

MBSB RESEARCH

Seeking Cover

Market Outlook: 2QCY26 Update

2 April 2026

MALAYSIA EQUITY

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1QCY26 IN BRIEF

- Equity markets had a promising start to CY26 but were disrupted by the conflict between the US, Israel, and Iran.
- Nevertheless, some markets have been surprisingly resilient, including the FBM KLCI, mostly due to commodity-related stocks.

OUTLOOK REMAINS CLOUDY - SCENARIO ANALYSIS TO SEE POTENTIAL IMPACT

- Difficult to gauge the duration of the conflict and form a single view of the outlook for 2QCY26 and beyond. We believe that a scenario analysis is the most apt methodology.

Scenario 1: Blue Sky (De-escalation)

- An immediate ceasefire will be reached within 4-6 weeks; the intensity of the conflict will be dissipating, and the Straits of Hormuz chokepoint will reopen.
- As for oil price, we foresee a rapid correction to a full-year average of USD60-USD80pb.
- US and Malaysia GDP growth of (+2.7%) and (+4.3% to +4.6%), respectively.
- PER valuation and index target are 16.0x and 1,850 points, respectively.

Scenario 2: The "Tension" Case

- We foresee this as our base case scenario; no formal ceasefire even after 6 weeks, but the conflict is contained, and intensity starts to unwind. Straits of Hormuz disruption.
- Brent at USD100-USD120pb during the peak period, but subsequently averaged USD90pb.
- US and Malaysia GDP growth of (+1.7%) and (+3.6% to **+4.2%**), respectively.
- PER valuation and index target are 15.8x and **1,800 points**, respectively.

Scenario 3: Supply Pivot (Extended Friction)

- Prolonged conflict, and the intensity lasts for more than 6 weeks.
- Sustained elevated Brent price of USD100-USD120pb for the rest of the year. Stagflationary pressure.
- US and Malaysia GDP growth of (+1.0%) and (+2.7% to +3.3%), respectively.
- PER valuation and index target are 15.3x and 1,680 points, respectively.

Scenario 4: Market Shock & Structural Collapse

- Prolonged escalation and infrastructure failure, and assumes the conflict extends well beyond 6 weeks.
- Oil Price Dynamics:
  - Phase 1 (The Spike): Prices surge to USD120-USD180+pb as supply vanishes.
  - Phase 2 (The Crash): Extreme prices trigger "demand destruction." Prices eventually collapse (potentially to USD40pb) as the global economy stops moving.
- US and Malaysia GDP growth of (-1.0%) and (-1.2%% to -0.3%) respectively.
- PER valuation and index target are 14.4x and 1,510 points, respectively.

2 April 2026

KLCI (1/4/2026) : 1,708.90
2026 TARGET : 1,800.00

SECTOR VIEW

POSITIVE	
Banking	Construction
Consumer	Healthcare
Oil & Gas	Plantation
Property	REITs
Utilities (Power) and RE	
NEUTRAL	
Automotive	Technology
Telecommunication	Transportation

TOP BUYS

STOCK	Target Price (RM)	Total Return (%)
YTL Power	4.94	67.3%
Leong Hup	1.07	54.9%
Pekat Group	2.00	53.4%
Mr D.I.Y.	2.13	42.8%
Ranhill Utilities	2.29	36.5%
99 Speed Mart	4.37	29.4%
Tenaga Nasional	16.40	22.0%
Pavilion REIT	2.00	21.4%
AMMB	7.57	19.0%
QL Resources	4.28	17.1%
Trading Picks		
Bumi Armada	0.44	27.5%
Genting Plantations	5.80	15.2%

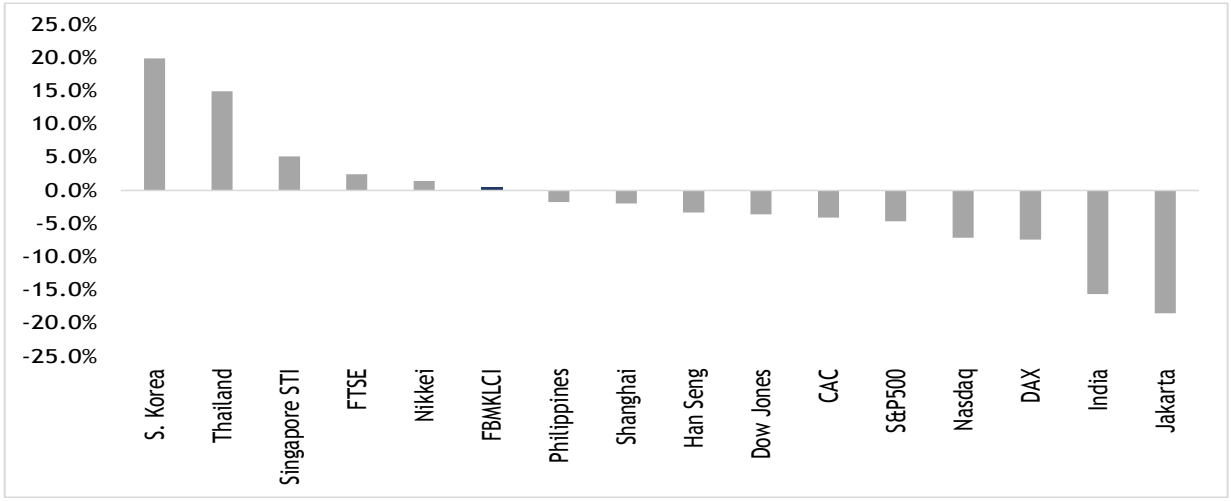
A. MARKET PERFORMANCE

I. MARKET REVIEW

A promising start, disrupted by a geopolitical event. Equity markets had a promising start to CY26, with most markets seeing an uptrend at the start of the year. The FBM KLCI rose +3.6% in the month, and only France's CAC, India's SENSEX and Indonesia's JCI saw drawdowns. It seems that the momentum would carry on for the rest of 1QCY26 if not for the disruption caused by a geopolitical event, i.e. the conflict between the US, Israel, and Iran.

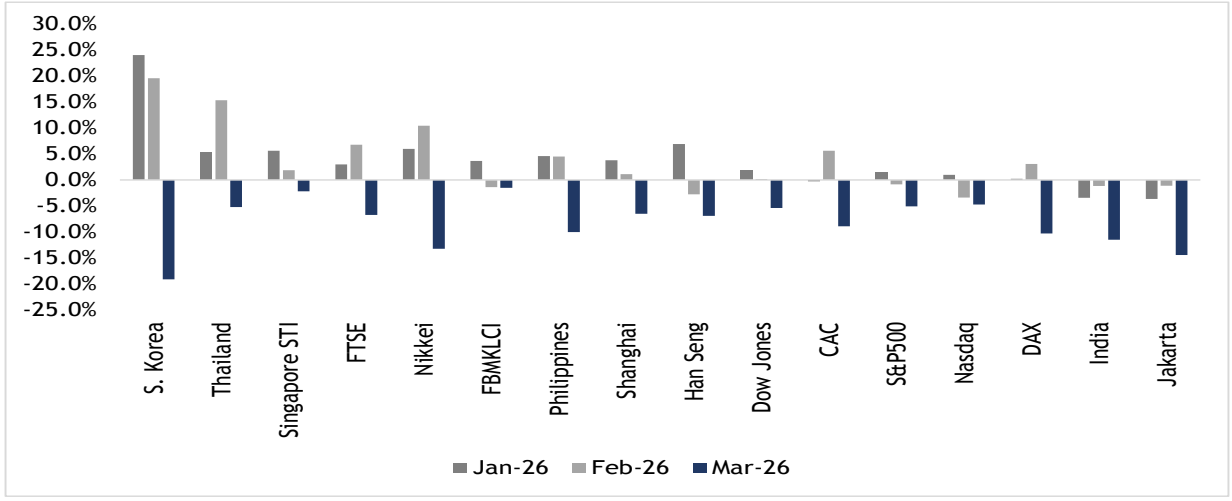
The possibility of Middle East conflict has always been our concern. Recall that in our CY26 outlook (released in Dec-25), we are sanguine of the prospects in CY26. However, we remain cognizant of prevailing downside risks stemming from external factors. The top of our concerns was the possibility of conflict in the Middle East. We stated that a renewal of conflict in the region will have repercussions in the energy market, and depending on the duration, will have an impact on the global economy. Unfortunately, our worry came to pass on 27th February 2026 when the US and Israel launched an attack on Iran, leading to tit-for-tat exchanges that have been going on ever since.

Chart 1: Comparison of Performance of FBM KLCI and Regional Peers (YTD as at 31 March 2026)



Source:Bloomberg, MBSBR

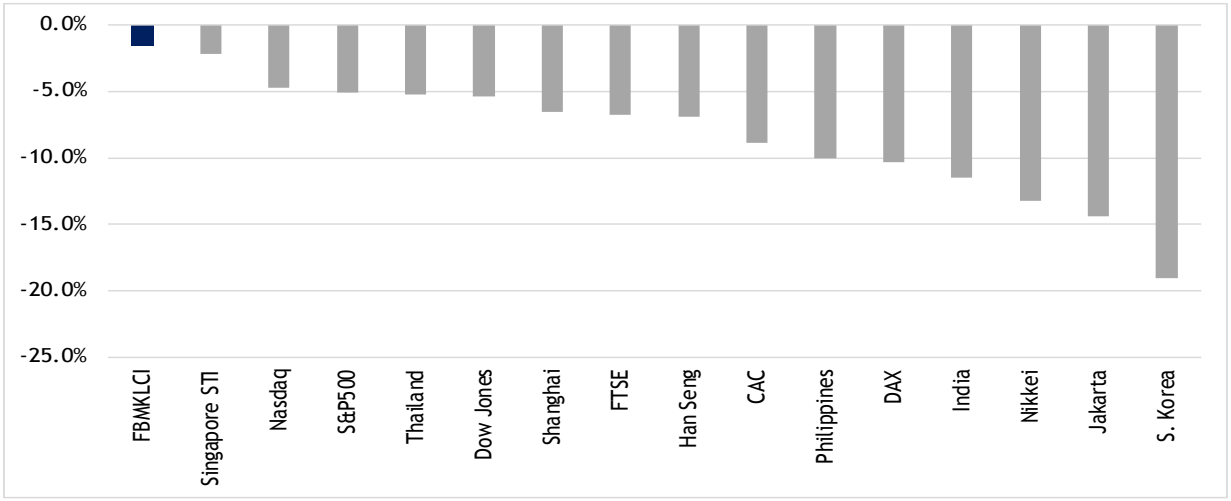
Chart 2: Comparison of Monthly Performance of FBM KLCI and Regional Peers



Source:Bloomberg, MBSBR

Nevertheless, some equity markets have been somewhat resilient. While at the onset of the conflict, we had expected a negative reaction to global equity markets, some markets have been surprisingly resilient, including the FBM KLCI. On a year-to-date basis, the FBM KLCI have not erased any gains seen in Jan-26, and by the end of 1QCY26, still registering gains of +0.6% to 1,690.36. In fact, on a month-on-month basis, the FBM KLCI was the best-performing market in Mar-26 (i.e. since the conflict started).

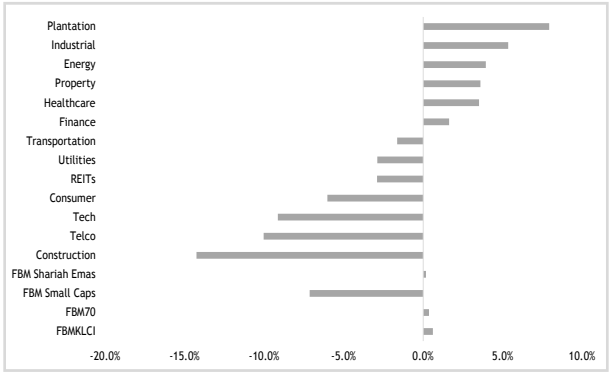
Chart 3: Comparison of March-26 Performance of FBM KLCI and Regional Peers



Source:Bloomberg, MBSBR

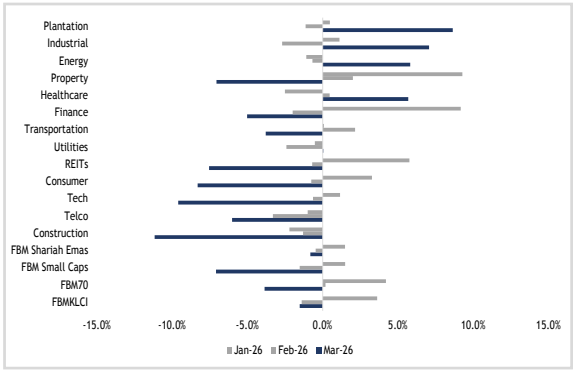
Commodity-related stocks are holding up the FBM KLCI. The resiliency of the FBM KLCI has been due to commodity-related stocks, given that one of the impacts of the US-Iran conflict has been the rise in commodity prices, especially oil. While the commodity-related sectoral indices such as the BM Plantation, BM Energy and BM Industrial Products & Services fell in Jan-26 and Feb-26, these rebounded strongly in Mar-26. So much so that these indices were the best-performing indices in 1QCY26.

Chart 4: Comparison of Performance of Bursa Malaysia Sectoral Indices (YTD as at 31 March 2026)



Source: Bloomberg, MBSBR

Chart 5: Comparison of Monthly Performance of Bursa Malaysia Sectoral Indices



Source:Source: Bloomberg, MBSBR

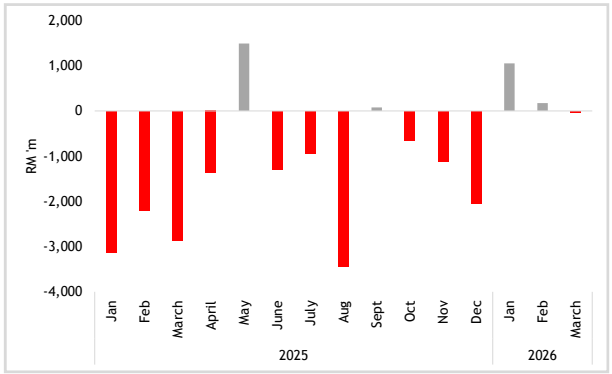
Table 1: Comparison of Performance of Bursa Malaysia Sectoral Indices in March-26

Sector	Returns
Plantation	8.6%
Industrial	7.1%
Energy	5.8%
Healthcare	5.7%
Utilities	0.0%
Transportation	-3.8%
Finance	-5.0%
Telco	-6.0%
Property	-7.1%
REITs	-7.5%
Consumer	-8.3%
Tech	-9.6%
Construction	-11.2%
FBMKLCI	-1.5%
FBM70	-3.9%
FBM Small Caps	-7.1%
FBM Shariah Emas	-0.8%

Source:Bloomberg, MBSBR

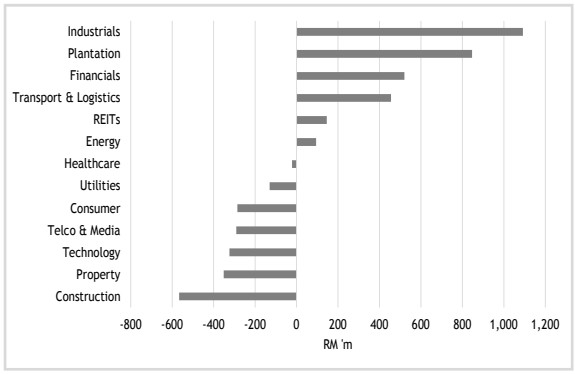
Foreign funds have also stayed put (relatively). Another surprising observation was that foreign funds have not exited in a meaningful way despite the conflict. We saw only RM41.7m of net foreign selling in Mar-26. As such, the net buying position remained for Malaysia for 1QCY26, the tune of RM1.18b. These were due to strong interest in commodity-linked sectors and defensive sectors (such as healthcare and REITs) in Mar-26.

Chart 6: Monthly Foreign Fund Flows into Bursa Malaysia



Source: Bursa Malaysia, MBSBR

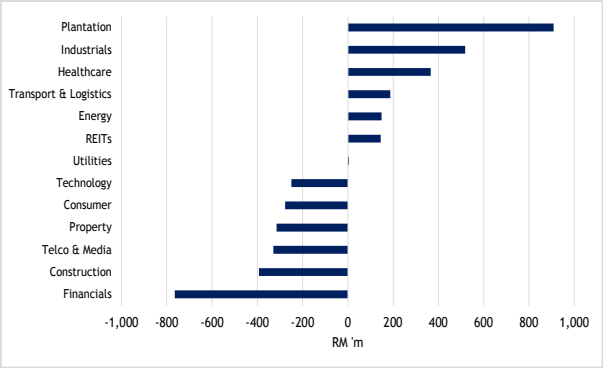
Chart 7: Foreign Fund Flows into Bursa Malaysia (sectoral breakdown) - YTD as of 31 March 2026



Source: Bloomberg, MBSBR

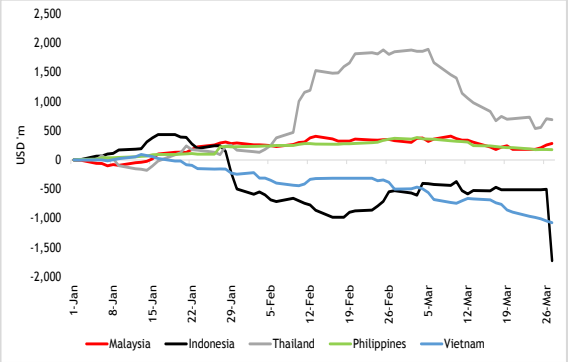
Also, foreign net buying in select ASEAN markets. Besides Malaysia, Thailand and the Philippines also saw stable interest from foreign funds, amongst the markets that we tracked. We speculate that this could be due to these markets' underperformance in CY25 and possible capital flight from the Middle Eastern region. Nevertheless, it seems that Thailand and the Philippines have some erosion in buying interest lately.

Chart 8: Monthly Foreign Fund Flows into Bursa Malaysia



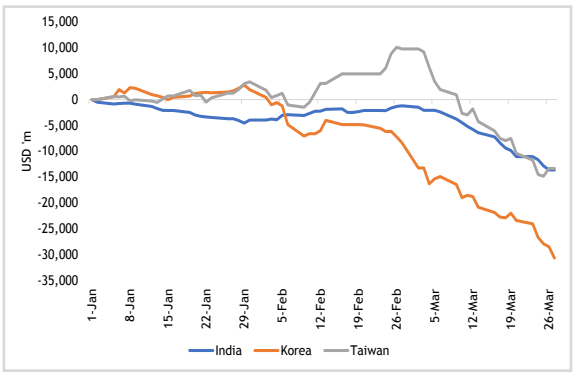
Source: Bursa Malaysia, MBSBR

Chart 9: Cumulative Foreign Fund Flows into ASEAN 5 (YTD as at 27 March 2026)



Source:Source: Bloomberg, MBSBR

Chart 10: Cumulative Foreign Fund Flows into K.I.T. (YTD as at 26 March 2026)



Source:Source: Bloomberg, MBSBR

THEMES AND RISKS FOR 2QCY26 AND ONWARDS

Geopolitics will continue to colour the outlook. Moving forward, we believe that geopolitics will continue to cloud the outlook of the economy and financial markets. What will be an important factor will be the duration of the conflict; the shorter the duration, the less the impact. However, there have been many confusing signals from the US in terms of its objective and reaction to Iranian defiance. We have seen times conciliatory signals (such as the US is engaging in "negotiations" with Iran) to inflammatory (such as the US will strike at all Iranian energy infrastructure), to ceding (such as the US timeline of the conflict at another 2-3 weeks).

Scenario analysis as a basis for 2QCY26 and beyond outlook. Given the confusing (and at times contrary) signals emanating from the US, it is difficult to gauge the duration of the conflict and hence, form a single view of the outlook for 2QCY26 and beyond. This is further exacerbated by the fluidity of the situation and

changing dynamics on a day-by-day basis. Therefore, we believe that a scenario analysis is the most apt at forecasting the possible impact of the conflict on the economy and equity market. We envisage four possible scenarios playing out based on our current assessment of the situation, and in the subsequent section, we discuss the possible economic and market impact of these scenarios. The scenarios are as follows:

Scenario 1: Blue Sky (De-escalation)

- This is a scenario where we expect an immediate ceasefire to be reached within 4-6 weeks. Even if it is not yet reached, the intensity of the conflict will dissipate.
- Meanwhile, the Straits of Hormuz chokepoint reopens. While there may be supply chain disruption, it will eventually normalise within a few months.
- As for oil price, we foresee a rapid correction to a full-year average of USD60-USD80pb (taking cue from the onset of the Russia-Ukraine conflict in CY22).

Scenario 2: The "Tension" Case

- At the current juncture, we foresee this as our base case scenario.
- In this scenario, we foresee no formal ceasefire even after 6 weeks, but the conflict is contained, and intensity starts to unwind.
- Nevertheless, there will continue to be disruption to oil supply as the Straits of Hormuz may continue to be managed by Iran.
- From this, we may see Brent at USD100-USD120pb during the peak period, but subsequently averaging USD90pb for the year.

Scenario 3: Supply Pivot (Extended Friction)

- This is a scenario where we see a prolonged conflict, and the intensity lasts for more than 6 weeks.
- There is a possible cause for concern that this scenario will come to pass should the US decide to put “boots on the ground” in Iran.
- Given this backdrop, we foresee a sustained elevated Brent price of USD100-USD120pb for the rest of the year. Nevertheless, we believe that other oil producers may increase production to moderate the rise in oil prices. This is where we may see the unsanctioning of Russian oil and Western markets aggressively pivot to Russia and Venezuela.
- However, the high inflation (due to elevated oil prices) and possible slowdown in growth may lead to stagflationary pressure.

Scenario 4: Market Shock & Structural Collapse

- It is a scenario where there is prolonged escalation and infrastructure failure. For this to happen, it is a combination of the US invasion of Iran, the US hitting all of Iran's energy infrastructure and Iran retaliating by striking at all energy infrastructure in the Gulf region.
- This scenario assumes the conflict extends well beyond 6 weeks, resulting in significant damage to regional energy infrastructure (refineries and storage) or a multi-month closure of the Strait of Hormuz. This shifts the narrative from a temporary disruption to a fundamental global slowdown.
- Oil price dynamics:
  - Phase 1 (The Spike): Prices surge to USD120-USD180+pb as supply vanishes.
  - Phase 2 (The Crash): Extreme prices trigger "demand destruction." Prices eventually collapse (potentially to USD40pb) as the global economy stops moving.
- There could be a major downward adjustment leading to a global recession (0% or negative growth). While high energy costs act as a "tax" on consumers, forcing a halt in discretionary spending (travel, tech).

Scenario 2 is the base case for now. We believe that the likeliest outcome will be a Scenario 2-type situation. While we hope for Scenario 1 outcome, we believe that it requires significant concessions from all parties. For now, we do not foresee Iran willing to make significant concessions as they view this issue as existential and seek to ensure that there will be no renewal of conflicts in the future. As such, Iran may be willing to "go the distance" in this conflict. Nevertheless, we are concerned that the situation may deteriorate to Scenario 3. Taking all into consideration, a defensive investment strategy may be apt for now, while on the lookout for trading opportunities in short-term thematic plays (such as commodities).

II. MACRO ECONOMIC OUTLOOK

GLOBAL: ENERGY-DRIVEN INFLATION TO WEIGH ON GROWTH OUTLOOK

Challenging environment due to the Middle East conflict. The year 2026 presents a more strained outlook for the global economy. The surge in oil prices due to the Middle Eastern conflict has reignited inflationary concerns across many regions. Disruptions through the Strait of Hormuz have pushed crude prices above USD100pb, while supply constraints in urea have stoked a spike in fertiliser costs. We anticipate that these mounting headwinds will force producers to pass higher operating costs on to consumers.

Expect global growth to moderate. While the latest IMF projection maintains a steady global growth forecast of +3.3% for 2026—matching the resilience seen last year—we expect this outlook to be downgraded to reflect more moderate expansion. The growth prospects for both advanced and developing economies are increasingly weighed down by surging oil and energy prices, which feed into broad inflationary pressures. Furthermore, global trade is expected to see more constrained growth as escalating shipment and logistics expenses, coupled with rising manufacturing costs, will affect the stability of international supply chains. These mounting overheads will likely stifle business activity and dampen consumer spending across all sectors.

