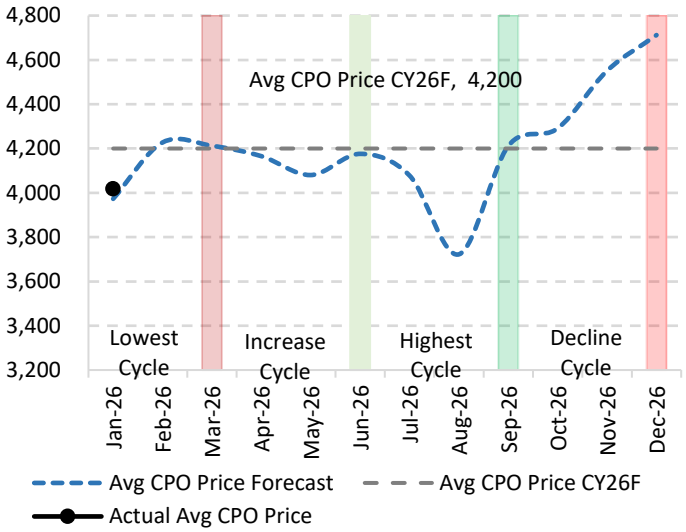
Source: MPOB, MBSBR

Chart 1: Malaysia PO Production VS Closing Stock



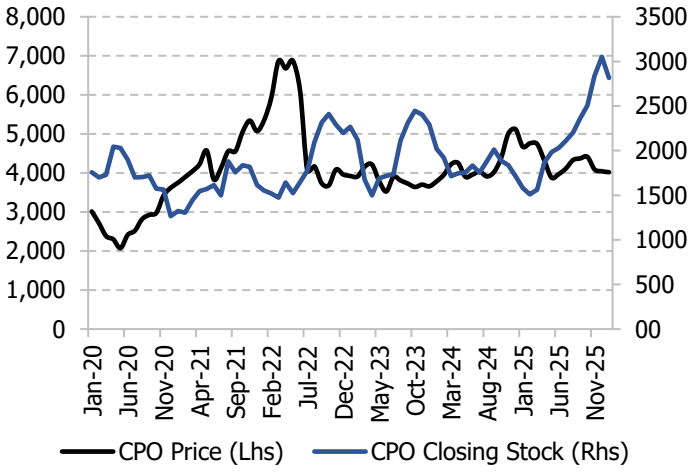
Source: MPOB, MBSBR

Chart 2: Estimated CPO Price Movement VS Actual



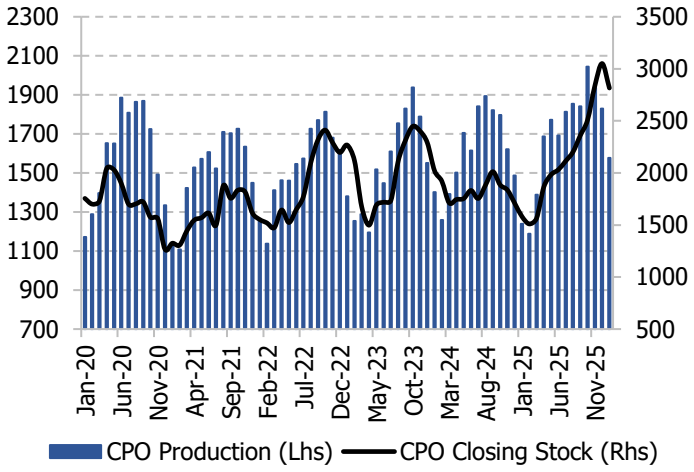
Source: MPOB, MBSBR

Chart 3: PO Closing stock VS CPO Price



Source: MPOB, MBSBR

Chart 4: Average FFB Yield VS OER



Source: MPOB, MBSBR

Table 2: Peer Comparison

Company	Rating	Price (RM)	TP (RM)	PER (x)		Core EPS (Sen)		Dividend Yield (%)	
				FY26F	FY27F	FY26F	FY27F	FY25F	FY26F
SD Guthrie	BUY	5.78	6.15	15.4	16.7	25.9	24.4	3.1%	3.1%
IOI Corp	BUY	4.03	4.42	19.7	19.8	20.5	20.5	2.5%	2.5%
Genting Plant.	BUY	5.12	5.81	13.2	13.7	42.0	47.5	4.1%	3.9%
TSH	NEUTRAL	1.22	1.48	9.8	10.0	8.0	7.3	2.0%	2.0%
Ta Ann	NEUTRAL	4.59	4.38	11.5	12.3	39.8	37.3	5.4%	5.4%
KLK	NEUTRAL	19.90	20.23	18.2	18.9	101.7	97.7	3.1%	3.0%
S.Plant	NEUTRAL	3.35	2.88	14.6	15.9	24.0	22.2	4.3%	3.5%
Weighted Avg.				**14.5**	**15.1**	**39.3**	**38.8**	**3.6%**	**3.4%**

Source: Bloomberg, 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