Table 2: GDP Growth Forecast for Selected Economies

	2023	2024	2025e	2026f
World Economy	**3.5**	**3.3**	**3.3**	**3.3**
Advanced Economies	**1.8**	**1.8**	**1.7**	**1.8**
USA	2.9	2.8	2.1	2.4
Euro area	0.5	0.9	1.4	1.3
UK	0.4	1.1	1.4	1.3
Japan	1.4	(0.2)	1.1	0.7
Developing Economies	**4.7**	**4.3**	**4.4**	**4.2**
China	5.4	5.0	5.0	4.8
India	6.5	7.3	6.4	6.4
Indonesia	5.0	5.0	5.0	5.1
Philippines	5.5	5.7	5.1	5.6
Malaysia*	3.5	5.1	4.6	4.3
Thailand	2.0	2.5	2.1	1.6
ASEAN-5	4.1	4.6	4.2	4.2

*Note: Refers to IMF's projection, not MBSBR's projection

Source: IMF World Economic Outlook

Global reflation linked to surge in oil prices. Following supply disruptions arising from the conflict in the Middle East, our Oil & Gas analyst is revising our Brent crude oil price forecast higher to USD80-90 per barrel (previous: USD55-60). We expect prices to ease if supply conditions improve, particularly in the event of a near-term de-escalation involving the US, Israel and Iran. However, there remains upside risk to our forecast, as a prolonged conflict that tightens global oil and gas supply could keep prices elevated above USD100 per barrel for an extended period. Higher energy prices would also contribute to renewed inflationary pressures, including through rising global food prices driven by higher input costs such as fertilisers, transportation and logistics. While we project crude palm oil (CPO) prices to average around RM4,200 per tonne, we see potential upside risks from higher production costs linked to elevated energy prices, although moderate demand growth should help contain excessive price increases.

Shift in policy focus to contain inflation concerns. Consequently, global central banks face a tough balancing act, shifting away from policy easing and possibly considering rate hikes to anchor resurgent inflation. This hawkish turn, while necessary to contain price spirals, poses a direct tightening impact on the growth outlook by escalating borrowing costs for businesses and households alike. To mitigate this impact, governments are increasingly intervening with fiscal buffers, such as higher subsidy allocations, to shield the public from energy-driven inflation. Alternatively, some countries have even mandated reduced workweeks and remote-work arrangements to curb fuel demand—a move necessitated by a wave of panic buying that has further strained already depleted inventories.

Downside risks are weighing down on the global outlook. On balance, the risks to this outlook are tilted to the downside. While a short-term disruption might be manageable, a prolonged or widening conflict in the Middle East could potentially push crude oil above the USD100-120pb level, severely intensifying global inflationary pressures and increasing the risk of triggering a deep global slowdown. Meanwhile, the fiscal strain of providing energy subsidies and servicing debt in a high-interest-rate environment will worsen the fiscal positions of many nations. This raises significant concerns regarding sovereign creditworthiness, as higher borrowing costs limit the ability of governments to cushion their economies against more severe shocks. Ultimately, these compounding pressures could ignite instability in financial markets, where heightened volatility and a sharp retreat in investor sentiment may further tighten global liquidity and stall the path to recovery. Global trade and manufacturing activities could also be constrained by new sector-specific tariffs imposed by the US government, despite the US Supreme Court's ruling nullifying the reciprocal tariffs introduced last year.

U.S.: RENEWED INFLATIONARY PRESSURES INFLUENCING THE FED'S POLICY DIRECTION

US economic growth to moderate. We expect the US economy to record moderate growth, despite the IMF projection of stronger expansion at +2.4% in 2026 (2025: +2.0%). As a consumption-driven economy, the recent rise in gasoline and energy prices is likely to weigh on household spending. Nevertheless, recent data continues to point to underlying resilience. Although GDP growth moderated to an annualised +0.7%qoq in 4QCY25 (3QCY25: +4.4%qoq), partly due to the government shutdown and softer goods spending, the Atlanta Fed GDPNow estimate suggests a rebound to around +2.0%qoq (based on data as of 23 March 2026), which could translate into a re-acceleration to about +2.7%yoy (4QCY25: +2.0%yoy). However, consumer sentiment remains subdued despite some improvement in early 2026, where signs of financial strain are emerging, particularly among lower-income households, with delinquency rates rising to around 4.8% of total household debt as of 4QCY25, the highest since 2017. Although financial conditions could ease with potential rate cuts by the Federal Reserve, renewed inflationary pressures from higher energy prices may continue to weigh on consumer sentiment and spending. On balance, fiscal support, including higher government and defence spending, is expected to provide some offset to these headwinds.

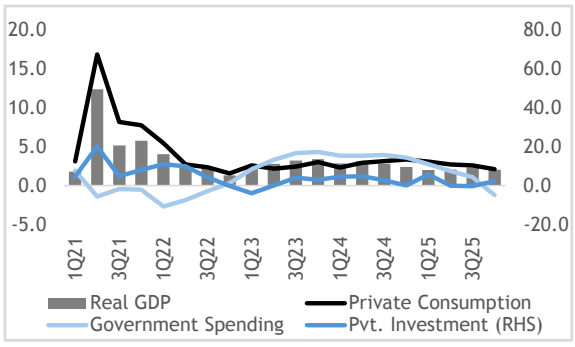
Job market stabilising but showing signs of weakness. The US labour market shows signs of stabilisation, but underlying conditions appear to be softening. Nonfarm payrolls declined by -92K in Feb-26 (Jan-26: +126K), while the unemployment rate edged higher to 4.4% (Jan-26: 4.3%), indicating a loss of hiring momentum and renewed softening in the labour market. This suggests that firms remained cautious in expanding their workforce amid rising cost pressures and economic uncertainty. While initial jobless claims remain relatively low (still indicating no sharp deterioration), the stability in claims may lag broader labour market trends, as firms typically scale back hiring before implementing job cuts. Overall, the labour market appears to be transitioning from a previously tight condition toward a softer phase,

with emerging weakness likely to weigh on income growth and consumption. The signs of weakness in the labour market support further policy easing by the Fed.

Rising inflation reduces the possibility of rate cuts. Inflation remains a key concern in the US economy, with price pressures still above the Fed's +2% target despite earlier moderation. Headline CPI eased to around +2.4%yoy in early 2026 (down from +3.0%yoy in Sep-25), with core inflation stabilising at +2.5%yoy in Jan-26, but the recent +25-35% surge in gasoline prices is likely to reverse part of this disinflation as higher energy costs feed into transportation, food and broader production costs, weighing on purchasing power and consumer spending. In addition, inflationary pressures could be reinforced by the introduction of a broad-based global import tariff imposed after the ruling by the US Supreme Court, which raises import costs across supply chains. These factors are likely to lift near-term inflation expectations and delay further rate cuts by the Fed. While the FOMC projection signalled another cut in 2026, market expectations have shifted, anticipating the Fed to be on hold throughout this year with some risk of re-tightening to contain renewed inflationary pressures. While the Fed is balancing its mandate to address weakness in the job market and ensure long-term price stability, the higher inflation outlook reduces the probability for the Fed to ease further in the near term.

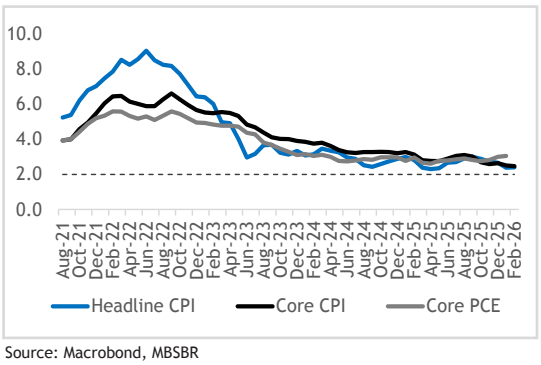
Multiple headwinds are weighing on the US economy. The outlook for the US economy in 2026 is subject to several downside risks. Elevated energy prices remain a key concern, as higher gasoline and utility costs could erode household purchasing power and dampen discretionary spending. At the same time, softness in the labour market may weigh on income growth and consumer confidence. Financial conditions could also remain tight if inflation proves more persistent, limiting the scope for policy easing by the Fed and keeping borrowing costs elevated. Renewed trade tensions, potential sector-specific tariffs and potentially weak demand outlook may also weigh on manufacturing activity. Furthermore, the risk of another US government shutdown remains, which could temporarily disrupt public sector activity, delay spending and weaken overall economic momentum.

Chart 11: US: Quarterly Real GDP Growth (YoY%)



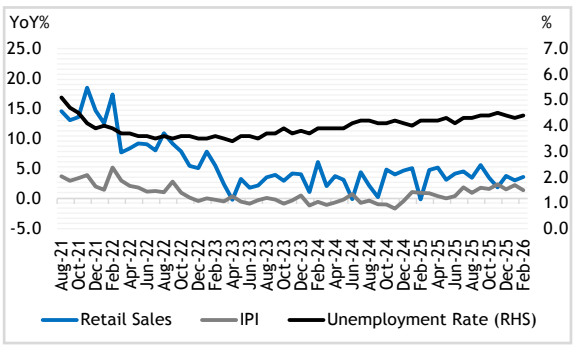
Source: Macrobond, MBSBR

Chart 12: US: CPI and Core PCE Inflation (YoY%)



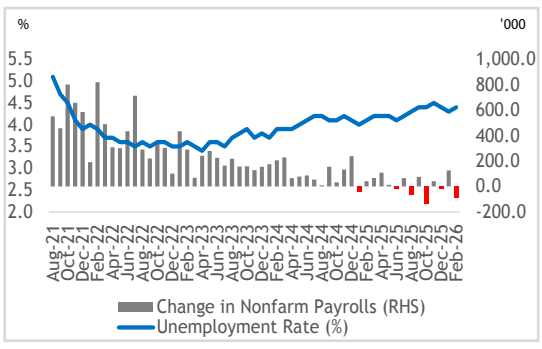
Source: Macrobond, MBSBR

Chart 13: US: Selected Economic Indicators (YoY%)



Source: Macrobond, MBSBR

Chart 14: US: Unemployment Rate (%) vs. Nonfarm Payrolls (in thousands)



Source: Macrobond, MBSBR

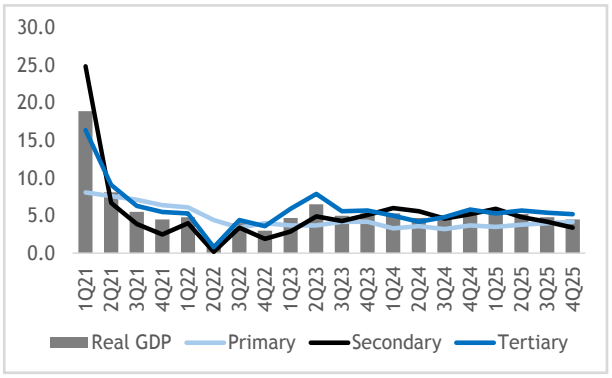
CHINA: CONTINUED EMPHASIS ON DOMESTIC ECONOMY AMID INTERNAL AND EXTERNAL CHALLENGES

China's economic growth is expected to moderate to below +5.0%. China's economic growth is expected to moderate in 2026, reflecting ongoing structural challenges and softer demand conditions. The IMF projects China's GDP growth will ease to around +4.5% (2025: +5.2%). China's government also set a slightly more cautious target of +4.5-5.0% for this year, signalling a more measured and sustainable growth path amid persistent domestic and external headwinds. This moderation outlook comes despite the economy ending 2025 on a relatively stable footing, with GDP expanding by +5.2%yoy in 4QCY25, indicating some resilience. Nevertheless, the divergence between recent performance and forward expectations highlights policymakers' recognition of underlying constraints, including weak domestic demand and ongoing challenges in the property sector.

Continued emphasis on inwardly-driven growth. Despite projections for a sustainable but moderate growth, domestic demand conditions remain fragile. Inflation has stayed subdued, with consumer price growth remaining low despite the recent uptick in Feb-26, pointing to weak underlying demand and lingering deflationary pressures. Soft household sentiment, coupled with cautious spending behaviour, continues to weigh on consumption recovery. In response, authorities have stepped up efforts to support domestic demand, including targeted fiscal measures, consumption incentives and policy initiatives aimed at boosting household spending, particularly in areas such as services, green products and durable goods. However, the effectiveness of these measures remains uncertain given the still-muted income growth and elevated precautionary savings.

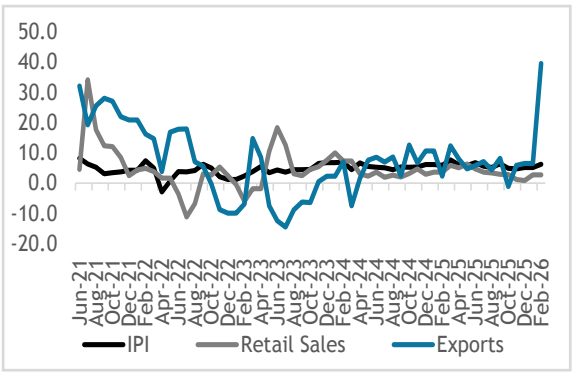
Challenges in China's economy. Downside risks to China's outlook persist, particularly from the ongoing challenges in the property sector, which continues to act as a drag on investment, credit growth and overall confidence. The prolonged adjustment in the real estate market has also had spillover effects on local government finances and the broader financial system. External risks are also intensifying, as broader-based US import tariffs, continued trade tensions (mainly with the US) and softer global demand—partly due to elevated energy prices—could weigh further on China's export sector and industrial production. China is also exposed to sustained increases in global energy costs, which may further constrain growth through higher input costs despite relatively contained consumer inflation. Against this backdrop, policymakers are likely to maintain a supportive stance, with the potential for additional fiscal stimulus and further easing by the People's Bank of China, including targeted liquidity injections or policy rate cuts. However, policy support is expected to remain calibrated, as authorities balance the need to stabilise growth against concerns over financial stability and rising debt levels.

Chart 15: China: Quarterly Real GDP Growth (YoY%)



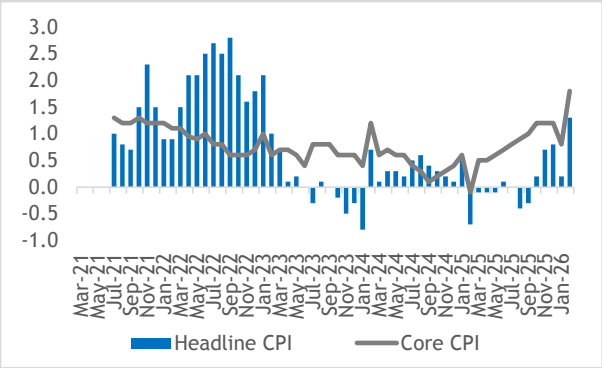
Source: Macrobond, MBSBR

Chart 16: China: Selected Economic Indicators (YoY%)



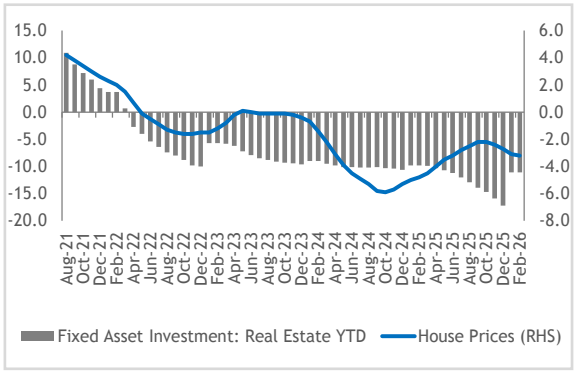
Source: Macrobond, MBSBR

Chart 17: China: CPI Inflation (YoY%)



Source: Macrobond, MBSBR

Chart 18: China: House Price vs. Fixed Asset Investment in Real Estate (YoY%)



Source: Macrobond, MBSBR

MALAYSIA: DOMESTIC FORTITUDE AGAINST A VOLATILE GLOBAL BACKDROP

Domestic resilience to cushion external headwinds. For 2026, we project Malaysia's GDP growth to remain solid, albeit moderating to +4.2% (2025: +5.2%). This downward adjustment (from our previous forecast of +4.6%) reflects an anticipated softening in private consumption to +4.8% (from our earlier projection of +5.6%), as regional tensions in the Middle East could spur inflation and lead to more cautious consumer spending. Nevertheless, domestic demand will remain a primary growth anchor, bolstered by a healthy labour market, steady wage increases, and a resilient tourism sector, further supported by Visit Malaysia Year 2026 (VM2026). On the external front, while geopolitical instability may weigh on net exports, Malaysia's E&E sector is expected to benefit from a sustained tech upcycle, alongside a potential recovery in mining exports. However, the outlook remains clouded by global trade volatility and an impending 15% broad-based tariff hike. Furthermore, scrutiny over forced labour allegations and "structural excess capacity" in manufacturing poses a risk; should ongoing probes yield negative findings, retaliatory duties could dampen the industrial outlook. While non-advanced semiconductors are currently exempted from the broad-based tariffs, their inclusion remains under review, which will directly affect the technology sector outlook.

Domestic resilience to persist & anchor growth.

- **Retail trade to remain steady.** We project retail trade to moderate to +5.5% in 2026 (down from our previous forecast of +6.0%; 2025: +6.1%). This revision considers the global trade headwinds and geopolitical tensions, as well as the recent move to adjust the BUDI95 quota that may slightly dampen discretionary spending. Nonetheless, the reading still signals a healthy year for Malaysia's retail sector, with growth mainly supported by a healthy job market, steady wage increases, and a resilient tourism sector, further amplified by Visit Malaysia Year 2026 (VM2026). Recent monthly data shows Malaysia's retail trade rose at a steady pace of +7.3%yoy in Jan-26 (Dec-25: +7.6%yoy), with resilient expansion across all major segments, including motor vehicles (+17.3%yoy), retail trade (+6.1%yoy), and wholesale trade (+6.0%yoy).

- **Healthy labour market conditions.** We continue to expect the unemployment rate to average around 3.0% in 2026 (2025: 3.0%), mainly supported by job creation across industries through national strategies such as the 13th Malaysia Plan, the National Semiconductor Strategy (NSS), National Industry Master Plan (NIMP), and the GEAR-uP programme. While global trade volatility may weigh on export-linked jobs, Malaysia's labour market is anchored by two catalysts: the VM2026 tourism surge and the E&E sector's high-value transition into AI and advanced semiconductors. Despite a broader normalisation

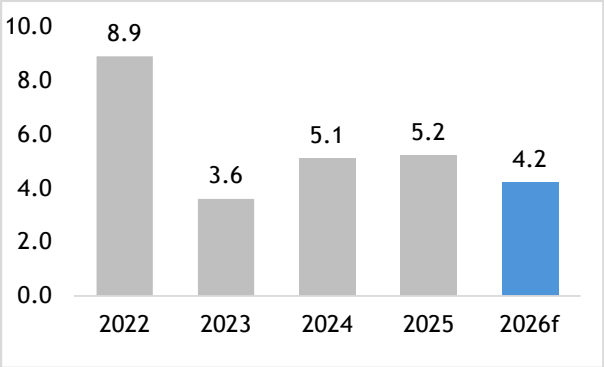
in growth, the labour market's fundamentals remain resilient. Figures in Jan-26 show employment (+0.5%yoy) consistently ahead of labour force growth (+0.4%yoy), marking the longest period of sustained labour demand relative to supply since mid-2021.

- **Structural income growth.** Domestic purchasing power is set for a multi-front boost in 2026. The second phase of the civil servant salary adjustment (+7%), alongside the maturing Progressive Wage Policy, will structurally lift household incomes. This is further amplified by high government cash transfers totalling RM15b (STR & SARA), providing a resilient floor for consumer spending

- **Visit Malaysia Year (VMY) 2026 is a boost for the tourism sector.** Malaysia has set an ambitious goal for Visit Malaysia Year 2026 (VM2026), targeting 47m arrivals and RM329b in receipts. In 2025, Malaysia recorded 42.2m total visitors (+11.2%), with core tourist arrivals reaching 26.6m (+6.4%). Crucially, arrivals have now surpassed the 2019 pre-pandemic peak of 26.1m, signalling that the industry has fully moved beyond "recovery mode" and into a normalised growth trend. While rising geopolitical tensions and higher jet fuel prices pose risks to long-haul travel, Malaysia's heavy reliance on regional markets, led by Singapore (21.1m), China (4.6m) and Indonesia (4.3m), provides a resilient buffer against global disruptions.

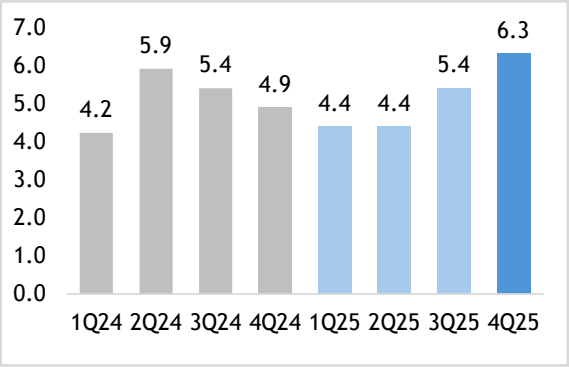
- **The pivot to domestic strength.** We view that the deterrents to international travel may inadvertently benefit the domestic tourism sector. The latest 2025 data shows encouraging momentum with domestic visitor volume surging by +11.5% to 290.1m (2024; 260.1m) and domestic tourism spending recording RM121b (+13.3%; 2024: RM107.2b). This double-digit growth in spending highlights the increasing contribution of local travellers to the broader economy, providing a strategic "buffer" should international arrivals face external volatility.

Chart 19: Malaysia's Annual GDP Growth (YoY%)



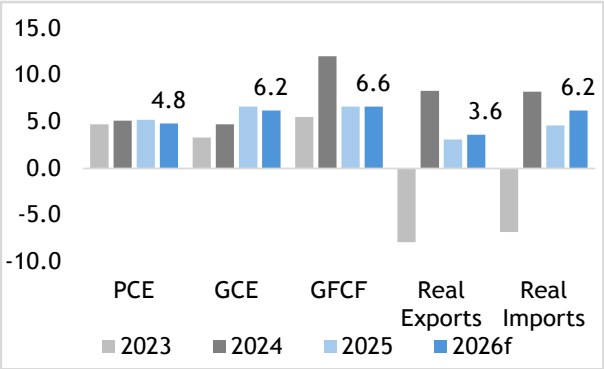
Source: Macrobond, MBSBR

Chart 20: GDP Quarterly Growth (YoY%)



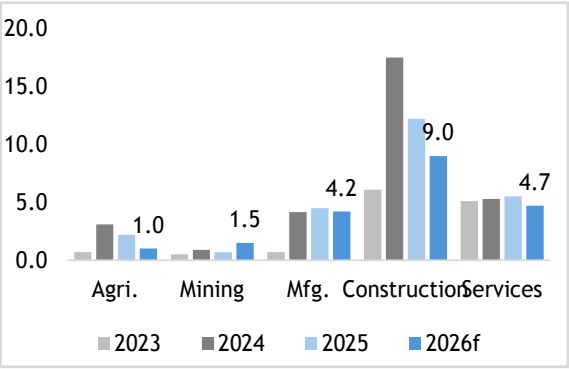
Source: Macrobond, MBSBR

Chart 21: GDP Growth by Expenditure (YoY%)



Source: Macrobond, MBSBR

Chart 22: GDP Growth by Supply (YoY%)



Source: Macrobond, MBSBR

- **Downside risk to consumer spending.** Malaysia's economic resilience faces a "triple threat" of downside risks: heightened global inflation from Middle East instability, domestic spending moderation following the adjustment to the BUDI95 quota, and trade-specific vulnerabilities. This external pressure is compounded by potential punitive tariffs, which may be imposed by the US over forced labour and global "structural excess capacity" allegations in the manufacturing sector. Such headwinds pose a significant risk to employment in export-oriented sectors, specifically manufacturing and transport, which together anchor the livelihoods of approximately one-fifth of the national workforce (3.4m people), potentially creating a negative multiplier effect on broader consumer confidence and domestic demand.

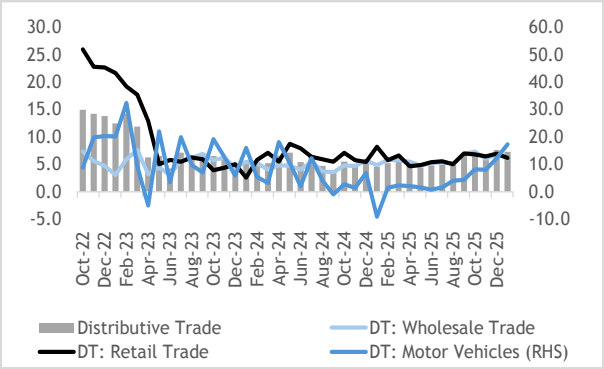
Resilient sectoral growth. In 2026, Malaysia's key economic sectors are set for a strategic expansion anchored by the 13th Malaysia Plan (13MP), NIMP 2030, and the NSS. These national frameworks, complemented by Budget 2026 and the Johor–Singapore Special Economic Zone (JS-SEZ), leverage targeted incentives and strategic investments to drive high-value industries. By prioritising innovation and deeper integration into the global value chain, these initiatives serve as the primary catalysts for sustainable, long-term growth across high-potential sectors.

- **Services:** We expect the services sector to remain resilient, although at a moderating pace of +4.7% (revised slightly downward from our previous forecast of +5.7; 2025: +5.5%). This revision reflects a more cautious stance due to heightened global inflation stemming from Middle East instability and expected domestic spending moderation following the BUDI95 quota adjustment. Nonetheless, the sector's trajectory remains positive, underpinned by a healthy labour market, steady wage growth, and the dual catalysts of international and domestic tourism during VM2026.

- **Manufacturing:** We expect the manufacturing sector to grow at a more moderate pace of +4.2% (revised down from +4.8%; 2025: +4.5%). While resilient domestic consumption and strong demand for E&E products remain a key pillar of support, several headwinds pose downside risks to overall output. These include heightened geopolitical tensions and external trade volatility, particularly the potential for punitive tariffs.

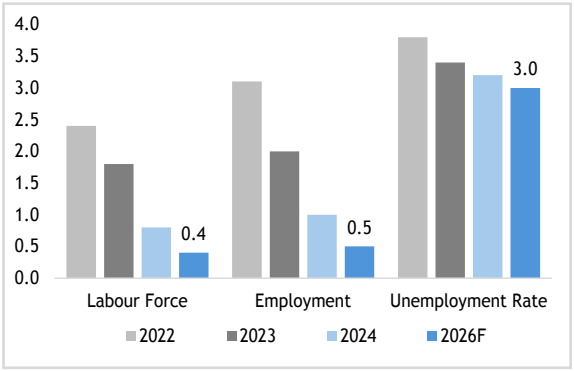
- **Construction.** We anticipate the construction sector to record softer expansion of +9.0% (lower from prior expectations of +10.0% growth; 2025: +12.2%), accounting for the spillover effects from the Middle East conflict. Although the domestic infrastructure pipeline remains robust, we anticipate a temporary deceleration in execution driven by rising input costs and heightened supply chain volatility. The downgrade reflects a 'cautious-optimism' stance, factoring in potential margin compression for contractors holding fixed-price tenders. In 2025, the value of work done rose by +12.5% to RM178.6b

Chart 23: Distributive Trade Sales Performance (YoY%)



Source: Macrobond, MBSBR

Chart 24: Labour Market Forecasts (%)



Source: Macrobond, MBSBR

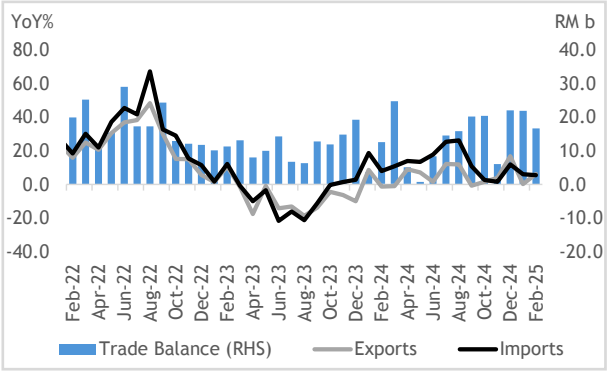
(2024: RM158.8b; +20.2%) with expansion in special trade activities (+22.8%) and by non-residential buildings (+16.3%).

- **Mining:** We expect the mining sector to grow by +1.5% (up from previous estimates of +0.9%; 2025: +0.7%) as the sector (primarily natural gas and crude oil extraction) benefits directly from the oil price surge. With the war pushing Brent crude toward the USD100-115 range, Malaysia's position as a major LNG exporter is further bolstered by the risk premium attached to Middle Eastern supply routes. This shift in global demand toward 'safer' Southeast Asian energy sources is expected to drive higher production volumes throughout 2026.
- **Agriculture:** We expect the agriculture sector to remain steady at +1.0% (2025: +2.2%). While a geopolitical risk premium is supporting commodity prices, the upside is capped by a 'fertiliser shock' stemming from the Middle East conflict. The primary headwind is the disruption of the nitrogen value chain following force majeure declarations at major Qatari LNG facilities. This surge in input costs poses a significant downside risk to Fresh Fruit Bunch (FFB) yields in 2HCY26 and into 2027.

Steady external trade performance despite external volatility. We continue to expect exports to rise by +4.6% in 2026 (2025: +6.0%) and imports by +5.6% (2025f: +5.5%). E&E products are expected to remain the primary driver of export performance, bolstered by the global technology upcycle. We also anticipate significant front-loading activities as firms accelerate shipments ahead of the implementation of subsequent, broader semiconductor tariff phases. This momentum is already evident; Malaysia's exports saw a robust double-digit surge of +15.2%yoy in 2MCY26, far outpacing the +3.1%yoy growth in 2MCY25. Meanwhile, import growth remained steady at +6.4%yoy (2MCY25: +5.9%yoy), reflecting resilient domestic demand amid a strong export recovery. This performance will further be supported by a diversified multi-market strategy targeting both traditional and emerging trade partners.

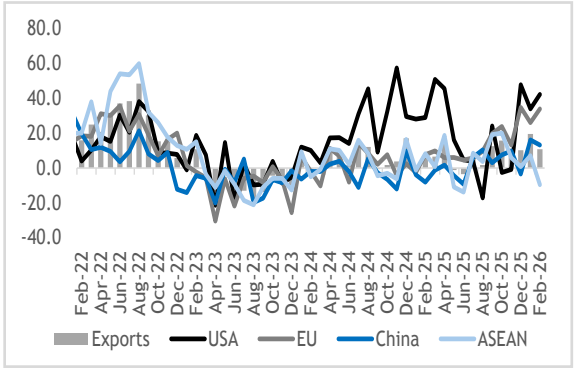
External risks ahead. Despite this strong start, the trajectory remains vulnerable to external instability. Recent legal shifts regarding 'reciprocal tariffs,' the trajectory of Malaysia's export performance remains vulnerable to external trade volatility. This instability is exacerbated by escalating Middle East tensions and looming global protectionist measures, most notably the proposal for a 15% broad-based tariff. Furthermore, Malaysia faces scrutiny over forced labour allegations and 'structural excess capacity' in manufacturing. Should ongoing probes yield affirmative findings, the resulting retaliatory duties are likely to maintain a cautious external trade outlook throughout 2026.

Chart 25: External Trade Performances (YoY%)



Source: Macrobond, MBSBR

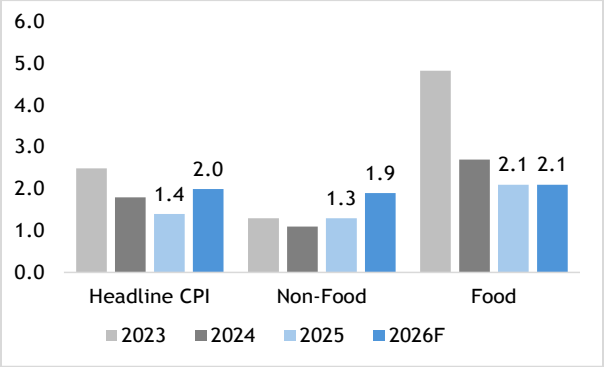
Chart 26: Exports by Major Markets (YoY%)



Source: Macrobond, MBSBR

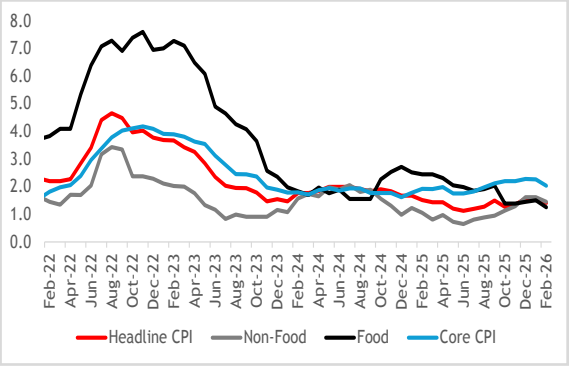
Inflationary pressure in play. We foresee heightened inflationary pressure on the back of the spike in global oil prices, which in turn will lead to increased business costs and higher consumer prices. The government also stressed its commitment to maintain the subsidised RON95 prices at the current level, despite the growing fuel subsidy burden due to the spike in oil prices above the USD100pb, in order to limit the inflationary pressure on consumers. If oil prices remain elevated for an extended period, any decision to adjust the subsidised price higher will directly feed into CPI inflation. Significant upside risks remain for those excluded from the BUDI95 subsidy framework, affected by the recent hikes in unsubsidised fuel prices. Meanwhile, businesses are not fully shielded from the oil price hikes. As MSMEs face a surge in unsubsidised fuel costs, the resulting spike in logistics and operational overheads will likely trigger a cost pass-through to consumers. Furthermore, elevated fertiliser costs are expected to seep into the food supply chain, driving up production expenses. Consequently, we anticipate sustained inflationary pressure driven primarily by these supply-side disruptions. On another note, the gradual uptrend in core inflation suggests some build-up in demand pressures on the back of still robust consumer spending. But the stable and moderate reading in recent months suggests demand pressures remain under control. We assume the renewed rise in cost pressures and gradual buildup in demand pressures would push inflation higher than we previously expected; therefore, we revise our inflation forecast for the year higher to +2.0% (previous forecast: +1.8%).

Chart 27: Inflation Forecast (YoY%)



Source: Macrobond, MBSBR

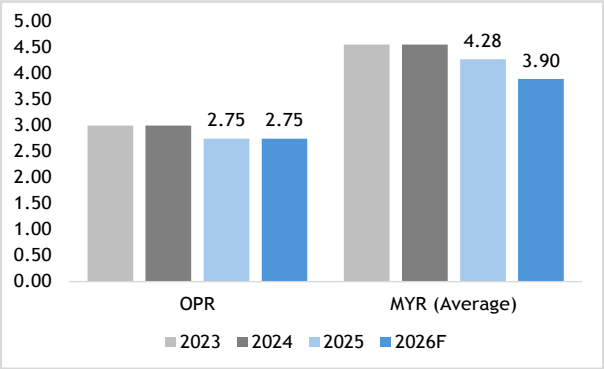
Chart 28: Inflation by Major Components (YoY%)



Source: Macrobond, MBSBR

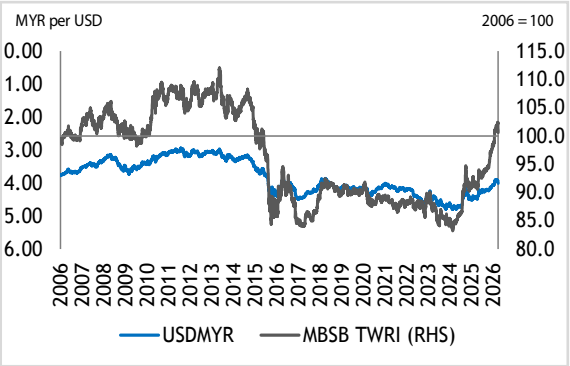
BNM to hold OPR steady. In light of current economic growth trajectories and inflationary trends, we anticipate that Bank Negara Malaysia (BNM) will hold the Overnight Policy Rate (OPR) steady at 2.75% throughout 2026. We opine that BNM's latest decision to keep OPR unchanged after the Mar-26 monetary policy meeting reflects the confidence in Malaysia's robust domestic economic growth. However, BNM also places an emphasis on being cautious regarding the heightened level of uncertainty stemming from the escalating tensions in the Middle East, noting that the extent of the fallout remains contingent on how long the conflict will persist. Even though we revise our inflation forecast for 2026 higher to +2.0%, with an upside bias (previous forecast: +1.8%), we believe the supply-driven inflation will not prompt BNM to adjust OPR. We anticipate that demand pressures will remain contained as consumers adopt more cautious spending, adjusting to the higher energy inflation. Any hike in OPR will exert additional strain on borrowers, both household and corporate segments, from higher debt repayments, in addition to higher energy bills. On that note, we expect BNM to prudently hold OPR steady unless domestic demand demonstrates unexpected resilience despite the inflationary backdrop.

Chart 29: Monetary Policy & USDMYR Forecast (%)



Source: Macrobond, MBSBR

Chart 30: USDMYR vs MBSBR Trade-Weighted Ringgit Index (TWRI)

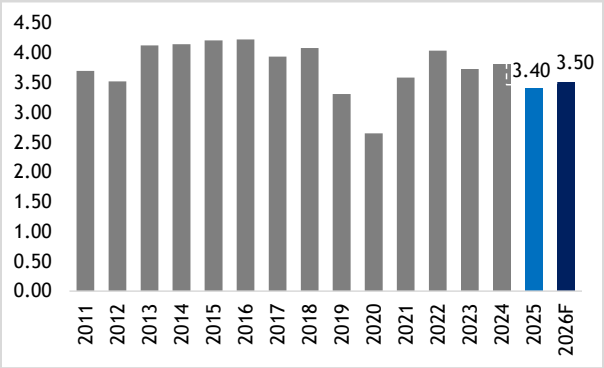


Source: Macrobond, MBSBR

Room for the ringgit to appreciate further. We continue to expect a strengthening trend for the ringgit to persist in 2026, underpinned by the anticipated convergence in the interest rate differentials with BNM to keep OPR unchanged vis-à-vis further easing by the US Fed. Based on the latest FOMC's projection, the Fed is expected to execute one more rate cut this year. Malaysia is well-positioned to benefit from these global shifts. Consequently, the Ringgit's performance will be influenced by evolving international financial dynamics and the resulting movements in cross-border capital. However, if the Fed adopts a delayed policy easing (in response to renewed inflationary concerns), a deterioration in investors' sentiment could limit support for the ringgit strengthening bias. On another note, positive economic fundamentals, with a continued current account surplus, will also support the appreciation of the ringgit. Given that the local currency has been trading stronger than our previous expectation, we revise our ringgit forecast to be relatively stronger with an average of RM3.92 for 2026 (previous forecast: RM4.00). We foresee the currency moving towards RM3.85 by the end of 2026 (previous forecast: RM3.95).

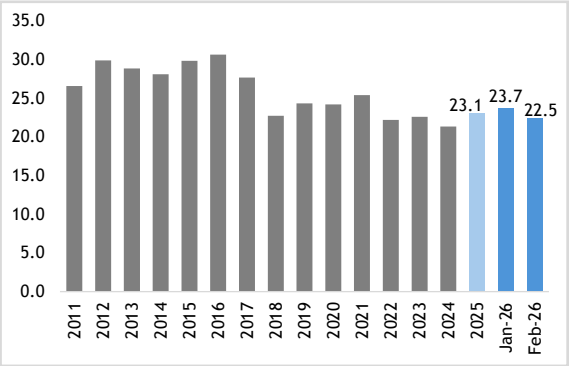
10Y MGS yield to end the year around 3.50%. Based on our latest projection, we foresee the yield for 10-year Malaysian Government Securities (MGS) to stabilise at 3.50% for 2026. The MGS performance shows a compressed spread against the OPR around +50-60bps, significantly tighter than the historical average of +98bps in 2015-2025. The more compressed spread was previously due to rate cut expectations amid milder inflation. As we forecast the OPR to remain steady at 2.75% throughout 2026, we expect these spreads to mean-revert and widen slightly over the medium term. Therefore, we think that volatility in the UST market may increase in the short-term on the back of uncertainty on the trade and the potential of higher inflation due to rising Brent prices. This heightened inflation concern would also push MGS yields higher, partially in tandem with the upward shift in the US Treasury yields. Overall, we anticipate that the MGS-OPR spread will normalise as market participants react to the low probability of additional OPR cuts.

Chart 31: Average 10-Year MGS Yield Forecast (%)



Source: Macrobond, MBSBR

Chart 32: Share of Foreign Holdings of Total Outstanding Government Bonds (%)



Source: Macrobond, MBSBR

Table 3: Selected Macroeconomic Data: Past Performance and Latest Projection (%)

(YoY %) Unless Stated Otherwise	2022	2023	2024	2025	2026F
Real GDP	8.9	3.6	5.1	5.2	4.2
Govt. Consumption	5.1	3.3	4.7	6.6	6.2
Private Consumption	11.3	4.7	5.1	5.2	4.8
Gross Fixed Capital Formation	6.8	5.5	12	9.1	10
Govt. Investment	5.3	8.6	11.1	10.3	8.3
Private Investment	7.2	4.6	12.3	9.4	6.5
Exports of goods & services;	14.5	-7.9	8.3	3.1	3.6
Goods Exports	11.0	-12.5	5.3	1.3	3.2
Services Exports	58.3	32.9	25.5	11.6	5.5
Imports of goods & services;	16	-6.8	8.2	4.6	6.2
Goods Imports	14.4	-10.9	8.9	4.7	6.3
Services Imports	25.7	16.1	5.7	3.7	5.8
Net Exports	-1.5	-22.2	9.2	-19.3	-45.8
Agriculture etc.	1.3	0.7	3.1	2.2	1.0
Mining & Quarrying	3.5	0.5	0.9	0.7	1.5
Manufacturing	8.2	0.7	4.2	4.5	4.2
Construction	5.1	6.1	17.5	12.2	9.0
Services	11.3	5.1	5.3	5.5	4.7
Exports of Goods (f.o.b)	24.9	-8.0	5.7	6.0	4.6
Imports of Goods (c.i.f)	31.0	-6.4	13.2	5.5	5.6
Headline CPI Inflation (%)	3.4	2.5	1.8	1.4	2.0
Current Account, % of GDP	3.2	1.1	1.4	1.6	1.5
Fiscal Balance, % of GDP	-5.6	-5.0	-4.1	-3.8	-3.8
Federal Government Debt, % of GDP	60.1	64.3	64.6	65.3	64.8
Unemployment Rate (%)	3.8	3.4	3.3	3.0	3.0
Brent Crude Oil (Avg), USD per barrel	102	82.2	79.9	68.2	80 - 90
Crude Palm Oil (Avg), MYR per tonne	5,262	3,813	4,194	4,305	4,200
USD/MYR (Avg)	4.4	4.56	4.56	4.28	3.92
USD/MYR (End-period)	4.35	4.59	4.47	4.06	3.85
MGS 10-Yr Yield (Avg)	4.07	3.86	3.83	3.58	3.53
MGS 10-Yr Yield (End-period)	4.04	3.73	3.84	3.53	3.5
Overnight Policy Rate (%)	2.75	3.00	3.00	2.75	2.75

Sources: Macrobond, National Sources, MBSBR

SCENARIO ANALYSIS: MALAYSIA GROWTH OUTLOOK UNDER OIL PRICE SHOCKS

- The escalation of geopolitical tensions in the Middle East presents a key downside risk to the global economic outlook through its impact on oil prices. Higher energy prices act as a tax on both consumers and businesses, raising inflation, compressing real incomes and weakening demand. Given Malaysia's high trade openness and its dual role as both an energy exporter and importer, the overall impact on growth depends critically on the magnitude and persistence of the oil price shock.

- **Scenario 1 - Blue Sky (De-escalation)**: Under Scenario 1, a ceasefire is achieved within a short period, allowing global oil supply to normalise. Brent crude oil prices will ease back to around USD60-80 per barrel, reversing earlier price pressures. In this environment, inflation remains contained, and global growth continues largely along its pre-conflict trajectory, with the US and China expanding at steady rates. For Malaysia, growth remains firm at around 4.3%-4.6%, supported by resilient domestic demand, stable export performance and continued expansion in services activities. The tourism sector, particularly under Visit Malaysia Year 2026, would benefit from improved sentiment and stable travel costs, supporting stronger tourist arrivals and spending.

- **Scenario 2 - The "Tension" Case**: In Scenario 2, the conflict persists for several weeks but remains contained, resulting in a temporary disruption to oil supply. Brent crude prices spike to USD100-120 per barrel before averaging around USD90 for the year. The increase in energy prices leads to a moderate rise in global inflation, which begins to weigh on purchasing power and business margins. Growth in the US and China softens slightly, while global demand conditions become less supportive. Malaysia's economy is expected to expand at a slightly slower pace of around +3.6% to +4.2% as higher commodity-related revenues partially offset the drag from softer external demand and rising domestic cost pressures. The tourism sector may experience some moderation as higher airfares begin to affect travel affordability, although regional tourism flows and Malaysia's value-for-money positioning could provide some buffer.

- **Scenario 3 - Supply Pivot (Extended Friction)**: The impact becomes more pronounced under Scenario 3, where the conflict extends beyond six weeks and leads to sustained supply tightness, keeping oil prices elevated at USD100-120 per barrel for an extended period. At this level, the global economy faces stagflationary conditions, with persistently high inflation eroding real incomes and dampening consumption and investment. Growth in major economies slows more visibly, and global trade weakens. For Malaysia, GDP growth is expected to moderate to around +2.7% and +3.3%, reflecting weaker export demand—particularly in E&E and manufacturing—and rising domestic cost pressures. The positive growth reflects the resilience of the domestic economy, with expansion in recent years driven and anchored by growing domestic demand.

- At the same time, the fiscal burden from fuel subsidies increases significantly. To preserve fiscal space and ensure the government retains the capacity to support the economy in the event of further deterioration, policymakers may be compelled to rationalise subsidies through an increase in subsidised RON95 prices. While this helps contain fiscal risks, it also contributes to higher domestic inflation, further eroding purchasing power and weighing on private consumption. The outlook for Visit Malaysia Year 2026 also becomes more challenging, as higher airfares and travel costs dampen long-haul travel demand. Although Malaysia may still attract regional tourists, overall arrivals and

tourism-related spending are likely to fall short of initial expectations.

- **Scenario 4 - Market Shock & Structural Collapse (Global Economic Shock)**: Finally, Scenario 4 represents a more severe escalation in price pressures involving significant disruption to energy infrastructure or prolonged closure of key supply routes. Oil prices surge sharply above USD120pb and potentially reach USD180pb, triggering a spike in global inflation and forcing tighter financial conditions. The resulting demand destruction leads to a global recession, with growth turning flat or negative, while major economies such as the US contract and China experience a sharp slowdown. As demand collapses, oil prices eventually correct lower.

- In this severe scenario, Malaysia's economy would likely enter a mild recession, with GDP declining in the range of -1.2% to -0.3%. Export-oriented sectors would be significantly affected by the contraction in global trade and external demand, while domestic demand weakens amid higher inflation, reduced income and heightened uncertainty. The surge in fuel subsidy costs would necessitate a more decisive increase in subsidised RON95 prices, as the government reallocates fiscal resources for broader economic support measures beyond fuel and energy. This would further amplify inflationary pressures and suppress consumption.

- The tourism sector would be particularly vulnerable in this scenario. Elevated travel costs, weaker global income growth and declining consumer confidence would lead to a sharp reduction in international travel demand, significantly undermining the expected boost from Visit Malaysia Year 2026. As discretionary spending declines globally, tourism-related industries—including airlines, hospitality, retail and food services—would face substantial headwinds, removing an important source of support for Malaysia's services sector.

- Overall, while Malaysia may initially benefit from higher commodity prices, the balance of risks becomes increasingly negative as oil prices rise and remain elevated. Beyond a certain threshold, the adverse effects of weaker global demand, higher inflation and tighter fiscal constraints outweigh the gains from commodity exports, leaving Malaysia's growth outlook increasingly vulnerable to a prolonged and severe energy shock.

Table 4: Summary of 2026 Growth Outlook Under Oil Price Shock Scenarios

Scenario	Brent Crude Oil Average (USD pb)	Projected GDP Growth (%)		
		US	China	Malaysia
S1: Blue Sky (De-escalation)	60-80	2.4	4.5	+4.3 to +4.6
S2: The "Tension" Case	90	1.7	3.8	+3.6 to +4.2
S3: Supply Pivot (Extended Friction)	100-120	1.0	3.2	+2.7 to +3.3
S4: Market Shock & Structural Collaps (Global Economic Shock)	Phase 1: 150-180 Phase 2: 40	-1.0	1.8	-1.2 to -0.3

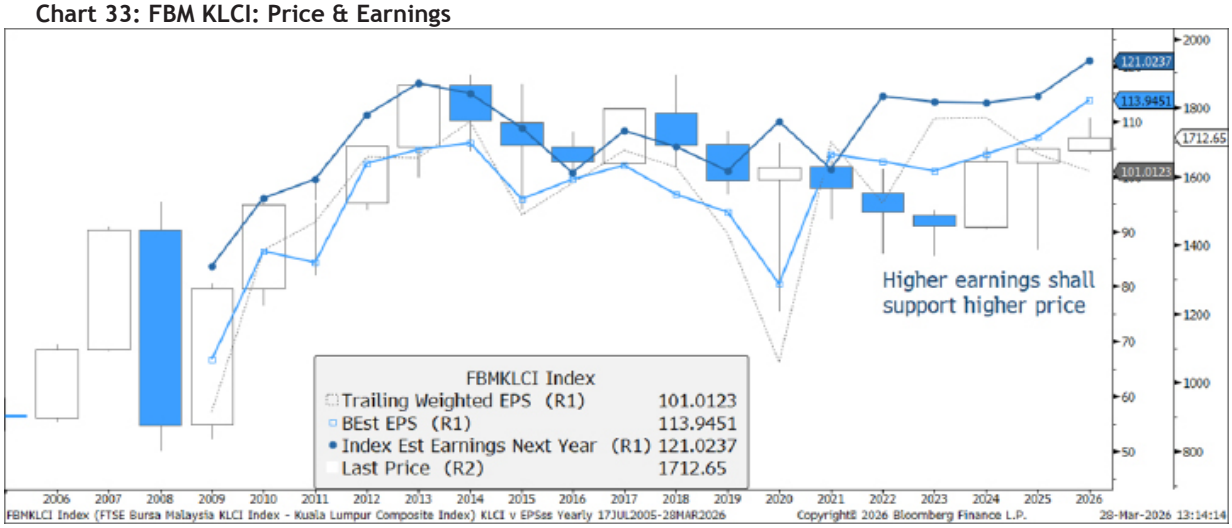
Source: Estimates by MBSBR

III. MARKET OUTLOOK

In 2QCY26, expect market sentiment to remain cautious. The FBM KLCI recorded a slight +1.9% rise in 1QCY26 (until 27 March). Going forward into 2QCY26, we expect the local equity market to remain cautiously optimistic, underpinned by a still healthy economy as well as corporate earnings outlook and supported by relatively undemanding equity valuations. However, we also reckon the optimism would be tempered by uncertainties engendered by the ongoing geopolitical conflict in the Middle East and attendant inflationary pressure.

Still sanguine economic growth outlook… Going forward, we expect the Malaysian economy to see continued expansion in domestic demand, albeit with lingering external uncertainties. In view of the surrounding uncertainties, we pared down our Malaysia's GDP forecast (from earlier +4.6%) to between +3.6% and +4.2% in 2026.

Chart 33: FBM KLCI: Price & Earnings



Source: MBSBR, Bloomberg (G15); *Note: Both Y-axes are scaled to Price/Earnings ratio of 16.0x

…and positive earnings growth. Similarly, the local corporate earnings in 2026 shall be supported by domestic drivers amid external uncertainties. The consensus currently expects FBM KLCI earnings to grow by +9.5% this year to 113.9 points.

Market supported by relatively undemanding valuations. Moreover, the PER valuation of the local equity market is undemanding. The FBM KLCI is currently trading at 1,713 points or PER26 of 15.0x, a historically inexpensive valuation vis-à-vis its 10-year average PER of 16.0x.

Middle East conflict & oil shock. The onset of the Iran-Israel/US war has caused energy prices to surge, with Brent crude at triple-digit levels. Consequently, this oil price shock has fuelled fears that inflation will remain embedded at higher levels, forcing the US Fed to pause easing. Our baseline scenario imputes the Brent crude hovering between USD100-120pb during the peak period while averaging USD90pb for the year.

Sticky inflation data. Moreover, recent US inflation figures have come in hotter than anticipated. The PPI for February surged 0.7%mom, far exceeding the 0.3%mom consensus. Furthermore, PCE inflation is now projected to reach 2.7% this year, up from previous estimates of 2.5%.

Curtailed monetary impetus. Accordingly, the interest rate futures market has significantly scaled back its interest rate cut expectations. As per CME FedWatch, the market is now implying zero rate cut (from earlier -50bp) attributable to a combination of Middle East conflict and persistent inflationary pressure.

USD/MYR movements. The shift in the Fed rate expectations to a no rate cut scenario is viewed as a near-term headwind for the Ringgit. The delay or removal of expected Fed rate cuts generally strengthens the USD relative to the MYR. As of 27 March, the USD/MYR rate has risen back to 4.00 levels.

Impact on foreign fund flows. The higher-for-longer US interest rate environment typically damps the appetite for emerging market (EM) equities like those in Malaysia. Foreign capital often leaves EMs to seek safer assets in the US and other developed markets.

Local resilience since the onset of the Middle East war... However, despite the perilous geopolitical situation and more hawkish Fed rate outlook, the local equity market has seen relative resilience since the onset of the Middle East war. Month-to-date (until 26 March), Bursa Malaysia registered foreign net inflows of +RM348 million and the main benchmark FBM KLCI outperformed most regional and international indices.

...attributable to the primary hedge from energy and commodities. We reckon Malaysia's still resilient GDP growth outlook, in part due to its status as a net energy exporter, may continue to attract long-term investors even if short-term hot money fluctuates. On this score, while the broader local equity market sentiment was weighed down by global risk-off since early March, the energy and commodity sectors have acted as a primary hedge.

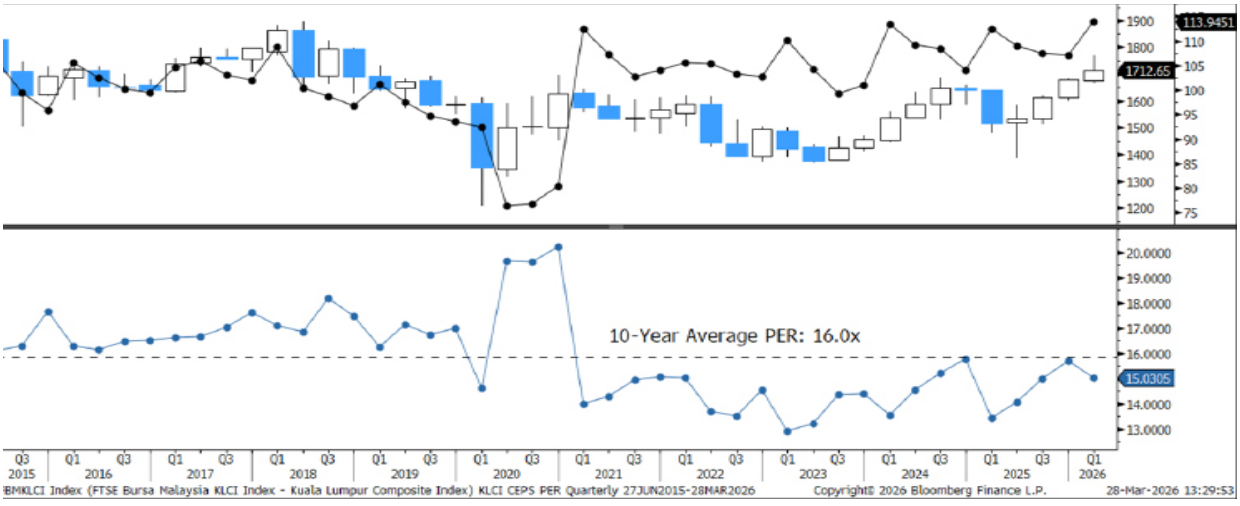
BASELINE TARGETS

Expect below-average valuations to persist due to external fears. Despite our baseline expectations of still resilient macro performance along with positive earnings growth this year, we expect local equity valuations to remain at sub-average levels. That is so as we believe the equity market would be beset by uncertainties engendered by the ongoing geopolitical conflict in the Middle East and attendant inflationary pressure.

Chart 34: FBM KLCI

Calendar Year	Earnings (Points)
CY2026 (F)	113.9

Source: MBSBR, Bloomberg (G5)

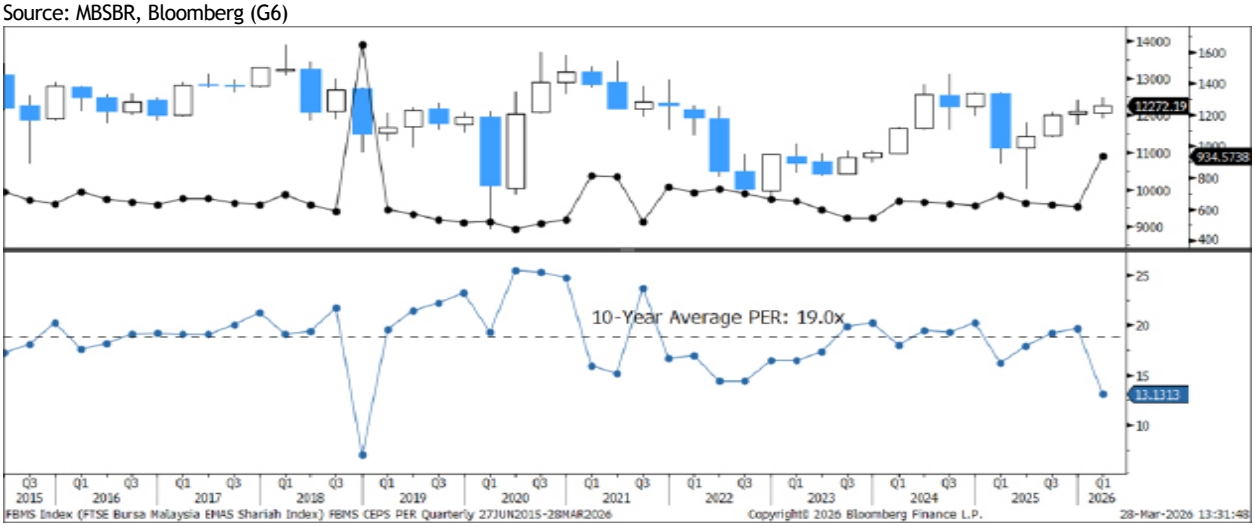


Revised FBM KLCI 2026 baseline target to 1,800 points or PER26 of 15.8x. At the current juncture (27 March), the FBM KLCI is trading at PER26 of 15.0x, which is below its 10-year average PER of 16.0x. Based on the prevailing 2026 consensus earnings forecast of 113.9 points, considering the moderating factors mentioned above, we revised our FBM KLCI 2026 baseline target (from 1,850 points) to 1,800 points.

Chart 35: FBM EMAS SHARIAH

Calendar Year	Earnings (Points)
CY2026 (F)	934.6

Source: MBSBR, Bloomberg (G6)

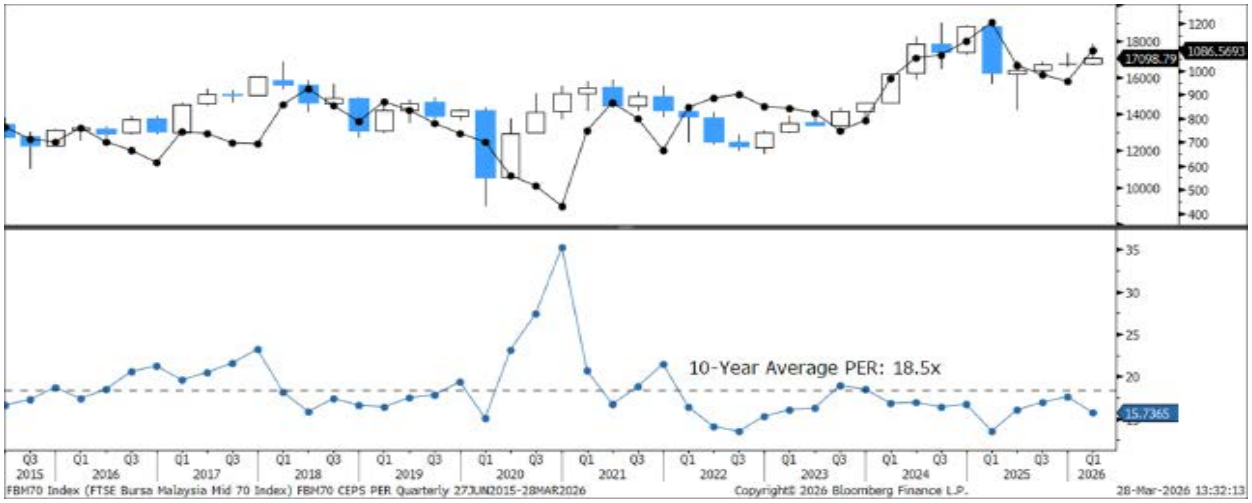


Revised FBM Emas Shariah 2026 baseline target to 13,100 points or PER26 of 14.0x. At the current juncture (27 March), the FBM Emas Shariah is trading at PER26 of 13.1x, which is below its 10-year average PER of 19.0x. Based on the prevailing 2026 consensus earnings forecast of 934.6 points, considering the moderating factors mentioned above, we revised our FBM Emas Shariah 2026 baseline target (from 13,200 points) to 13,100 points.

Chart 36: FBM 70

Calendar Year	Earnings (Points)
CY2026 (F)	1,086.6

Source: MBSBR, Bloomberg (G6)



Revised FBM 70 2026 baseline target to 18,900 points or PER26 of 17.4x. At the current juncture (27 March), the FBM 70 is trading at PER26 of 15.7x, which is below its 10-year average PER of 18.5x. Based on the prevailing 2026 consensus earnings forecast of 1,086.6 points, considering the moderating factors mentioned above, we revised our FBM 70 2026 baseline target (from 19,100 points) to 18,900 points.

SCENARIO ANALYSIS

One upside scenario (S1) if the Middle East war found a quick end... We foresee an upside risk to our baseline scenario if an immediate ceasefire were promptly reached (at least between Iran and the US) and the Strait of Hormuz chokepoint reopens. Under this scenario, we expect Brent crude oil price to correct back to between USD60-80pb (full-year average) levels. The equity market would likely experience a "relief rally" driven by the removal of a major geopolitical risk premium.

...and two downside scenarios (S3 and S4) if the war protracted. Moreover, we also foresee further downside risks to the equity market if the war protracted in scenarios by which (S3) the conflict lasts more than 6 weeks while Brent crude oil price sustained at between USD100-120pb annual average, and (S4) the conflict extends well beyond 6 weeks in a "Prolonged Escalation" where energy infrastructure fails and the Strait of Hormuz remains closed for months while Brent crude oil price initially spiked to between USD120-180+pb as supply vanishes and followed by eventual collapse towards USD40pb as the global economy contracted.

Scenario analysis. We therefore generate one upside scenario (S1), in addition to our baseline (BL or S2), as well as two downside scenarios (S3 and S4), incorporating the following projections for US and Malaysia GDP growth in 2026:

- **S1:** US and Malaysia GDP growth of (+2.7%) and (+4.3% to +4.6%), respectively.
- **BL:** US and Malaysia GDP growth of (+1.7%) and (+3.6% to +4.2%), respectively.
- **S3:** US and Malaysia GDP growth of (+1.0%) and (+2.7% to +3.3%), respectively.
- **S4:** US and Malaysia GDP growth of (-1.0%) and (-1.2%% to -0.3%) respectively.

Earnings impact. Based on the above macro growth figures, the projected changes to FBM KLCI 2026 earnings are as follows:

- **S1:** Earnings points and earnings growth are 115.3 points and +10.8%yoy, respectively.
- **BL:** Earnings points and earnings growth are 113.9 points and +9.5%yoy, respectively.
- **S3:** Earnings points and earnings growth are 109.8 points and +5.5%yoy respectively.
- **S4:** Earnings points and earnings growth are 104.6 points and +0.5%yoy respectively.

PER valuation and price. Accordingly, the impact on FBM KLCI valuation as well as index targets for 2026 is listed below:

- **S1:** PER valuation and index target are 16.0x and 1,850 points respectively.
- **BL:** PER valuation and index target are 15.8x and 1,800 points, respectively.
- **S3:** PER valuation and index target are 15.3x and 1,680 points respectively.
- **S4:** PER valuation and index target are 14.4x and 1,510 points respectively.

Chart 37: FBM KLCI: Price & Earnings



Source: TRADINGVIEW, MBSBR

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IV. STOCK SELECTION

Time to seek temporary shelter. Given the current environment of uncertainties and a cloudy outlook, we are recommending investors to tactically seek cover amongst defensive sectors in case the situation turns for the worse. Purely defensive stocks, such as those in REITs, utilities, healthcare, and consumer staples, tend to provide consistent dividends and stability in demand (hence, earnings) regardless of the overall economic conditions. This stability and attractive dividend yields should moderate the downside risks, while not discounting the potential for price appreciation due to undervaluation, as we have observed defensive sectors being a bit of a laggard in favour of commodity-linked sectors.

Commodity-linked sectors as a trading play. On the flip side, we recognise that there may be trading opportunities for commodity-linked sectors such as plantation, energy and industrial products & services. However, we view this only for the short term, as any cessation or de-escalation of the conflict may correct in commodity prices.

Base case (i.e. Scenario 2) is still looking at growth, albeit with a slight downward revision. At the current juncture, we view Scenario 2 as our likely base case, given that we opine that the US may be looking for an off-ramp to the conflict. As such, we also recommend selective investment into sectors and/or stocks which will be able to weather the current situation with an undemanding valuation.

Upgrading our Oil & Gas sector call. Our top picks are based on our view of the conflict and Scenario 2 of our scenario analysis. In terms of our sector calls, we make one revision in this report, upgrading the Oil & Gas sector to POSITIVE. Below is a summary of our sector calls and our top picks:

POSITIVE: Banking, Construction, Consumer, Healthcare, Oil & Gas, Plantations, Property, REITs, Utilities & RE

NEUTRAL: Automotive, Technology, Telecommunication, Transportation

NEGATIVE: None

Table 5: Overall Top Stock Picks (Rank by Total Return)

	Rec.	Price (RM) @ 31/3/26	Target Price (RM)	Price Return	Dividend Yield	Total Returns	FBM ESG Rating	FTSE4Good?
YTL Power	BUY	3.00	4.94	64.7%	2.7%	67.3%	3	Y
Leong Hup	BUY	0.71	1.07	50.7%	4.2%	54.9%	2	N
Pekat Group	BUY	1.31	2.00	52.7%	0.8%	53.4%	-	-
Mr D.I.Y.	BUY	1.53	2.13	39.2%	3.6%	42.8%	3	Y
Ranhill Utilities	BUY	1.68	2.29	36.3%	0.1%	36.5%	3	Y
99 Speed Mart	BUY	3.41	4.37	28.2%	1.3%	29.4%	2	N
Tenaga Nasional	BUY	13.90	16.40	18.0%	4.0%	22.0%	4	Y
Pavilion REIT	BUY	1.73	2.00	15.6%	5.8%	21.4%	4	Y
AMMB	BUY	6.59	7.57	14.9%	4.2%	19.0%	4	Y
QL Resources	BUY	3.70	4.28	15.7%	1.4%	17.1%	3	Y
Trading Picks								
Bumi Armada	BUY	0.35	0.44	27.5%	0.0%	27.5%	4	Y
Genting Plantations	BUY	5.25	5.80	10.5%	4.8%	15.2%	3	Y

Source: Companies, Bursa Malaysia, FTSE, Bloomberg, MBSBR

Table 6: Top Shariah Stock Picks (Rank by Total Return)

	Rec.	Price (RM) @ 31/3/26	Target Price (RM)	Price Return	Dividend Yield	Total Returns	FBM ESG Rating	FTSE4Good?
Samaiden	BUY	0.99	1.73	75.6%	3.0%	78.7%	3	Y
Deleum	BUY	1.19	1.92	61.3%	5.5%	66.8%	4	Y
Pekat Group	BUY	1.31	2.00	52.7%	0.8%	53.4%	-	-
Mr D.I.Y.	BUY	1.53	2.13	39.2%	3.6%	42.8%	3	Y
Ranhill Utilities	BUY	1.68	2.29	36.3%	0.1%	36.5%	3	Y
Life Water	BUY	1.01	1.34	32.7%	2.1%	34.8%	-	-
Bumi Armada	BUY	0.35	0.44	27.5%	0.0%	27.5%	4	Y
Tenaga Nasional	BUY	13.90	16.40	18.0%	4.0%	22.0%	4	Y
QL Resources	BUY	3.70	4.28	15.7%	1.4%	17.1%	3	Y
Genting Plantations	BUY	5.25	5.80	10.5%	4.8%	15.2%	3	Y

Source: Companies, Bursa Malaysia, FTSE, Bloomberg, MBSBR

Table 7: Top FBM 70 Stock Picks (Rank by Total Return)

	Rec.	Price (RM) @ 31/3/26	Target Price (RM)	Price Return	Dividend Yield	Total Returns	FBM ESG Rating	FTSE4Good?
Samaiden	BUY	0.99	1.73	75.6%	3.0%	78.7%	3	Y
Deleum	BUY	1.19	1.92	61.3%	5.5%	66.8%	4	Y
Leong Hup	BUY	0.71	1.07	50.7%	4.2%	54.9%	2	N
Pekat Group	BUY	1.31	2.00	52.7%	0.8%	53.4%	-	-
Ranhill Utilities	BUY	1.68	2.29	36.3%	0.1%	36.5%	3	Y
Life Water	BUY	1.01	1.34	32.7%	2.1%	34.8%	-	-
Bumi Armada	BUY	0.35	0.44	27.5%	0.0%	27.5%	4	Y
Pavilion REIT	BUY	1.73	2.00	15.6%	5.8%	21.4%	4	Y
Oriental Kopi	BUY	1.01	1.18	16.8%	1.2%	18.0%	-	-
Genting Plantations	BUY	5.25	5.80	10.5%	4.8%	15.2%	3	Y

Source: Companies, Bursa Malaysia, FTSE, Bloomberg, MBSBR

B. SECTORS OUTLOOK

I. BANKING

Positive but not without headwinds.....Maintain POSITIVE

Analyst: ***Samuel*** *Woo Choong Yi*

Positive but concerns on provisioning levels. We remain positive on the banking sector, though it is not without headwinds. A major concern is provisioning levels, especially in the context of the Middle East war. Although the war increases cost pressure on local businesses via oil price inflation and logistical drawbacks, we think the actual impact on asset quality will remain relatively limited, given that the manufacturing segment makes up a smaller portion of most banks' loan books. However, the likelihood of banks issuing pre-emptive overlays is very high regardless.

Possible slowdown in SME loans growth. Another headwind is slowing loan growth, particularly on the SME end. We've seen working capital loans slow over the course of the last couple of years. Banks speculate that this may be due to heightened cost pressure from SST (now further exacerbated by issues surrounding the conflict in the Middle East). So far, we have not seen many convincing positive catalysts that could lead to a turnaround in growth. Expect some banks to lower or miss out on their CY26 loan growth figures.

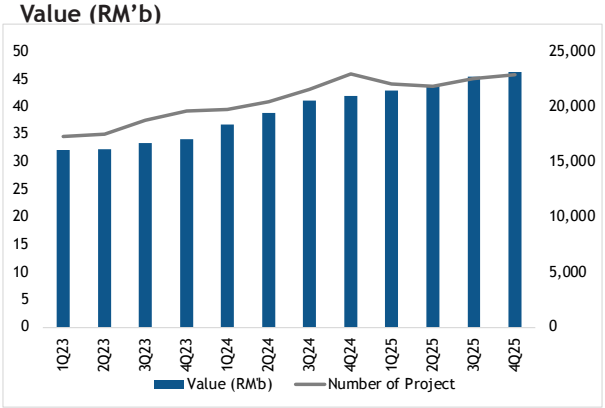
Tailwinds from NIM, NOII and controlled cost. Otherwise, NIM and fee income recovery, more controlled costs (as the benefits of prior tech spend come seeping in) still provide upside to banks' CY26's fortunes. With expectations of a more moderate loan growth figure, we think further dividend payout upside is still possible.

II. CONSTRUCTION

Sustained job flows and rising building material costs .....Maintain POSITIVE

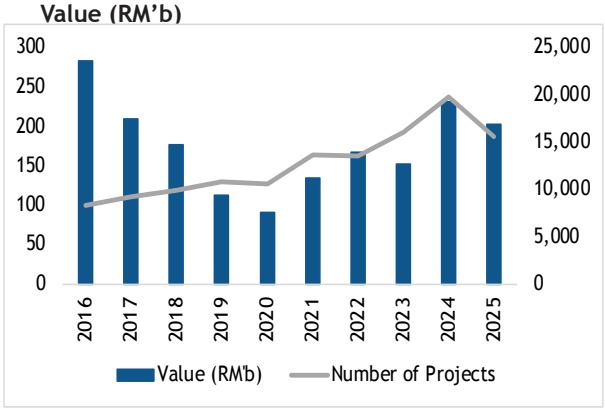
Analyst: ***Royce*** *Tan Seng Hooi*

Chart 38: Quarterly No. of Construction Projects and Value (RM'b)



Source: DOSM, MBSBR

Chart 39: Annual No. of Construction Projects and Value (RM'b)



Source: CIDB, MBSBR

Riding on a solid growth trajectory. Data from the Department of Statistics Malaysia (DOSM) showed that for the full year 2025, Malaysia's construction sector showed strong growth, expanding +12.5%, hitting RM178.6b, maintaining positive momentum in 4QCY25 with a +10.3%yoy growth, driven by widespread project execution. For the seventeenth consecutive quarter, the construction sector remained on a positive trajectory, ticking up +2.16%qoq in 4QCY25, moderating from +3.42%qoq in 3QCY25. The value of work done rose to RM46.4b, involving a total of 22,950 projects. Out of these, construction of buildings made up RM24.46b or 52.7% of the work done,

followed by construction of utility projects at RM8.82b (19.0%) and construction of roads and railways at RM5.76b (12.4%). The Klang Valley is still where most of the activities are centred, with 34.3% of the work done. Johor came in second at 17.9%, followed by Sarawak at 10.8%.

Impact on margin appears manageable. Given the ongoing US-Iran conflict, energy prices have risen sharply, raising concerns over construction cost inflation. Diesel prices have increased to RM5.52/litre (vs. RM2.80 a month ago), while higher coal prices are expected to gradually feed into building material costs such as cement and steel, although the pace of increase should remain measured given still ample supply conditions. In our base case, we assume the conflict to stabilise within 1-2 months, but cost pressures are expected to persist into 2Q-3Q26 due to lagged effects from earlier logistical cost hikes, before normalising beyond 3Q26. Based on our base case scenario, we reckon a 20-30% raw material cost rise will translate to a 15-20% incremental construction cost. This translates to a potential earnings downside of 5-10%, assuming 20% of existing contracts are unable to fully pass through incremental costs. For large-cap contractors such as Gamuda, Suncon and IJM, earnings risk is expected to remain manageable, with estimated impact below 5-10%. This is supported by meaningful exposure to cost-plus contracts, alongside the inclusion of variation-of-price (VOP) clauses in fixed-price contracts, which provide built-in pricing buffers. Overall, while rising energy and material costs pose near-term headwinds, the impact on sector earnings is expected to remain manageable, particularly for larger contractors with stronger contractual protections and a more favourable contract mix.

Intact growth outlook underpinned by mega projects. Our economics team has maintained their forecasted +9.0% growth for the construction sector in CY26. Despite the reduction in development expenditure under Budget 2026 amounting to RM81b (-5.8%), it remains significant, with a focus on crucial projects. Among the major infrastructure projects are the Penang LRT (Mutiara Line), with Gamuda-led SRS Consortium securing the first civil works package worth over RM8.0b, covering a 24km stretch from Komtar to Silicon Island. Following the fulfilment of post-award conditions, MRT Corp issued the Notice to Proceed (NTP) on 15 July 2025, officially kicking off the six-year construction timeline. Works will begin with utility relocation, road widening, piling and site preparation. The next major milestone will be the tender for the 5km cross-channel bridge linking Komtar to Penang Sentral, which has extended its validity until the end of June. The systems package, estimated at RM3b is expected to draw strong bids from established civil contractors such as IJM Corp, Sunway Construction, WCT Holdings and MRCB, given its high-value marine and structural scope. Meanwhile, new MRT3 Circle Line construction tenders may begin by the end of 2026, as land acquisition has commenced, with contract awards likely by CY27 and mobilisation starting with underground works before elevated and systems packages. The project carries an estimated RM31.0b in civil construction value across three main packages, creating significant order book opportunities for contractors, while also generating spillover demand in piling, materials supply, and transit-oriented development, reinforcing MRT3's role as a cornerstone of Malaysia's infrastructure-led growth agenda. Other crucial projects include roads, upgrading of highways, flood mitigation projects and the replacement of 820km of ageing pipes.

Data centres. Malaysia's data centre construction pipeline remains robust, with about 8 major contracts worth RM13–14b expected to be awarded by 1HCY26, alongside five additional mechanical and electrical packages. This strong momentum is further supported by rising demand for digital infrastructure, following the government's RM2b allocation to the Malaysian Communications and Multimedia Commission (MCMC) under Budget 2026 to develop a sovereign AI ecosystem. Major construction firms, notably Gamuda, IJM, and Sunway Construction (SunCon), are capitalising on the upward trend of data centres in Malaysia. Their expertise in digital infrastructure and advanced Industrialised Building Systems (IBS) has enabled them to secure significant DC projects, particularly from hyperscale clients with stringent timelines.

RMK-13: Multi-sector infrastructure and development catalysts. The 13th Malaysia Plan (RMK-13) sets out a

substantial multi-year pipeline anchored by a projected RM430.0b federal development allocation (RM86.0b/year average), complemented by RM120.0b in GLIC funding and RM61.0b in PPP and private capital, with public investment projected to grow by about +3.6% per annum and to average roughly RM112.9b per year. Key priorities include the expansion of public transport infrastructure, with major rail projects such as LRT3 in the Klang Valley, the RTS Link linking Johor to Singapore, the ECRL, and the Penang Mutiara Line, together with feasibility studies for the TransBorneo Railway in Sabah and Sarawak, positioning rail as a core mobility strategy for both Peninsular Malaysia and East Malaysia.

Maintain POSITIVE. We maintain our POSITIVE stance on the construction sector, backed by a resilient private sector demand and stronger public project execution. Despite construction cost hikes brought about by cost inflation, we expect the impact on sector earnings to remain manageable, particularly for larger contractors with stronger contractual protections and a more favourable project mix. Data centre (DC) demand also remains structurally strong, with contractors continuing to secure hyperscale mandates as part of Southeast Asia's ongoing digital infrastructure boom, supported by robust leasing demand, cost competitiveness, and long-term client partnerships. Coupled with active industrial job flows and the multi-year public infrastructure roadmap under RMK-13 – including large-scale public transport infrastructure expansion, flood mitigation, and the projected RM430.0b federal development allocation, complemented by RM120.0b in GLIC funding and RM61.0b in PPP and private capital, we expect earnings visibility to strengthen into CY26. Our top picks for the construction sector are **Gamuda (BUY, TP: RM5.86)**, **SunCon (BUY, TP: RM7.18)**, **IJM Corp (BUY, TP: RM3.29)** and **Malayan Cement (BUY, TP: RM10.80)**. We also reckon that an interesting space to look at beyond the construction names is those in the mechanical, electrical and plumbing (MEP) space, which will benefit from the MEP subcontract works for DCs and utilities projects.

III. CONSUMER

Cost headwinds emerging; positioning defensively within staples and value.....Maintain POSITIVE

Analyst: MBSB Research Team

The input cost environment has shifted. The commodity cost environment that had been broadly supportive heading into CY26 has reversed since the start of the Middle East conflict in late February. The most immediate transmission is through packaging and petrochemicals: PET resin has surged to USD1,166/mt in Mar-26, up +37.5%yoy and +27.7%mom, directly pressuring bottling and packaging costs for **Spritzer (NEUTRAL, TP: RM2.45)** and **Life Water (BUY, TP: RM1.34)**, as well as the broader FMCG supply chain. CPO has risen to USD1,135/mt (+13.9%yoy, +8.4%mom), reflecting the biodiesel linkage where higher crude prices tighten CPO supply for food applications, a dynamic that lifts palm-based input costs for producers such as **Hup Seng (BUY, TP: RM1.09)** and is particularly relevant for **Nestlé (NEUTRAL, TP: RM95.70)** given palm oil's role as a key input across its confectionery, culinary and dairy product lines. Wheat has turned higher at USD22,498/mt (+6.5%yoy, +8.6%mom), while raw sugar, despite still being -19.4%yoy, has rebounded +10.3%mom as ethanol economics re-emerge. Cocoa remains sharply lower (-58.7%yoy), and coffee has eased (arabica -23.7%yoy, robusta -34.8%yoy), providing some partial offset for **F&N (NEUTRAL, TP: RM30.28)** and **Nestlé**. Container freight has increased decisively: the Shanghai Containerised Freight Index (SCFI) composite stands at 1,827, up +37.0% from 1,333 pre-conflict, while the Baltic Dry Index remains elevated at 2,031 (+26.8%yoy). Meanwhile, urea futures have spiked approximately +45.0%mom, signalling that the fertiliser-linked second-round effect on food production costs is around the corner, as it is currently spring planting season, and farmers who have not secured their fertiliser supply will be taking a hit. If the BUDI95 subsidy framework is adjusted further or oil prices remain elevated for an extended period, any upward revision to subsidised fuel prices would feed directly into CPI inflation and erode household purchasing

power, with discretionary spending softening first. Should the conflict persist, the risk of government-imposed price controls on key food items, as seen during CY22, would also rise.

Poultry feed costs are on an uptrend; integrated producers are better positioned to navigate. Feed input prices show a mild but accelerating uptrend: soybean meal at USD349/mt (+3.1%yoy, +1.0%mom) and corn at USD18,516/mt (+3.3%yoy, +5.3%mom). These are still manageable, but the month-on-month acceleration, particularly corn at +5.3%, is consistent with early fertiliser-and-freight-led cost transmission. With urea spiking ~45% and over a third of globally traded fertiliser transiting the Strait of Hormuz, the risk of a more meaningful second-round effect on crop economics through 2Q-3QCY26 is rising. The Russia-Ukraine precedent is instructive: during that episode, corn surged roughly +50% from Jan-22 to May-22, while soybean meal spiked and remained volatile. Large, vertically integrated producers like **Leong Hup (BUY, TP: RM1.07)** are better positioned to navigate such periods than smaller, independent farmers. LHI's integration across the supply chain, from feedmill to processing, allows it to absorb shocks by distributing costs across segments, while its ample raw material storage and position as one of the largest grain buyers provide supply continuity and procurement leverage during periods of tightness. During the CY22 feed-cost spike, LHI demonstrated this resilience; feedmill margins compressed, but the livestock segment saw firmer ASPs. The group enters the current episode from a stronger balance sheet position and wider EBITDA margins than it had in early 2022, which provides an additional buffer. While FX tailwinds provide another offset, unlike CY22, continued ringgit strength is set to assist importers. Poultry pricing has been constructive in recent months, with egg and chicken prices trending higher on firmer demand conditions, supporting the pass-through thesis. If feed costs escalate materially, we could see the government intervene again with price controls or subsidies if consumer prices rise too quickly. For **QL Resources (BUY, TP: RM4.28)**, the ILF segment remains the most sensitive to feed cost fluctuations, but the Group's diversified earnings base provides meaningful resilience. This is supported by MPM, which benefits from SARA-driven demand for frozen foods, POCE, which gains from stronger biodiesel demand, and its convenience retail arm (FamilyMart), which continues to capture tourist-driven footfall in high-traffic transit locations, collectively offering a hedge against cost volatility.

VMY2026 remains supportive, though the uplift may be more modest than previously expected. Malaysia recorded 42.20m total visitor arrivals in CY25, up +11.2%yoy, with core tourist arrivals reaching 26.61m, surpassing the pre-pandemic CY19 level of 26.1m by +1.9%. Arrivals were heavily skewed toward short-haul ASEAN and Northeast Asian source markets, led by Singapore (21.08m, +11.8%), China (4.66m, +25.1%), Indonesia (4.27m, +2.9%) and Thailand (2.50m, +10.3%). However, the conflict introduces uncertainty on two fronts. First, higher jet fuel costs and global inflationary pressure could dampen long-haul arrivals. Second, the recent BUDI95 quota adjustment may prompt more cautious domestic travel behaviour, as consumers preserve their fuel subsidy allocations while oil price spikes persist. This is particularly relevant for road-trip-based domestic tourism, which accounts for a significant share of travel activity. We expect the VMY2026 uplift to still be positive, but more modest than previously anticipated, with the benefit concentrated in intra-ASEAN flows rather than long-haul arrivals. The Singapore corridor remains a bright spot: with 21.08m arrivals in CY25, Singapore is by far the largest source market, and despite the Ringgit's strengthening trend, Malaysia continues to offer a compelling value-for-money proposition. As Singapore's own cost of living rises, we expect Singaporean visitors to continue seeking affordable F&B, retail and leisure options in Malaysia. Within our coverage, while discretionary players such as **AEON (BUY, TP: RM1.47)** and **Padini (BUY, TP: RM2.13)** may see some benefit from elevated mall footfall, the tourism uplift for these names is likely less pronounced than originally expected as visitors, like domestic consumers, pivot toward value-oriented options. **99 Speedmart** and **MR D.I.Y. (BUY, TP: RM2.13)** (particularly its KKV lifestyle stores) are better positioned to capture tourist traffic through affordable, convenience-driven spending, while **Life Water** and **Spritzer** should see volume support from beverage consumption during the VMY2026 period. This may be compounded by the upcoming El Niño season, with climate models indicating a 70-80% probability of conditions developing between July and August 2026, potentially making it the hottest year on record, which could provide

a meaningful demand catalyst for bottled water players. Many of Malaysia's dams are already at cautionary low water levels, and during previous strong El Niño episodes, bottled water demand surged as municipal supply faced rationing. While PET resin and freight costs are elevated, the demand uplift and potential for ASP hikes during supply stress periods could partially offset the margin squeeze for **Spritzer** and **Life Water.**

Currency: Ringgit appreciation provides a partial offset for import-heavy names. We continue to expect a strengthening trend for the Ringgit in 2026. In-house estimates project the MYR to average RM3.90/USD for CY26, moving toward RM3.85 by year-end. On a year-on-year basis, the MYR remains materially firmer (-11.1%yoy for USD/MYR, -6.5%yoy for CNY/MYR), which should continue to provide support for import-dependent consumer producers, though this alone may not fully offset the cost increases from surging commodity and freight prices. At the company level, the CNY/MYR dynamic is most relevant for **MR D.I.Y.**, which sources over 65% of merchandise from China: the weaker CNY relative to MYR provides continued procurement cost offset as freight costs have risen. For **Nestlé, Hup Seng** and **LHI**, the firmer MYR against the USD helps contain landed costs for USD-denominated inputs, including milk powder, cocoa, flour, corn and soybean meal. For **F&N**, the THB/MYR cross matters for translation of Thailand and Indochina earnings, and for **Leong Hup**, the Ringgit's broad-based appreciation represents a slight negative for FX translation of regional earnings in Indonesia, Vietnam and the Philippines, as currency translation weighed on FY25 reported figures despite underlying volume growth across all markets.

Consumer downtrading reinforces the case for value-oriented positioning. The combination of elevated cost-of-living awareness, the recent BUDI95 quota adjustment, the geopolitical cost overhang, and the prospective pass-through from MSMEs facing higher logistics and operational overheads is expected to further accelerate the consumer downtrading trend visible in CY25. With consumers prioritising value-for-money goods and services. In-house estimates project retail trade to moderate to +5.5% for CY26. This environment benefits our top picks: **99 Speedmart's** "Near 'n Save" positioning captures mass-market essential spending from B40/M40 households, who account for approximately 85% of its customer base; **MR D.I.Y.'s** "Always Low Prices" proposition gains relevance as households become more selective on discretionary purchases; and **Leong Hup** benefits from the staple nature of affordable protein. At the other end of the spectrum, more discretionary names such as **Padini** and **AEON** remain more exposed to weaker basket sizes and category mix shift toward essentials, though PMS continues to provide AEON with an earnings floor. **PPB Group (BUY, TP: RM12.20)** occupies a unique position: Wilmar's associate contribution should benefit from firmer edible oil prices and better agribusiness spreads in a commodity-inflationary backdrop, providing a hedge that most consumer peers lack.

Maintain POSITIVE. We continue to hold a positive view on the consumer sector, supported by a resilient domestic demand base, unemployment at decade lows, continued fiscal support under STR and SARA totalling RM15.0b, income growth from civil servant salary adjustments and the Progressive Wage Policy, and the VMY2026 tourism tailwind. While input costs have clearly turned less favourable, led by PET resin (+37.5%yoy), CPO (+13.9%yoy), container freight (+37.0% since pre-conflict), the early-stage acceleration in feed costs, and urea futures spiking ~45%, we believe these pressures are manageable at the current Tension Case level (Scenario 2) and have been reflected in our recent earnings adjustments. The key risk to our call is a further escalation into a prolonged Supply Pivot scenario (Scenario 3), with oil sustained above USD100pb for more than a quarter, which would necessitate a reassessment of our sector stance and could trigger broader government intervention in the form of price controls or additional subsidies. Within the sector, our top picks are **Leong Hup International (BUY, TP: RM1.07)** for its defensive exposure to staple protein demand across ASEAN, and undemanding valuation at 5.3x PER; **MR D.I.Y. (BUY, TP: RM2.13)** for its resilient value-driven retail model, procurement scale advantages, CNYMYR-linked cost tailwind and 5-6 month inventory buffer against landed-cost shocks; and **99 Speedmart (BUY, TP: RM4.37)** for its staples-anchored demand profile, centralised logistics platform and structural benefit from consumer downtrading behaviour.

IV. HEALTHCARE

Revaluating healthcare players amid the global impact of geopolitical conflicts.....Maintain POSITIVE

Analyst: MBSB Research Team

Current risks on the supply chain and medical inflation. The healthcare sector is on the verge of normalising as it is balancing between the previous trends of structural growth (i.e. rising ageing population, increasing NCD prevalence and higher high-acuity demand) and the current macroeconomic volatility (i.e. increasing oil-driven inflation and rising supply chain risks). While the sector is traditionally defensive, extreme crude oil price volatility could flip the narrative to earnings margin risk, especially to healthcare service providers, given that the Malaysia Year of Medical Tourism 2026 (MYMT 2026) is a major economic pillar for this year. To note, the government targets around RM12b in medical tourism revenue by CY30. In the context of the economic scenarios, we identified expectations for the healthcare sector in accordance with the two major turning points that could impact the sector as a whole: (i) supply chain vulnerability, which impacts pharmaceuticals and medical devices, and (ii) extreme elevation of medical inflation, which impacts hospitals and medical insurers. (see Table 8 for a summary)

TABLE 8: GLOBAL HEALTHCARE OUTLOOK BASED ON ECONOMIC SCENARIOS

Scenario	Strategic Outlook	Impact on Operations and Margins
S1 (Blue Sky)	• Business as usual that allows expansions and acquisitions • Relief rally that encourages R&D spending • Overweight outlook on overall sector	• Lower logistics cost and stable utilities • This would improve EBITDA for all subsectors • Medical tourism becomes a regional value leader, contributing to earnings for all subsectors
S2 & S3 (Tension and pivot)	• Business remains resilient but strained • Expansions and new business limited • Energy/fuel becomes a tax on healthcare delivery, which is highly likely passed to the customers/patients • Stable and defensive outlook on overall sector	• Stagflationary pressure expected • Medical inflation remains high while patient income stagnates • Pharmaceuticals and medical devices shift from "just-in-time" to "just-in-case" delivery model to reduce additional expenses from API delivery and medical plastics • Medical inflation could rise to 17%-19% over high energy prices • Employer-sponsored insurance may be unsustainable
S4 (Market shock)	• Sector goes into the defensive • Discretionary and elective procedures begin to collapse • Underweight outlook on overall sector	• Earnings margins is expected to be squeezed over high input cost and demand destruction • Losses expected in all private sector, while public sector faces uncompensated care • Expenses from raw materials for pharmaceuticals and medical devices estimated to rise +15%-20% with every additional USD10pb crude oil • Medical tourism goals sabotaged by high oil prices and airfare spikes, as well as deferment from non-critical but high-value surgeries (cosmetics, orthopaedics)

In 2QCY26 (and partial consequent 2HCY26), we break down the impacts of the scenarios on the subsectors as follows:

(i) Healthcare Service Providers (hospitals, clinics, hospices and aged care facilities)

(ii) Pharmaceuticals (manufacturer and distributor)

(iii) Medical Devices (manufacturer and distributor)

(iv) Gloves and Consumables (manufacturer and distributor)

Subsector	S1: Blue Sky	S2 & S3: Tension/Pivot	S4: Market Shock
Healthcare Service Providers	• Hospitals are expected to be booming with demand for treatments and procedures • A surge in elective surgeries and medical tourism (MYMT 2026) expected, subsequently pushing for higher earning margins and capex • Higher inpatient volume expected, amid stable geopolitics	• Revenue for hospitals stays high, but medical inflation (10%+) might impact EBITDA • Focus on high-acuity cases expected to rise • Utility costs (cooling and 24/7 power) become a primary cause of margin erosion, subsequently accelerate solar projects to remain competitive (while decrease oil-driven flaws) • Moderate inpatient volume, on par with expectations • Steady medical tourism rates with higher dependency on regional visitors	• Hospitals may face severe strain in operative measures • Discretionary/elective procedures might be fully replaced to only emergency/life-saving care • Aged care and hospices may remain resilient as demand is non-discretionary amid rising aging population • Labour crisis stemming from high cost-of-living may drive nursing staff to seek better roles elsewhere • Low inpatient volumes as focus shift to emergency only • Medical tourism crash, as travelling becomes too costly
Pharmaceuticals	• Stable logistics and lower API costs allow for aggressive R&D and expansion • Local manufacturers can continue to fulfil the goal for import independence • Pharmaceutical cost remains stable (+3% to +5%)	• Earnings margins may be squeezed by high energy and transport costs • Companies with localised API synthesis are winners in these scenarios, as API imports could be reduced • Distributors would start stockpiling 6-9 months of critical meds, which would restrict cash flow but prevents revenue loss • Pharmaceutical cost rises but manageable (+7% to +10%)	• Weaker MYR against USD will increase price of imported drugs • Consequently, the government will mandate essential medicine pricing and likely lean heavily on local manufacturers to avoid import price hikes • Pharmaceutical cost would hyperinflate (>15%)
Medical Devices	• With hospital expansions and upgrades, demand for high-tech equipment (MRI/ Robotics) would increase	• Capex may be delayed as hospitals defer large equipment purchases • Distributors may pivot to refurbished/rental models and maintenance contracts instead of newbuilds as a defensive stance	• Sales of new high-end devices may halt • Only basic surgical tools, specialised consumables (stents, bone screws, syringes and tubes) and repair services remain profitable as necessary surgeries remain in demand

Gloves & Consumables	• Subsector expected to be stable and in line with its recovery trajectory as oversupply issues and ASP pricing continue to normalize	• Raw material (Butadiene/ Nitrile) prices spike with oil, putting additional pressure on cost and earnings margins • Additional production cost and ASP may be difficult to pass to buyers, risking a shift in market share with other overseas competitors	• Gloves placed in survival mode • Global demand drops due to economic freeze, but low valuations may provide a floor for stock prices • Global instability and potential new health scares (perpetrated by the conflicts), gloves may be a safe-haven asset but with thin operational margins

Healthcare safe havens for 2QCY26. In all scenarios, winners of the healthcare sector will be those who: (i) decouple from energy-intensive supply chains, (ii) have deep domestic roots with low foreign exchange risk, and (iii) are part of the high essential service demand. These key factors could offset additional costs from rising energy prices and economic inflation, as well as labour shortages amid wage wars. Hence, the resilience winners in S2 and S3 (and to an extent, S4) scenarios are **KPJ Healthcare (NEUTRAL, TP: RM2.92 (under review))** and **Kossan Rubber Industries (BUY, TP: RM1.37)**. We believe KPJ is a strong contender for healthcare providers, as about 94% of its revenue is domestic, hence making it less vulnerable to volatile foreign exchange rates during geopolitical conflicts abroad. The group is also a primary beneficiary of the base MHIT plans, which would allow them to capture middle-class patients, even in an S4 scenario. For Kossan, its high mix of Technical Rubber Products (TRP) and specialised gloves commands higher, more stable margins during oil spikes that negatively impact gloves' raw materials (notably butadiene and nitrile). The group's disciplined cost structure and focus on speciality gloves also make it the least affected by order slowdowns.

Special mentions: Duopharma and LAC Med. We noted that the scenarios presented are unfavourable to the supply chain for both the pharmaceuticals and medical devices subsectors. However, several moderating factors have the potential to support select companies amid the uncertainties of Scenarios 2 and 3. **Duopharma (Non-rated)** is one of the sovereign suppliers of pharmaceutical products for the nation. As imports become more expensive, the chances of the government prioritising local generics would shield the company from the impact of a prolonged supply chain disruption. Similar to Duopharma, **Pharmaniaga (BUY, TP: RM0.37)** also may benefit from the localisation of drug buyouts; however, its logistics and distribution arm may be vulnerable to the high oil prices, consequently risking the group's earnings margin in the near term unless the shift of revenue to its biopharmaceuticals arm takes place swiftly. For medical devices, **LAC Med (Non-rated)** stood out as a winner as the group focuses on infrastructure and maintenance contracts, which could provide recurring income that shields it from a macroeconomic slowdown. LAC Med's over RM100m order book makes it less sensitive to an S4 scenario.

V. OIL & GAS

From tension to opportunity: Riding the oil and gas wave.....Upgrade to POSITIVE

Analyst: MBSB Research Team

The Middle East conflict spilt over to energy infrastructure. Over the past month, the global conflict has evolved in a way that markets can no longer ignore. What was once largely contained to military targets has now expanded into something far more economically sensitive, with oil and gas infrastructure increasingly drawn into the line of fire. At the same time, the circle of involvement has widened, with more countries and groups entering the equation, adding layers of uncertainty to an already fragile backdrop. This shift has had immediate implications for energy markets. Risk premiums for crude oil have moved higher, not just on sentiment, but on tangible supply concerns. As physical infrastructure comes under threat and operational risks rise, insurance providers have grown more cautious, in some cases pulling back coverage altogether. This further tightens supply dynamics and amplifies volatility across the value chain.

Inclined towards Scenario 2 and 3. Against this backdrop, we are inclined to frame our 2QCY26 outlook around Scenario 2 and Scenario 3, where tensions remain elevated, and supply disruptions become more pronounced. In such environments, capital flows, operational priorities, and earnings visibility across the oil and gas ecosystem will begin to see more focus towards the upstream segment of the industry. That said, below are the four likely scenarios and the players that may be impacted based on each scenario:

S1: Blue Sky (De-escalation)

Upstream

In such an environment, we expect a recalibration of upstream investment appetite. Lower crude prices typically reduce the economic viability of marginal fields, and they will not incentivise aggressive exploration and reserve replacement. As such, major oil producers are likely to adopt a more measured and disciplined capex approach, prioritising capital preservation over expansion.

We therefore are of the view that upstream service providers are unlikely to experience a meaningful revenue uplift under this scenario, given the absence of incremental upstream activity. However, the downside to earnings remains limited. This is largely supported by long-term contracts, which provide revenue visibility and a healthy orderbook in many cases extending beyond one year. As a result, while growth momentum may moderate, earnings are expected to remain broadly stable, underpinned by existing project pipelines.

Downstream & Consumer Spillover Effects

From a broader economic perspective, the normalisation of crude oil prices is expected to translate into lower retail fuel prices, particularly diesel. This will then reduce transportation costs, supporting overall consumer spending and, more importantly, improving the affordability of travel, particularly for domestic tourism. In the context of Visit Malaysia Year, lower fuel costs could act as a catalyst for increased tourism. Against this backdrop, we maintain our target price of RM23.64 on Petronas Dagangan.

S2: The Tension Case

Upstream

In such an environment, the uplift in crude oil prices, combined with constraints on vessel movement through key transit routes such as the Strait of Hormuz, is expected to shift upstream investment toward more stable and accessible regions. This dynamic is likely to incentivise exploration and development in lower-risk geographies,

therefore drive increased upstream activity in regions such as Malaysia.

As such, oil majors are expected to increase capital deployment into upstream projects, particularly those offering clearer execution visibility and reduced geopolitical exposure. We are therefore of the view that upstream service providers would benefit from a renewed flow of contract awards. This should translate into a gradual uplift in earnings, underpinned by expanding order books and sustained activity momentum.

Against this backdrop, we are of the view that upstream-support players would benefit from a potential pickup in industry activity should oil prices remain elevated. Our preferred exposures within this space include Malaysia Marine and Heavy Engineering **(TP: RM0.55)**, **Deleum Berhad (TP of RM1.92)**, and **Bumi Armada Berhad (TP: RM0.44)**, which we believe are well-positioned to capture increased demand across offshore engineering, maintenance services and floating production operations as upstream investment activity gains momentum.

Downstream & Consumer Spillover Effect

From a downstream perspective, elevated fuel prices may prompt policy responses such as increased adoption of work-from-home arrangements within certain segments of the civil service, which could partially moderate fuel consumption. Therefore with elevated diesel prices and the introduction of WFH arrangements this impact the consumption of fuel. Accordingly, we have **NEUTRAL** on **Petronas Dagangan** with a target **RM22.20**, reflecting a more cautious outlook on the downstream segment.

S3: Supply Pivot (Extended Friction)

Upstream

As mentioned in S2, this dynamic is likely to not only incentivise exploration and development in safer jurisdictions in regions such as Malaysia. Our top pick remains as it is.

Midstream

In this scenario, the disruption to key transit routes and logistical bottlenecks is expected to materially constrain the flow of not only crude oil but also refined petroleum products and downstream derivatives. The inability to efficiently transport these products, particularly from the Middle East, would effectively remove a meaningful portion of global supply from the market. This supply dislocation is likely to create a mismatch between availability and demand across various petroleum-related segments.

Against this backdrop, we are bullish on the midstream segment, particularly players with integrated operations or strong supply chain positioning, as they are better placed to navigate disruptions and capture value from elevated product prices. Our preferred exposures within this space include **Petronas Chemical (BUY, TP: RM6.60)**.

Downstream & Consumer Spillover Effects

From a downstream perspective, elevated fuel prices are likely to trigger broader policy responses, including the adoption of work-from-home arrangements across both public and private sectors. This may then lead to reduced commuting activity and moderation in fuel consumption, particularly for petrol. As a result, downstream players, particularly petrol station operators, may experience pressure on sales volume. We therefore think that this may have an adverse impact on players like Petronas Dagangan.

S4: Market Shock & Structural Collapse

Phase 1 (The Spike): Tactical Rally in Upstream & Services

In the initial phase of the supply shock, we expect a broad-based rally across upstream producers and oilfield service providers, driven by the sharp increase in crude oil prices. Elevated prices are likely to incentivise upstream activity, particularly in regions with existing infrastructure and shorter project lead times, as producers seek to capitalise on the favourable pricing environment. This should translate into improved earnings visibility for upstream players, alongside a pickup in contract flows for service providers, underpinned by increased maintenance, brownfield upgrades and selective development activity. As such, the sector is likely to outperform in the near term, supported by strong sentiment and upward earnings revisions.

Phase 2 (The Crash): Profit-Taking & Balance Sheet Discipline

However, as the scenario transitions into demand destruction and a subsequent collapse in oil prices, we would advocate for a more cautious stance. Given that many upstream players typically operate with leveraged balance sheets, the reversal in crude prices could expose financial vulnerabilities, particularly for those that have aggressively expanded during the upcycle. We therefore recommend taking profits during Phase 1 strength, as the sustainability of earnings into Phase 2 becomes increasingly uncertain.

Against this backdrop, selectivity remains key, with a preference for fundamentally sound names that are better positioned to withstand both the volatility in oil prices and the broader macroeconomic slowdown. Our preferred players are highlighted as per the above, in S2.

In conclusion, as we lean more firmly towards Scenario 2 and Scenario 3, the investment landscape within the oil and gas sector begins to tilt toward opportunity rather than caution. When prices stay high, previously marginal projects start to look viable again, prompting oil majors to accelerate capital expenditure.

Upgrade to POSITIVE. Given the situation in which the oil prices may be elevated for some time, potentially improved activity levels, and a more favourable earnings trajectory moving forward, we are upgrading our stance to POSITIVE on the sector. Our top picks reflect companies that are well-positioned to ride this wave of increased activity. We are of the view that upstream-support players would benefit from a potential pickup in industry activity should oil prices remain elevated. Our preferred exposures include **Malaysia Marine and Heavy Engineering (BUY, TP: RM0.46), Deleum Berhad (BUY, TP: RM1.92)**, and **Bumi Armada Berhad (BUY, TP: RM0.44)**, which we believe are strategically positioned to capture rising demand across offshore engineering, maintenance services, and floating production operations. Beyond upstream, we also favour **Petronas Chemicals (BUY, TP: RM6.60)**. In a scenario where supply disruptions persist, feedstock tightness and dislocations in petrochemical markets are likely to support stronger product pricing, ultimately expanding margins.

VI. PLANTATION

Need to be selective.....Maintain POSITIVE (Tactical)

Analyst: MBSB Research Team

CPO price. To-date basis, CPO continues to trade at an attractive discount to soybean oil (SBO), reinforcing its relative competitiveness within the vegetable oil complex. In February, SBO averaged USD1,041.6/t, implying a USD229/t premium over CPO - about 68% above the 3-year average spread. This reflects a firming SBO price environment, which has rebounded since early 2026 with a clear month-on-month increase from January to February, supported by stronger energy-linked demand and firmer veg oil on a broad basis. Against this backdrop, we also expect near-term CPO price support to emerge in 2QCY26, driven by seasonally lower crop, which should tighten supply. We forecast CPO prices to average RM4,165/t in April, RM4,080/t in May, and RM4,176/t in June. While the anticipated optimism is likely to materialise in stages, the upside is likely to be tempered by still-elevated output levels and relatively comfortable closing stocks, suggesting continued price volatility. On the external front, rising geopolitical tensions in the Gulf, particularly involving a US-Iran war, could lift gasoil prices and improve biodiesel economics via a more favourable POGO spread. This, in turn, may support pent-up demand for palm-based biodiesel. That said, such demand has yet to translate into actual flows, as no meaningful increase in biodiesel exports was observed in February.

Steady production continues. Based on MPOB data, Malaysia's palm oil production remained resilient, with February output coming in relatively strong at 1.28m tonnes (+8.1%yoy). The year-on-year growth was largely driven by stronger production in East Malaysia - particularly Sabah and Sarawak (+7.8%yoy) - as well as the Peninsula's east coast states, notably Kelantan (+77.6%yoy), Terengganu (+43.3%yoy) and Pahang (+22.8%yoy). Regionally, the production trend was mixed. East coast areas continued to post double-digit growth, while the west coast recorded a decline, mainly due to wetter weather conditions that disrupted harvesting activities. On a national level, FFB yields improved by +7.5%yoy, supported by firmer mill deliveries of 6.60m tonnes (+3.0%yoy). This suggests better field productivity, likely reflecting a larger share of mature hectarage alongside generally favourable weather conditions across key producing regions. Looking ahead, we expect production to remain on a gradual recovery path following the biological rest phase, with CY26 output projected to grow modestly by +1.0%yoy to 19.7m tonnes.

All-in cost of production. We maintain the sector's all-in cost of production at c.RM2,400/t, with cost pressures expected to build starting in 2QCY26, mainly due to higher NPK fertiliser prices. Key inputs—urea (USD472/t, +13.6%mom), DAP (USD626.5/t, +1.2%mom) and potash (USD372.5/t, +1.8%mom)—have trended higher as of February, reflecting energy-linked supply disruptions in the Gulf. This comes alongside steady CPO output and improved mill utilisation expected in 2QCY26 despite mixed weather conditions. However, mill margins are likely to narrow, in line with softer seasonal crop patterns and rising input costs. Given the industry practice of locking in fertiliser purchases 6–12 months ahead, we expect the cost impact to filter through from 2HCY26 onwards for most local planters.

2QCY26 and onwards outlook. Looking ahead, we maintain our tactically POSITIVE call, supported by a narrowing POGO spread. Firmer Brent crude could lift gasoil prices, improve biodiesel economics, which will make Indonesia's B50 mandate more manageable. Higher domestic absorption may tighten PO availability and support CPO prices. That said, cost pressures may emerge in 2HCY26, particularly for upstream planters, from higher fertiliser costs following the spike in urea prices and elevated diesel-linked logistics costs. Downstream players may also face higher freight and insurance premiums, hence our tactical basis for our POSITIVE call (rather than a fundamental basis).

CY26 CPO price target and top picks. We maintain our CY26 CPO price target at RM4,200/tonne, as MPOB spot delivery prices have yet to break our upper resistance band of RM4,500/tonne. We recommend avoiding smaller players with high reliance on external FFB purchases, as their exposure to smallholder supply and mill utilisation could pose downside risks to CPO output, particularly amid the current biological tree rest phase. Instead, we suggest focusing on larger players like **SD Guthrie (BUY, TP: RM6.46)** and **IOI Corp (BUY, TP: RM4.42)**, whose CPO procurement (>50%) from their own estates offers more stability in realising CPO prices.

VII. PROPERTY

Better new sales outlook.....Maintain POSITIVE

Analyst: Low Jze Tieng, ***Jessica***

Marginal growth in buying interest in CY26. Total loan application was decent at +3.4%yoy in CY25 as buying interest in property remained resilient. Going forward into 2026, we see loan application to continue registering growth in CY26 as we expect buying interest to remain healthy. Note that the total loan application for the purchase of property is stronger at RM53b in January 2026, growing by a double-digit growth of +17.7%yoy. That marks the sixth consecutive month of year-on-year increase since August 2025, indicating the robustness of buying interest in properties. While we expect loan applications to be weaker in February 2026 due to the festive season, we think that overall loan applications in CY26 should remain positive with marginal growth.

Better new sales outlook supports earnings growth. Property companies registered decent earnings growth in CY25 due to progress billing of stronger new property sales secured in CY24 and CY25. Note that property sales of developers are generally better in CY25, with Sunway Berhad, S P Setia, Mah Sing Group, Matrix Concepts and Eco World Development Group registered higher new sales in FY25. Going forward into CY26, property companies are setting marginally higher new sales targets. Notably, Sunway Berhad set a new sales target at RM4.2b for FY26 after achieving new sales of RM3.8b in FY25. Similarly, Mah Sing expects new sales to pick up in FY26 with a new sales target of RM2.76b after achieving new sales of RM2.5b in FY25. Overall, we see that the earnings outlook for property companies is expected to remain steady, underpinned by the stable outlook for property sales. The better new sales are expected to underpin earnings growth going forward.

Rising property overhang a concerning trend. According to data released by the National Property Information Centre (NAPIC), unsold completed residential units rose for the fifth consecutive quarter to 30,471 units in 4QCY25 from 28,672 units in 3QCY24, an increase of 1,799 units. Residential property overhang breached the 30,000 units level, making the property overhang at its highest level since 3QCY22. The top five states with the highest residential overhang are Perak (3,943 units), Johor (3,705 units), Selangor (3,547 units), Penang (2,775 units) and Negeri Sembilan (2,647 units). The increase in property overhang in 4QCY25 was mainly contributed by increases in Selangor (+790 units), Perak (+643 units), Negeri Sembilan (+442 units) and Johor (+412 units). Note that 65.2% of the residential overhang was contributed by properties priced below RM500k. Meanwhile, serviced apartment overhang increased to 18,752 units in 4QCY25 from 17,892 units in 3QCY25, mainly contributed by increases in Johor (+459 units), Selangor (+378 units) and Negeri Sembilan (+309 units). Overall, we see that the rising residential and serviced apartment property overhang may be a worrying situation as unsold completed units in key states, namely Selangor and Johor, have increased. The rising supply of unsold completed units can lead to stagnant property prices, which does not bode well for the property sector.

A prolonged oil price hike is negative for the sector. While generally, property companies in Malaysia do not have exposure in the Middle East, we observed that the geopolitical tension and military conflicts there have caused a spike in oil prices, which will have a knock-on effect on the property sector. The surge in oil prices is

expected to increase the cost of living for people and reduce disposable income. That will, in turn, lower the affordability of homebuyers and affect buying interest in properties. Meanwhile, the higher fuel price translates into higher transport costs, which will increase the construction cost of developers. Hence, we reckon that the property sector may take a minor hit if the oil price hike is prolonged.

Maintain POSITIVE . We remain positive on the property sector with a neutral bias, as we see that a further increase in property overhang may derail the growth of the property sector. Nevertheless, we see that the near-term prospect for property demand should remain healthy, underpinned by the Johor Bahru-Singapore Rapid Transit System (RTS) and Johor-Singapore Special Economic Zone (JS-SEZ). Our top picks for the sector are **Mah Sing Group (BUY, TP: RM1.49)** and **Matrix Concepts (BUY, TP: RM1.66)**. We remain positive on Mah Sing's long-term prospects, which will be driven by the healthy outlook for affordable homes in Malaysia. Despite the new sales miss for FY25, new sales momentum is expected to catch up in FY26. For Matrix Concepts, we remain positive on its long-term prospects as the solid contribution from Sendayan development should sustain growth, while MVV City development is the next growth phase of Matrix Concepts. Besides, the growing contribution from Klang Valley developments, namely Horizon L&L projects, is expected to drive earnings growth.

VIII. REITS

Safe haven .....Maintain POSITIVE

Analyst: Low Jze Tieng, ***Jessica***

Earnings prospect remains positive in CY26. REITS recorded decent earnings in CY25 with earnings per unit (EPU) growth ranging 0.8%-26.7%. Notably, Sunway REIT recorded the highest EPU growth of +26.7% in FY25 due to the strong performance of the retail division, particularly Sunway Pyramid Mall and Sunway Carnival Mall. Meanwhile, IGB REIT recorded the second-highest EPU growth of +12.3% due to solid contributions from Mid Valley Megamall and The Gardens Mall, while earnings contribution from Mid Valley Southkey Mall lifted earnings growth. Similarly, EPU growth of Axis REIT was decent at +10.8% due to contributions from newly acquired assets and positive rental reversion. Meanwhile, Pavilion REIT also recorded double-digit growth of +10% in EPU, mainly contributed by Pavilion Bukit Jalil and Elite Pavilion Mall. Going forward, we see that the earnings outlook for REITs will remain stable in CY26 as the positive rental reversion outlook for the retail industry is largely intact, which should be less impacted by the ongoing geopolitical tension.

Expiry of withholding tax a rebalancing for the investor mix. Malaysia has ended the preferential 10% withholding tax rate on the distribution of REITS. Unitholders will be taxed based on prevailing individual rates with no withholding tax deduction. We see the expiry of withholding tax to be somewhat negative to REITS as it will reduce the net dividend of certain investors and affect the appeal of REITs. Foreign individuals and institutional investors will be taxed at 30% of chargeable income. Non-resident corporations will pay a final 24% withholding tax rate. We see that the expiry of withholding tax will result in lower shareholdings of foreign investors in REITs. On the flip side, we will see higher holdings of individuals or pension funds with a lower tax bracket. Overall, earnings of REITS are not affected by the end of withholding tax as REITs are tax-exempt at the trust level if they distribute at least 90% of their total taxable income to unit holders.

Visit Malaysia 2026 remains the catalyst. Visit Malaysia 2026 is expected to increase tourist arrivals to Malaysia, which will benefit the hotel sector in Malaysia. While the increase in jet fuel prices may defer the travelling plans of some tourists, we see that tourist arrivals should remain higher. REITS with exposure to hotels should benefit from the higher tourist arrivals. Notably, REITs that have a hotel under their portfolio are KLCC Stapled Group, which owns Mandarin Oriental, Pavilion REIT, which owns Banyan Tree KL and Pavilion Hotel KL, and Sunway REIT,

which owns Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Lagoon Hotel, Sunway Hotel Seberang Jaya and Sunway Hotel Georgetown. For Sunway REIT, the net property income of the hotel division is at 14.2% in FY25. For KLCCP Stapled Group, the hotel division contributed 2.7% to total operating profit in FY25. For Pavilion REIT, the hotel division contributed to 3% to the total new property income in FY25. Overall, we see that REITs with hotels under their portfolio should see better performance of their hotels from Visit Malaysia 2026.

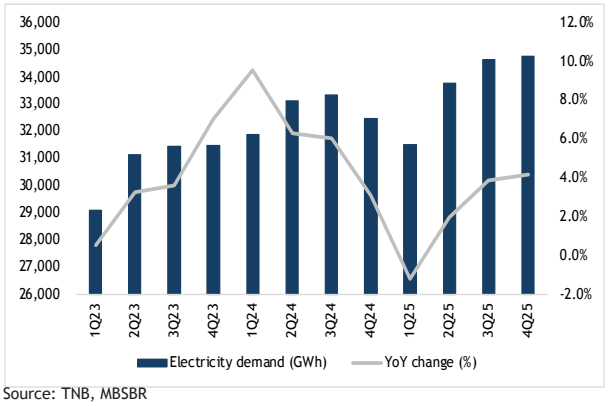
Maintain POSITIVE. We see that REITs should remain favoured by investors during turbulent market periods due to the defensiveness of REITS and earnings stability, which will keep the share prices of REITs supported. Besides, the widening yield spread between the aggregate yield of REITS and the 10-year MGS yield to its average yield spread should continue to attract the interest of investors who seek high yield. Fundamentally, the retail industry is expected to remain resilient in 2026 due to strong shopper footfall and tenant sales. Meanwhile, the expected higher tourist arrivals from Visit Malaysia 2026 should improve the occupancy rate of hotels and benefit REITS with exposure to the hotel sector, namely Sunway REIT, KLCCP Stapled Group and Pavilion REIT. Our top picks for the sector are **Pavilion REIT (BUY, TP: RM2.00)** and **Axis REIT (BUY, TP: RM2.17)**. We see a stable outlook for Pavilion REIT as the retail and hotel division of Pavilion REIT will benefit from higher tourist arrivals amid VMY2026. For Axis REIT, we see the earnings outlook to be underpinned by the resilient income from industrial assets. Rental reversion for industrial assets is expected to remain positive due to the healthy demand for industrial assets in Malaysia.

IX. UTILITIES (POWER) AND RENEWABLE ENERGY

Sustained demand growth; strong RE pipeline.....Maintain POSITIVE

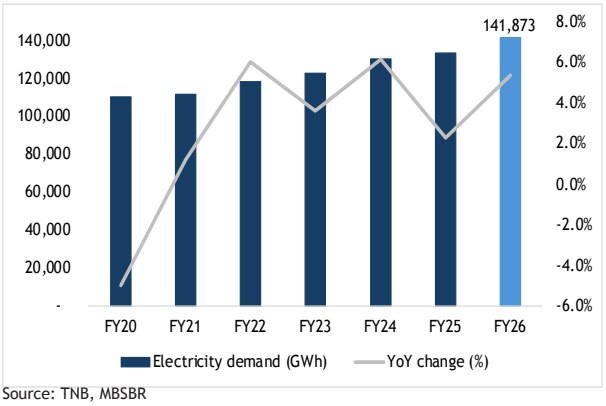
Analyst: ***Royce*** *Tan Seng Hooi*

Chart 40: Quarterly Electricity Demand



Source: TNB, MBSBR

Chart 41: Annual Electricity Demand



Source: TNB, MBSBR

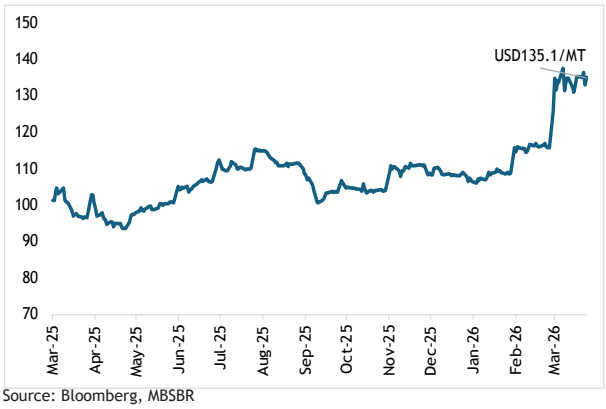
Electricity demand to remain strong. Electricity demand has remained stellar over the past several quarters, hovering above the 31,000GWh mark since 2QCY23, in tandem with the stronger consumption as economic activities accelerate. 4QCY25 saw electricity demand grow +4.2%yoy to a new high of 34,775GWh, driven largely by the commercial sector. For CY25, electricity demand grew +2.3% to 133,895GWh, largely underpinned by the commercial sector, which accounted for 38.2% of the units sold. This was largely led by three subsectors, namely malls, business and accommodation services (18% of total units sold), data centre (DC) (4%) and others (16%). Moving forward, we expect data centres to continue being a key player in electricity consumption. We expect electricity demand to remain robust in CY26, with an expected growth of +5.4% to 141,873GWh.

Data centres to continue driving demand. As of Dec-25, TNB had 56 data-centre projects in its system with a total maximum demand of about 7.5GW, of which 35 projects totalling about 4.5GW were already in operation. Actual data-centre load utilisation stood at 850MW in Dec-25, while 18 new electricity supply agreements totalling about 1.7GW were signed in 2025. This will anchor the structural demand growth moving forward. We continue to emphasise that the actual DC load does not materialise linearly but ramps up in stages as racks and computing infrastructure are installed progressively. This is nevertheless a positive development, as it gives the system operator and utilities better visibility for generation, transmission and distribution planning over the medium term.

New generation capacity. Now that tenders and awards for NEWGEN25 have been concluded, the Energy Commission has recently rolled out the tenders for NEWGEN26, which is for the new gas-fired generation capacity in the years 2029 to 2031. While there are no details yet on the capacities, this is a constructive signal that the government and regulator are staying proactive on capacity planning rather than waiting for reserve margins to tighten materially. Recall that under NEWGEN25, Category 1 saw nine existing gas power plants with a total of 4.89GW receiving extensions, while the key award for Category 2 was the new 1.4GW combined-cycle power plant in Paka, Terengganu, by the consortium of TNB Power Generation and Aurora Power Generation. For NEWGEN26, we expect Tenaga to be a potential beneficiary, alongside other independent power producers (IPPs) such as YTL Power International and Malakoff Corporation. We view the upcoming new generation capacities as crucial in terms of strengthening the national supply security and providing visibility for the country's electricity generation growth pipeline.

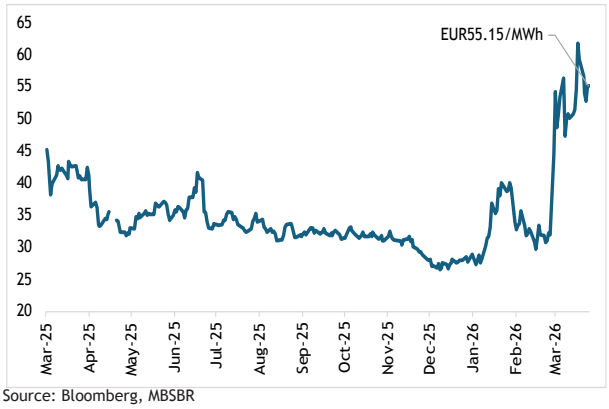
Insulated from price fluctuations through AFA. Tensions in the Middle East have caused a spike in energy prices, with Brent crude oil already surging past USD110 per barrel. Coal at USD135/MT is +31.1% higher than what it was a year ago, while gas is now EUR55.15/MWh (+35.2%yoy). Recall that ST introduced the Automatic Fuel Adjustment (AFA) mechanism to replace the Imbalance Cost Pass-Through (ICPT) mechanism, switching to a monthly tariff adjustment instead of the previous half-yearly starting Jul-25. This allows automatic monthly tariff adjustment based on current fuel prices and foreign exchange rates, allowing for more responsive and up-to-date tariff settings, as compared to a six-month lag in the past. The AFA allows automatic monthly tariff adjustment based on current fuel prices and foreign exchange rates, allowing for more responsive and up-to-date tariff settings. This provides better clarity on Tenaga's cash flow prospects, helping to improve cash flow by at least 2% and ensuring that its regulated generation-and-retail margins remain largely insulated from volatile coal or gas prices.

Chart 42: Coal Price Trend (USD/MT)



Source: Bloomberg, MBSBR

Chart 43: Gas Price Trend (EUR/MWh)

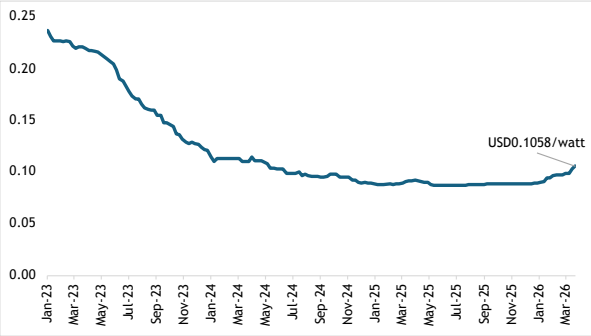


Source: Bloomberg, MBSBR

Solar EPCC players to remain busy until CY27. We remain positive on solar EPCC activity over the medium term. Most Corporate Green Power Programme (CGPP) projects should now be in the final legs of their EPCC progress, some of which are expected to reach commercial operation date (COD) by the year's end. Following this, solar EPCC companies will be kept busy until CY27 with sizeable solar farm EPCC projects under LSS5 and LSS PETRA 5+. The latter saw a capacity of 1,975MWac approved by the ST, which we estimate could generate up to RM5.9b of EPCC opportunities. We can also expect the ST to soon announce the bidding cycle for LSS6, which may add another 2GW of solar capacity, coupled with battery energy storage system (BESS) requirements. Under MyBeST, ST has already finalised the shortlisted bidders for four grid-connected BESS projects, each with a capacity of 100MW/400MWh, all targeted for commissioning in 2027. We view this as an important milestone, as Malaysia's first wave of grid-scale BESS will help improve flexibility, reduce curtailment risk and support higher solar penetration over time. The rollout of BESS will directly enhance grid reliability and support higher renewable energy (RE) penetration, particularly for solar. With increasing curtailment risk and the rising need for fast-response balancing capacity, BESS is poised to complement future LSS programmes, where storage is expected to become a mandatory requirement for new plants. Over the medium term, we foresee the emergence of more solar-plus-storage hybrids.

Rising module prices remain manageable. On the cost side, a development worth flagging is China's decision to remove VAT export rebates for solar PV products starting 1st April, while export rebates for battery products will be reduced from 9% to 6% from Apr to Dec-26 before being removed entirely from Jan-27. This is a move intended to moderate excessive price competition and address overcapacity. Based on data from Bloomberg, solar panel prices have risen +15.3%yoy to USD0.11/watt. We do not expect any major impact at the moment, especially for utility-scale solar projects, as larger players typically have procurement arrangements with locked-in pricing, while most EPCC companies have the flexibility for cost passed through in their contracts.

Chart 44: Solar Panel Prices (USD/Watt)



Source: Bloomberg, MBSBR

Clear and firm policies under NETR. The CGPP, LSS5, LSS5+ and Solar ATAP are all aligned with the National Energy Transition Roadmap (NETR), a long-term, firm policy layout that is expected to provide a strong, multi-year catalyst for the power utilities sector. An overarching goal is raising the RE capacity mix to 70% by 2050 from 23% in 2020, which necessitates a more than quadrupling in annual RE installations to 2.2GW/annum by 2050. We have previously estimated that solar will be increasingly dominant, accounting for 25%/39%/52%/58% share of the capacity mix in 2035/2040/2045/2050, growing at a CAGR of 14% between 2025-2050. This underpins a multi-year growth story for solar EPCC companies and also asset-owners, through power generation over the long-term.

Maintain POSITIVE. We maintain our POSITIVE stance on the Utilities sector and the RE subsector, underpinned by a sustained electricity demand growth, clearer tariff visibility and a strong multi-year RE pipeline. Demand fundamentals remain robust, supported by the commercial sector and an accelerating ramp-up in data centre

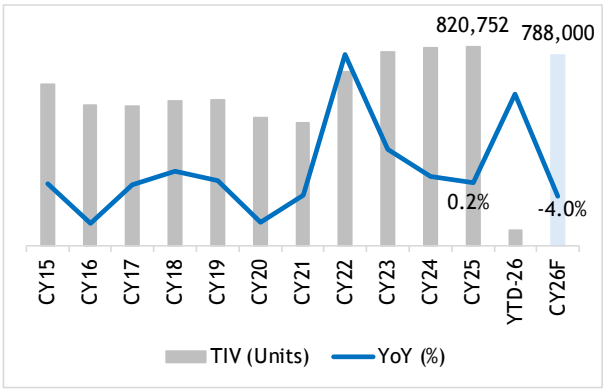
load, which provides long-term visibility for generation, transmission and distribution investments. Sector catalysts will intensify in 2026 with the award of new gas-fired generation capacity, the anticipated launch of LSS6, which is expected to incorporate mandatory BESS requirements and the upcoming award of the 400MW/1,600MWh Malaysia Battery Energy Storage Technology (MyBEST) programme, which will mark the beginning of Malaysia's grid-scale storage deployment, further improving system flexibility and enabling higher RE penetration. Our BUY calls are **Tenaga Nasional (TP: RM16.40)**, **YTL Power (TP: RM4.94)**, **Pekat (TP: RM2.00)** and **Samaiden (TP: RM1.73).**

X. AUTOMOTIVE

Moderation in the car replacement cycle.....Maintain NEUTRAL

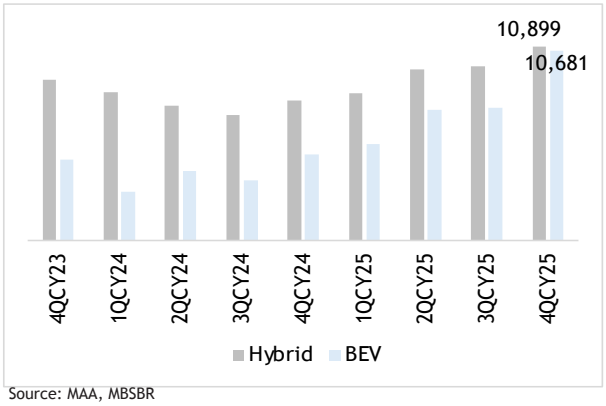
Analyst: ***Amalia*** *Zarir*

Chart 45: Annual TIV Trend (Units)



Source: MAA, MBSBR

Chart 46: Quarterly Hybrid and BEV Sales (Units)



Source: MAA, MBSBR

Revised excise framework for CKDs set for July. The revised excise tax framework under PU(A) 402/2019, delayed for 5 years, will now take effect in Jul-26 (previously Jan-26), introducing a new method for calculating the open market value (OMV) of CKD vehicles, which determines tax payable and selling prices. The revision broadens excise duty calculations to include non-manufacturing elements such as sales, marketing, administrative costs, and profit margins, although measures to limit potential vehicle increases are still being developed. Deputy Investment, Trade and Industry Minister YB Sim Tze Tzin recently stated that about 90% of Malaysians, particularly those in the B40 and M40 groups, will not be affected, while the Malaysian Automotive Association (MAA) indicated minimal to no impact on CKD pricing despite earlier estimating a +10% to +30% increase. He also highlighted the New Customised Incentive Mechanism (NCM), which replaces the Customised Incentives (CI) with a more transparent and equitable system, offering higher excise duty exemptions to companies that commit to significant investments, increase genuine local content, and support vendor development and exports.

Macro backdrop remains supportive. Headline CPI inflation is expected to tick up to +2.0% in CY26 (CY25: +1.4%), but with the OPR likely to stay unchanged at 2.75% and unemployment stable at around 3.0%, overall macro conditions should continue to support car purchase decisions. In addition, the Hire Purchase (Amendment) Act 2026, which comes into effect on 1 June 2026, introduces key changes, including the removal of flat interest rates and the Rule of 78 method, which front-loads interest in the early stages of a loan. These reforms are intended to create a fairer lending environment and may help boost consumer confidence in hire purchase financing. Meanwhile, A weaker JPY (having depreciated -3.3% against the MYR year-to-date) is generally supportive for the sector. **Tan Chong Motor Holdings Bhd (Maintain SELL, TP: RM0.34)** noted that the bulk of its Nissan-related imports are denominated in JPY, with some exposure to THB (which fell -5.4% against MYR), while its USD exposure

(down -1.1% against MYR) remains minimal. Meanwhile, **Bermaz Auto Bhd (Maintain NEUTRAL, TP: RM0.77)** has JPY exposure from CBU Mazda imports, as these accounted for 40% of domestic Mazda sales in 9MFY26 (FYE April). **MBM Resources Bhd (Maintain BUY, TP: RM6.00)** also stands to benefit from the softer JPY, mainly via its 22.6%-owned associate Perodua, which sources part of its components in JPY.

Wave of CKD BEV investments materialising. EV adoption in Malaysia continues to gain strong momentum, with EV sales among MAA members surging to 30,848 units (+108.9%yoy) in CY25, supported by a broader range of models and a pull-forward in demand ahead of the expiry of CBU EV tax incentives last year. Hybrid vehicle sales also recorded solid growth over the same period, rising to 38,515 units (+25.1%yoy). Currently, the RM250k minimum price and 200 kW power threshold apply to all new CBU BEVs regardless of brand presence. We are observing a rising number of CKD BEV investments materialising this year among non-national brands, supported by tax exemptions through end-CY27, although it remains unclear whether the relatively short incentive window is sufficient to drive longer-term commitments to local assembly. To note, Malaysia is targeting xEVs (covering both EVs and hybrids) to reach 20% of annual TIV by CY30, compared to 8% in CY25 (CY24: 6%).

Budi95 fuel quota cut by 100 litres, impact seen as limited. The government will reduce the monthly subsidised fuel quota under the Budi95 scheme to 200 litres from 300 litres effective April 1, 2026, following rising fuel prices linked to the Iran conflict and the blockade of the Strait of Hormuz. While this could potentially influence car purchase decisions, the impact is likely to be limited given that average consumption is around 100 litres per month, with nearly 90% of users consuming below the new cap. That said, if there are expectations of further increases in subsidised fuel prices, this may gradually nudge buyers toward more fuel-efficient vehicles or even EVs, although current price levels may still be insufficient to meaningfully alter purchasing behaviour.

Maintain NEUTRAL. We maintain our full-year TIV forecast at 788k units, implying a -4.0%yoy decline from last year's 821k units (+0.2%yoy) after four consecutive years of growth, broadly aligning with the MAA forecast of a -3.8%yoy contraction to 790k units. Year-to-date TIV as of Feb-26 stands at 116,712 units, representing about 15% of our full-year forecast, which we view as tracking in line with expectations. Our top sector pick is **MBM Resources Bhd (Maintain BUY, TP: RM6.00)**, supported by its exposure to Perodua, which has remained resilient within the mass-market segment. This, coupled with favourable JPYMYR movements, continues to underpin its associate contributions, which account for over 70% of its PBT, while the stock is also trading at -1SD to its 5-year mean and offers an attractive dividend yield of +10.6%.

XI. TECHNOLOGY

Outlook further tampered by external factors.....Maintain NEUTRAL

Analyst: ***Martin****, Foo Chuan Loong*

Uncertainty moving into 2Q26. We are keeping our NEUTRAL stance on the technology sector. Going into 2QCY26, the historical pattern suggests that we should see better performance sequentially, as 1QCY26 is generally a shorter quarter in view of the festivities. We anticipate the ongoing memory supply crisis could put a dent in the industry's pace of recovery. In addition, there are higher external risk factors, the latest being the conflict in the Middle East. The latter has resulted in potential disruption to the supply of helium, which is essential in the chip fabrication process. This is on top of the unfavourable forex environment for the exporter. Last but not least, there is still uncertainty with regard to the semiconductor tariff, as the US Supreme Court ruled against the tariff set by Trump's administration. At this juncture, we view that the current valuation is not demanding as it has reflected the ongoing challenges faced by the industry. In terms of local corporate development. Note that we do not have any BUY recommendations for OSAT under our coverage.

No near-term risk of Helium supply disruptions. The tension in the Middle East has led to concern about the supply of helium, which in turn could threaten global chip output. Helium is an irreplaceable, high-demand resource in semiconductor manufacturing, essential for cooling silicon wafers and creating inert atmospheres during chip fabrication. Currently, the US and Qatar control more than 75% global Helium production. Any disruption to the front-end semiconductor manufacturing process could inadvertently impact the back-end phase. Our channel check indicates that there is no adverse impact on the local semiconductor industry at this juncture. This is concurred with the Malaysia Semiconductor Industry Association (MSIA) view that the impact has been limited as most global semiconductors, including those operating in Malaysia, maintain inventory buffers and diversified procurement channels, which significantly mitigate near-term risks. The industry is closely monitoring the supply chain vulnerabilities.

Memory crunch continues. The industry continues to be plagued by the memory crunch. To recall, memory manufacturers are shifting their production capacity towards AI data centres and consumer RAM. This has led to limited availability and a severe price hike on memory chips. Prices of new PCs, laptops and smartphones are expected to see a notable upward revision in selling price. This seems to be reflected in the recent launch of Samsung Galaxy S26, which saw a higher starting price of about USD100 as compared to its predecessor, S25. Moreover, the memory shortage is expected to persist beyond 2026. We view that this could have negative repercussions on the local OSAT companies that have sizeable exposure to the consumer market.

No clarity on semiconductor tariff yet. In February 2026, the US Supreme Court ruled against the tariff imposed by the Trump administration. With this, the 19% "reciprocal" tariff is argued to be no longer applicable. However, the reciprocal tariff has been replaced with a 10% global levy on all imports, with it being revised upwards to 15% subsequently. It appears that US semiconductor imports continue to be excluded under Section 122. We view that there could be better clarity on the rate and the scope of the tariff as we move closer to the expiration of the current rate, which falls on 24 July 2026.

Outcome from the acquisition of Lumiled? To recall, in August 2025, Inari and China's Sanan proposed a joint acquisition of 100% equity interest in Lumileds Holdings B.V. and certain of its subsidiaries. An important milestone to be observed is the regulatory approval from the U.S Committee on Foreign Investment in the United States (CFIUS). We do not discount the possibility that more time could be needed to get the necessary approval. This is premised on the fact that Lumileds hold more than 5,700 patents, including for MicroLEDs. We maintain our view that this strategic move aims to diversify Inari's portfolio beyond radio frequency (RF) products and tap into the automotive and display LED markets.

XII. TELECOMMUNICATION

No notable downside risk for the MNOs in 2QCY26.....Maintain NEUTRAL

Analyst: ***Martin****, Foo Chuan Loong*

Overall, the mobile market continues to lack excitement. We are maintaining our NEUTRAL recommendation on the telecommunication industry. We anticipated competition to persist in the mobile realm, with Maxis and Umobile potentially dishing out their respective refreshed mobile plan to respond to Celcomdigi's new offerings unveiled in 1QCY26. In addition, we do not see the prepaid segment being impacted much by the new mandatory standard by MCMC. That being said, we view that the overall mobile market continues to lack excitement as the MNOs are generally guiding a low single-digit increase in annual service revenue. Toward the end of 2QCY26, we should also see the completion of the conditions precedent set for the takeover of MoF Inc's share in DNB by the MNOs. This will mark the transition of DNB into a fully privately owned entity from 3QCY26 onwards. In tandem,

the implementation of equity accounting by the MNOs would only take effect then.

Celcomdigi as top pick. All-in, putting aside the potential earnings risk from DNB, **Celcomdigi Bhd (BUY, TP: RM3.54)** remains our top pick for the telecommunication sector. We view that group as being in a better shape to respond more effectively to the prevailing market forces as seen in its latest mobile plan refresh. This is further enabled by the new Celcomdigi app. Profit margin should also be healthier as the group shifts its focus to opex savings from capex previously.

Equity accounting yet to take place. To recall, in March 2026, Maxis, Celcomdigi and YTL each paid RM327.8m to acquire Digital Nasional Bhd (DNB) shares from MoF Inc., as well as the related loan, accrued interest and additional shareholder advances. The payment marks part of the milestone on the eventual exit of MoF as DNB's shareholder. At this juncture, however, the condition precedents (CP) have yet to be met. As such, there has been no transfer of shares between the MNOs and MoF. The CP is expected to be completed by June 2026. As such, the equity accounting treatment does not trigger in 2QCY26. It should only be shown from 3QCY26 onwards. We understand that DNB's operating financials have been improving since 2024. Coupled with deeper involvement from the MNOs in the near future, the contribution from DNB for 2HCY26 should not be material to the MNOs.

On a separate note, it remains to be seen whether Telekom Malaysia is able to terminate the 5G access agreement with DNB. We do not discount the possibility that the former may need to pay a penalty for the early termination of the access agreement. On the flip side, the exit of TM should not have a material impact on DNB. Structurally, we opine that the exit would enable the existing shareholders of DNB to plan more effectively for the turnaround plan. The three remaining shareholders of DNB would be able to devise a plan based solely on their combined take-up rate.

Competition to persist in the mobile realm. Revenue contribution from the consumer mobile segment made up the main chunk of the service revenue. In light of this, MNOs will refresh their offerings from time to time. In 1QCY26, we note that only Celcomdigi refreshed both its prepaid and postpaid offerings to be more reflective of the current market state. As such, we do not discount the possibility that in 2QCY26 we could see more rollout for the mobile plan offerings, especially from Maxis and Umobile. We also view that the latter could come up with a more aggressive plan that could encourage higher 5G usage.

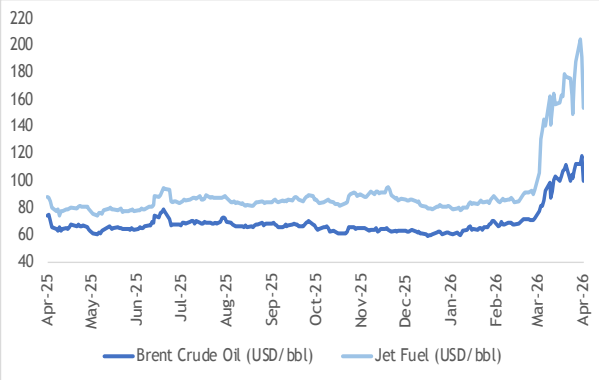
Minimal impact from VM2026. In February 2026, the Malaysian Communications and Multimedia Commission (MCMC) introduced a new mandatory standard to tighten prepaid SIM card registration, aimed at curbing online scams and identity theft. The framework introduces biometric verification and MyDigital ID for self-registration, alongside stricter controls for non-citizens, including biometric-based passport verification. Non-citizens are limited to two SIM cards per provider. In addition, tourist SIM cards will now have a maximum validity of three months before being automatically terminated. We are of the view that such measures will not impact the prepaid business segments of the MNOs. Generally, a Short-Term Social Visit Pass (STSVP) allows foreign visitors to stay for up to 90 days for tourism, business meetings or family visits. This is in line with the validity period. Moreover, the allowance of up to two SIM registrations per passport provides sufficient flexibility for travellers.

XIII. TRANSPORTATION

Geopolitical conflict casting a shadow.....Maintain NEUTRAL

Analyst: ***Amalia*** *Zarir*

Chart 47: Brent Crude Oil vs. Jet Fuel



Source: Bloomberg, MBSBR

AVIATION

Traffic diversion boosts regional demand. The ongoing Iran-related conflict has led to airspace restrictions across parts of the Middle East, prompting airlines to reroute Europe–Asia traffic flows. This has created a spillover effect benefiting regional carriers, particularly those operating hub-and-spoke models in Southeast Asia. For local airlines, diverted traffic is increasingly being channelled through alternative hubs such as Kuala Lumpur, supporting stronger demand across both direct long-haul routes and connecting services within ASEAN and beyond. AirAsia has seen robust demand on routes like Kuala Lumpur–Istanbul, alongside a broader "fly-thru" effect where transit passengers boost load factors and booking momentum across secondary destinations such as Phuket, Colombo, and Male, as well as Central Asian routes. Overall, the disruption is temporarily reshaping traffic patterns in favour of airlines positioned along these alternative corridors.

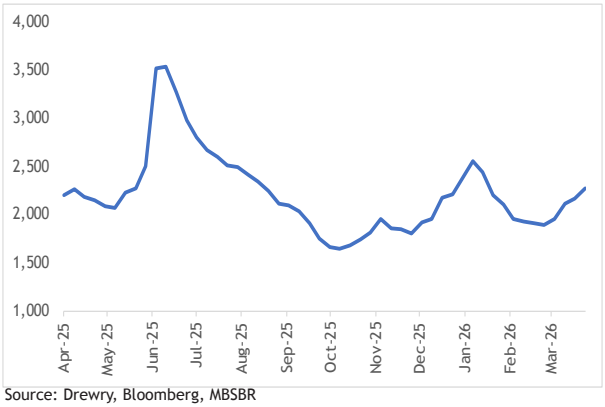
Jet fuel spike weighing on margins. On the cost side, the conflict has triggered a sharp escalation in jet fuel prices, posing a clear concern for the sector. Based on Bloomberg's Singapore jet kerosene spot price, fuel is up about +101.5% since the onset of the Iran conflict, closing at around USD189/bbl as of writing. This is particularly significant given fuel's sizeable share of airline operating costs, especially for carriers that have largely moved away from hedging post-COVID. While airlines can partially offset the impact through fuel surcharges and fare increases, this typically comes at the expense of load factors. Sensitivity remains high - **AirAsia X Bhd (Non-rated)** has previously guided that every USD1/barrel change in jet fuel prices translates to roughly RM81m impact on net operating margin - underscoring the material earnings risk if elevated fuel prices persist.

PORT & LOGISTICS

Westports remained resilient amid Middle East tensions. Westports Holdings Bhd (NEUTRAL, TP: RM4.90) is expected to remain relatively resilient, supported by its strong intra-Asia exposure (62% of CY25's total throughput) and the continued stability of its Middle East-linked services. Direct exposure to the Middle East is limited at <5% of total volumes, despite Asia-Europe routes accounting for roughly 17% of overall throughput. As liners steer away from affected areas, cargo is increasingly redirected to alternative hubs, including Southeast Asian ports, which could create pockets of congestion and more uneven cargo flows. Westports reportedly has remained selective by rejecting shipments with unclear destinations to keep yard utilisation at a manageable

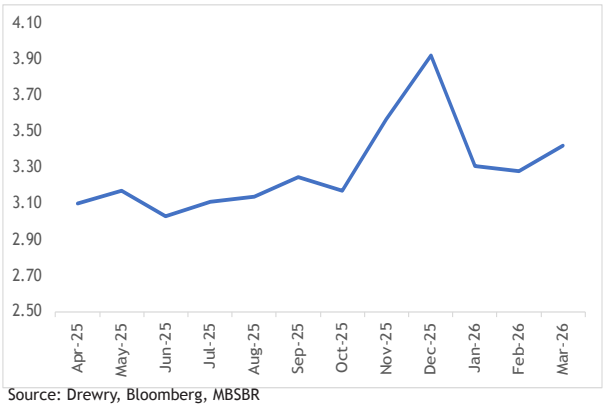
level and mitigate congestion risks. While longer container dwell times may weigh on operational efficiency, this could be partly offset by higher storage and ancillary income as boxes remain in the port longer. That said, fuel costs remain a concern (17% of operating expenses), with the extent of any earnings impact largely dependent on how prolonged the conflict proves to be.

Chart 48: Ocean Freight Rates (USD/FEU)



Source: Drewry, Bloomberg, MBSBR

Chart 49: Air Freight Rate (USD/kg)



Source: Drewry, Bloomberg, MBSBR

The Iran conflict jolted global freight. Following the escalation of the Iran conflict, freight markets saw a clear reversal from prior weakness to sharp increases driven by disruption around the Strait of Hormuz, which raised fuel costs, insurance premiums, and caused widespread network dislocation. Ocean freight rates, which had been declining through Feb-26, rebounded steadily through Mar-26 (e.g., global indices rose +20.1% from late-Feb lows), with the most severe spikes on Middle East routes due to direct chokepoint risk, while broader East-West lanes increased more moderately via cost pass-through and carrier pricing actions. Air freight reacted more abruptly, as Gulf airspace triggered an immediate capacity shock – cutting key Asia-Europe routes, forcing rerouting, and pushing spot rates sharply higher alongside fuel and war-risk surcharges. This leads to higher and more volatile freight costs globally, including for ASEAN-linked shipments.

Maintain NEUTRAL. Tasco Bhd (BUY, TP: RM0.56) remains our preferred pick in the sector, underpinned by its compelling valuation, with the stock currently trading at about -1.0SD below its 5-year historical average. In periods of freight rate volatility, Tasco benefits from a degree of downside protection via its parent's Strategic Forward Pricing scheme, where any gap is reimbursed if tender rates fall below cost, with terms reviewed on a quarterly basis. This offers a meaningful buffer, particularly as around 80% of its forwarding operations are conducted on a tender basis. We also anticipate an improvement in its contract logistics segment, supported by recent customer wins in the warehousing space. However, the cold supply chain division is likely to remain subdued in the near term, weighed down by ongoing boycott-related pressures and a gradual recovery following the loss of a key customer.

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APPENDIX Table i: MBSB RESEARCH STOCK UNIVERSE as at 31 March 2026

	FYE	Rec.	Price (RM)	Target Price	Net Profit (RM m)			EPS (sen)			EPS (% chg)			PER			DPS			Yield (%)			PBV	BV / share (RM)	Net margin (%)	ROA (%)	ROE (%)	No of shares (m)	Market cap (RM m)	52-week Price	
					FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25							High (RM)	Low (RM)
CONSTRUCTION																															
Cahya Mata Sarawak	Dec	Buy	1.14	1.57	65.7	128.3	153.9	6.1	11.9	14.3	-48.8	95.2	20.0	18.7	9.6	8.0	3.0	3.0	3.0	2.6	2.6	2.6	0.36	3.16	11.56	2.76	3.56	1,075.5	1,226.1	1.63	0.79
Gamuda	Jul	Buy	3.73	5.86	1,003.2	1,175.1	1,482.1	17.6	19.7	24.9	111.4	12.0	26.1	21.2	18.9	15.0	10.0	10.0	10.0	2.7	2.7	2.7	1.75	2.13	7.36	3.88	9.70	5,955.9	22,215.4	5.80	3.48
IJM Corporation	Mar	Accept Offer	2.19	3.29	403.4	523.0	395.1	11.5	14.9	11.3	-32.8	29.7	-24.5	19.0	14.7	19.4	7.0	8.0	8.0	3.2	3.7	3.7	0.76	2.89	8.37	2.40	4.62	3,505.2	7,676.3	3.13	1.79
MRCB	Dec	Buy	0.27	0.45	47.3	44.6	45.2	1.1	1.0	1.0	-25.9	-5.8	1.3	25.0	26.5	26.2	1.0	1.0	1.0	3.8	3.8	3.8	0.26	1.03	3.72	0.49	0.97	4,467.5	1,183.9	0.57	0.26
Pekat Group	Dec	Buy	1.31	2.00	45.0	52.5	57.0	6.9	7.4	8.1	100.9	8.5	8.6	19.1	17.6	16.2	1.0	1.0	1.0	0.8	0.8	0.8	2.85	0.46	8.61	7.35	15.25	706.7	925.7	1.90	1.05
Sunview Group	Mar	Sell	0.36	0.30	6.4	8.9	9.3	1.2	1.5	1.6	-42.4	29.3	4.5	30.3	23.5	22.5	0.0	0.0	0.0	0.0	0.0	0.0	2.02	0.18	3.92	1.99	5.08	588.4	208.9	0.44	0.30
Sunway Construction	Dec	Trading Buy	6.37	7.18	361.8	412.4	453.0	27.7	31.1	34.1	91.3	11.9	9.8	23.0	20.5	18.7	14.8	31.0	17.0	2.3	4.9	2.7	7.72	0.82	7.72	9.32	35.30	1,328.0	8,459.2	7.40	3.58
WCT Holdings	Dec	Buy	0.36	0.68	47.8	55.5	60.3	3.1	3.6	3.9	-83.9	16.0	8.6	11.7	10.1	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.17	2.15	2.81	0.71	1.45	1,558.9	561.2	0.91	0.36
CONGLOMERATE																															
YTL Corporation	Jun	Buy	1.69	3.26	1,953.0	5,928.0	n.a.	17.7	51.0	n.a.	-9.6	189.2	n.a.	9.6	3.3	n.a.	4.5	5.0	n.a.	2.7	3.0	n.a.	1.12	1.51	19.67	6.05	22.20	11,615.3	19,629.9	2.82	1.58
TELECOMMUNICATIONS																															
Axiata Group	Dec	Neutral	2.21	2.21	364.6	749.7	965.1	4.0	8.2	10.5	-61.2	104.0	28.7	55.3	27.1	21.0	10.0	10.0	10.0	4.5	4.5	4.5	1.00	2.22	6.38	1.51	3.11	9,188.1	20,305.8	2.79	1.63
CelcomDigi	Dec	Buy	2.96	3.54	1,513.5	1,752.0	1,957.0	12.9	14.9	16.7	10.3	15.8	11.7	22.9	19.8	17.7	14.7	14.2	15.9	5.0	4.8	5.4	2.19	1.35	13.52	4.80	10.96	11,731.5	34,725.3	4.00	2.90
Maxis	Dec	Neutral	3.60	3.92	1,561.0	1,607.0	1,719.0	19.9	20.5	21.9	11.8	3.1	7.0	18.1	17.6	16.4	17.5	17.0	17.0	4.9	4.7	4.7	4.59	0.78	15.11	7.14	26.14	7,835.1	28,206.3	4.36	3.13
Telekom Malaysia	Dec	Neutral	7.10	7.12	1,713.0	1,984.4	2,052.7	44.6	51.7	53.5	-15.2	15.9	3.4	15.9	13.7	13.3	31.0	31.0	31.0	4.4	4.4	4.4	2.57	2.76	16.71	9.70	18.44	3,837.7	27,247.9	8.26	6.16
TECHNOLOGY																															
D&O Green Technologies	Dec	Sell	0.44	0.43	-228.2	43.7	50.6	-18.4	3.5	4.1	-711.6	-119.2	15.8	n.a.	12.5	10.8	0.0	0.0	0.0	0.0	0.0	0.0	1.21	0.36	4.42	2.96	6.13	1,239.5	545.4	1.60	0.39
Inari Amertron	Jun	Neutral	1.29	1.54	218.7	207.4	226.3	5.8	5.5	5.9	-27.8	-5.7	9.1	22.3	23.7	21.7	5.5	4.9	5.4	4.3	3.8	4.2	1.77	0.73	15.34	6.10	6.71	3,805.1	4,908.6	2.67	1.21
Zetrix AI	Dec	Buy	0.74	1.24	883.9	1,098.8	1,260.7	11.5	13.8	15.9	21.6	20.3	14.7	6.4	5.3	4.7	3.1	4.3	4.9	4.2	5.8	6.6	1.51	0.49	82.29	19.72	29.38	7,941.1	5,876.4	1.03	0.64
Unisem (M)	Dec	Sell	2.61	2.59	86.7	117.6	169.5	5.4	7.3	10.5	42.8	35.8	44.1	48.6	35.8	24.8	8.0	6.0	8.0	3.1	2.3	3.1	2.00	1.30	6.28	3.78	5.59	1,613.1	4,210.1	3.73	1.81
PLANTATION																															
Genting Plantations	Dec	Buy	5.25	5.80	354.5	339.7	332.7	39.5	37.9	37.1	9.7	-4.2	-2.1	13.3	13.9	14.2	18.0	25.0	25.0	3.4	4.8	4.8	0.94	5.56	10.09	3.77	6.76	897.2	4,710.1	5.27	4.62
IOI Corporation	Jun	Buy	4.22	4.42	1,520.6	1,269.1	1,270.0	24.5	20.2	20.2	37.1	-17.6	0.1	17.2	20.9	20.9	10.5	10.5	10.0	2.5	2.5	2.4	2.04	2.06	11.20	7.00	10.05	6,285.2	26,523.5	4.28	3.42
Kuala Lumpur Kepong	Sep	Neutral	21.50	20.15	817.3	1,215.5	1,135.8	73.9	109.1	102.0	36.1	47.7	-6.6	29.1	19.7	21.1	60.0	61.0	57.0	2.8	2.8	2.7	1.75	12.28	4.86	3.83	7.85	1,113.7	23,943.7	21.62	18.34
PPB Group	Dec	Buy	12.00	12.20	-2,732.4	1,348.8	1,471.5	-192.1	94.8	103.4	-324.1	-149.4	9.1	n.a.	12.7	11.6	54.0	40.0	40.0	4.5	3.3	3.3	0.78	15.47	24.83	5.59	5.93	1,422.6	17,071.2	12.58	8.23
Sarawak Plantation	Dec	Trading Sell	3.68	2.91	105.8	90.1	88.0	37.9	32.3	31.5	15.0	-14.8	-2.3	9.7	11.4	11.7	20.0	0.3	0.2	5.4	0.1	0.1	1.24	2.97	15.76	8.07	10.81	279.0	1,026.8	3.74	2.18
SD Guthrie	Dec	Buy	6.05	6.46	2,503.0	2,591.5	2,402.0	36.2	37.5	34.7	15.7	3.5	-7.3	16.7	16.1	17.4	18.1	18.0	18.0	3.0	3.0	3.0	2.04	2.96	12.40	8.16	12.42	6,915.7	41,840.1	6.40	4.42
TSH Resources	Dec	Buy	1.39	1.36	182.9	170.4	167.8	14.0	13.6	13.4	41.9	-2.7	-1.5	10.0	10.2	10.4	5.0	2.5	2.5	3.6	1.8	1.8	0.99	1.40	16.04	6.38	7.94	1,255.7	1,745.4	1.43	1.00
HEALTHCARE																															
Hartalega Holdings	Mar	Buy	1.15	1.19	74.5	69.0	127.0	2.2	2.0	3.7	489.2	-7.1	84.1	52.8	56.8	30.9	0.6	15.5	28.8	0.5	13.5	25.0	0.89	1.29	2.67	1.45	1.60	3,407.5	3,918.6	2.34	0.80
IHH Healthcare	Dec	Neutral	8.98	9.22	2,101.0	2,008.0	2,093.0	23.8	22.7	23.7	-21.1	-4.5	4.2	37.7	39.5	37.9	10.5	11.0	12.0	1.2	1.2	1.3	2.62	3.43	7.80	3.49	5.89	8,836.2	79,348.7	10.48	6.42
Kossan Rubber Industries	Dec	Buy	1.20	1.37	151.3	135.0	169.0	6.0	5.4	6.7	28.9	-10.5	25.2	20.1	22.4	17.9	0.0	2.2	2.4	0.0	1.8	2.0	0.82	1.47	7.72	3.30	3.62	2,522.0	3,026.5	2.03	0.94
KPJ Healthcare	Dec	Neutral	3.42	2.92	365.9	401.0	444.0	8.4	9.1	10.0	3.2	8.2	10.7	40.9	37.8	34.1	4.2	4.5	4.5	1.2	1.3	1.3	5.61	0.61	9.42	4.98	13.34	4,426.3	15,138.0	3.53	2.34
Pharmaniaga	Dec	Buy	0.25	0.36	48.5	129.0	155.0	1.3	2.0	2.4	-75.4	46.8	20.2	18.3	12.5	10.4	0.0	2.1	2.6	0.0	8.6	10.6	2.04	0.12	3.28	5.74	28.10	6,557.0	1,606.5	0.34	0.12
Top Glove Corporation	Aug	Buy	0.69	0.78	105.3	174.0	190.0	1.3	2.2	2.4	-261.7	65.7	9.2	52.7	31.8	29.1	0.5	0.6	0.8	0.7	0.9	1.2	1.17	0.59	4.98	2.77	3.64	8,018.0	5,532.4	0.95	0.53
CONSUMER (F&B, Retail)																															
99 Speed Mart																															
AEON Co. (M)	Dec	Buy	3.41	4.37	614.2	734.9	823.9	7.3	8.7	9.8	22.9	19.7	12.1	46.6	39.0	34.8	4.5	4.4	4.9	1.3	1.3	1.4	15.78	0.22	6.43	18.03	40.49	8,400.0	28,644.0	4.15	1.92
Fraser & Neave Holdings	Dec	Buy	1.07	1.47	133.8	152.5	178.3	9.5	10.9	12.7	4.5	14.0	16.9	11.2	9.9	8.4	4.5	4.3	6.3	4.2	4.0	5.9	0.75	1.43	3.56	2.63	7.61	1,404.0	1,502.3	1.54	1.01
Hup Seng Industries	Sep	Neutral	30.00	30.28	508.5	589.3	614.2	138.9	160.7	167.5	-6.3	15.7	4.2	21.6	18.7	17.9	63.0	65.0	65.0	2.1	2.2	2.2	2.77	10.85	11.34	10.50	15.19	366.8	11,003.4	36.82	22.40
Leong Hup International	Dec	Buy	0.99	1.09	49.8	52.1	57.7	6.2	6.5	7.2	-13.5	4.5	10.7	15.9	15.2	13.7	4.0	5.5	6.1	4.0	5.6	6.2	4.78	0.21	13.20	20.93	31.46	800.0	792.0	1.12	0.91
Life Water	Dec	Buy	0.71	1.07	501.1	552.3	589.6	14.0	16.2	17.3	19.5	15.4	6.8	5.1	4.4	4.1	1.0	3.0	3.2	1.4	4.2	4.5	0.93	0.76	6.26	8.45	15.49	3,409.8	2,421.0	0.84	0.56
MSM Malaysia Holdings	Jun	Buy	1.01	1.34	30.0	40.5	44.4	6.0	8.6	9.4	n.a.	42.7	9.6	16.8	11.8	10.8	0.0	2.1	2.3	0.0	2.1	2.3	2.29	0.44	23.41	12.07	19.40	473.2	477.9	1.69	0.75
Mr D.I.Y. Group (M)	Dec	Neutral	0.82	0.80	-397.3	11.3	16.5	-56.5	1.6	2.3	-1,369.9	-102.8	46.0	n.a.	50.7	34.7	0.0	0.0	3.0	0.0	0.0	3.7	0.52	1.56	0.37	0.46	1.03	703.0	572.9	1.49	0.78
Nestlé (Malaysia)	Dec	Buy	1.53	2.13	632.7	692.6	751.0	6.7	7.3	7.9	11.0	9.4	8.4	22.9	20.9	19.3	6.0	5.5	6.2	3.9	3.6	4.1	7.19	0.21	13.98	17.66	34.35	9,477.5	14,500.5	1.92	1.32
Oriental Kopi Holdings	Dec	Neutral	99.12	95.70	513.0	596.1	639.7	218.8	254.2	272.8	23.6	16.2	7.3	45.3	39.0	36.3	220.0	236.8	254.1	2.2	2.4	2.6	40.31	2.46	8.66	16.35	103.39	234.5	23,243.6	122.20	68.80
Padini Holdings	Sep	Buy	1.01	1.18	60.8	82.7	98.2	3.3	4.1	4.9	n.a.	27.2	18.7	31.1	24.4	20.6	1.0	1.2	1.5	1.0	1.2	1.5	6.88	0.15	18.34	19.19	28.18	2,000.0	2,020.0	1.61	0.63
QL Resources	Jun	Buy	1.56	2.13	154.8	146.1	153.2	15.7	14.8	15.5	5.6	-5.6	4.9	9.9	10.5	10.0	8.6	12.0	12.0	5.5	7.7	7.7	1.30	1.20	7.54	7.12	12.33	986.9	1,539.5	2.18	1.53
Spritzer	Mar	Buy	3.70	4.28	455.1	484.8	517.1	12.5	13.3	14.2	3.9	6.5	6.7	29.7	27.9	26.1	6.0	5.3	5.7	1.6	1.4	1.5	4.04	0.91	6.88	8.21	13.64	3,650.3	13,505.9	4.90	3.57
BANKING																															
Affin Bank	Dec	Neutral	2.47	2.39	540.2	559.0	615.0	21.3	22.1	24.3	5.2	3.5	10.0	11.6	11.2	10.2	0.0	8.7	9.4	0.0	3.5	3.8	0.51	4.82	12.61	0.45	4.57	2,533.8	6,258.6	2.82	2.21
Alliance Bank Malaysia	Mar	Buy	4.82	6.08	750.7	836.0	871.0	47.3	48.3	50.3	8.7	2.2	4.2	10.2	10.0	9.6	18.9	19.3	20.1	3.9	4.0	4.2	1.20	4.02	21.76	0.98	10.90	1,730.2	8,339.7	5.59	3.83
AMMB Holdings	Mar	Buy	6.59	7.57	2,001.2	2,018.0	2,081.0	60.6	61.0	62.9	7.2	0.8	3.1	10.9	10.8	10.5	30.2	27.5	28.4	4.6	4.2	4.3	1.03	6.40	23.46	1.01	9.79	3,306.7	21,791.4	6.85	4.93
Bank Islam Malaysia	Dec	Neutral	2.40	2.32	557.2	559.0	584.0	24.6	24.7	25.8	-2.4	0.3	4.5	9.8	9.7	9.3	14.5	14.8	15.4	6.0	6.2	6.4	0.67	3.56	10.98	0.54	6.92	2,266.5	5,439.5	2.56	2.19
CIMB Group Holdings	Dec	Buy	7.55	9.29	7,859.6	7,754.0	8,084.0	73.1	71.8	74.8	1.1	-1.8	4.3	10.3	10.5	10.1	47.1	46.6	48.4	6.2	6.2	6.4	1.16	6.52	21.36	1.00	10.78	10,804.7	81,575.1	8.95	6.16
Hong Leong Bank	Jun	Buy	21.90	30.50	4,273.4	4,476.0	4,751.0	208.5	206.5	219.2	1.9	-1.0	6.1	10.5	10.6	10.0	96.0	102.6	108.9	4.4	4.7	5.0	1.13	19.43	39.61	1.42	11.39	2,167.7	47,473.0	25.80	18.42
Hong Leong Financial Group	Jun	Buy	18.96	26.70	3,254.7	3,299.0	3,498.0	286.9	288.1	305.4	1.8	0.4	6.0	6.6	6.6	6.2	72.0	64.9	68.8	3.8	3.4	3.6	0.65	29.16	28.85	0.93	6.98	1,145.2	21,713.8	23.10	15.70
Malayan Banking	Dec	Neutral	11.36	12.29	10,513.9	10,607.0	11,006.0	87.1	87.8	91.1	4.1	0.9	3.8	13.0	12.9	12.5	63.0	63.2	65.5	5.5	5.6	5.8	1.47	7.73	22.77	1.01	10.95	12,081.1	137,241.4	12.42	9.32
Public Bank	Dec	Neutral	4.68	5.05	7,224.4	7,286.0	7,696.0	37.4	37.5	39.6	1.5	0.3	5.6	12.5	12.5	11.8	22.5	22.6	23.9	4.8	4.8	5.1	1.52	3.09	28.85	1.30	11.67	19,410.7	90,842.0	5.18	4.03
RHB Bank	Dec	Buy	8.44	9.11	3,363.2	3,354.0	3,428.0	77.1	76.9	78.6	7.1	-0.3	2.2	10.9	11.0	10.7	50.0	45.8	46.6	5.9	5.4	5.5	1.08	7.83	22.81	0.94	9.81	4,361.9	36,814.6	8.65	6.07
FINANCIAL SERVICES (INSURANCE & OTHER FINANCIAL)																															
Bursa Malaysia	Dec	Neutral	8.51	8.75	250.2	289.3	311.1	30.9	35.7	38.4	-19.3	15.7	7.5	27.5	23.8	22.1	18.0	34.0	36.5	2.1	4.0	4.3	8.61	0.99	41.22	8.97	36.14	809.3	6,887.1	9.18	7.20
Allianz Malaysia	Dec	Buy	20.48	23.74	660.1	954.0	972.0	363.6	517.7	527.5	-9.4	42.4	1.9	5.6	4.0	3.9	89.5	89.0	90.7	4.4	4.3	4.4	0.64	31.79	15.03	3.13	15.17	184.3	3,773.6	23.30	16.50
LPI Capital	Dec	Buy	14.22	16.65	367.8	415.0	442.0	92.3	104.2	110.9	-2.5	12.8	6.5	15.4	13.7	12.8	80.0	281.0	94.3	5.6	19.8	6.6	2.30	6.17	19.21	8.39	16.88	398.4	5,665.0	15.72	13.26
Syarikat Takaful Malaysia	Dec	Buy	3.30	3.95	384.7	389.0	408.0	44.1	44.6	46.8	-2.3	1.1	4.9	7.5	7.4	7.1	18.5	17.8	18.7	5.6	5.4	5.7	1.27	2.59	9.47	2.15	16.96	872.2	2,878.2	3.67	3.01

Source: Company, MBSBR

Table i: MBSB RESEARCH STOCK UNIVERSE as at 31 March 2026 (cont'd)

	FYE	Rec.	Price (RM)	Target Price	Net Profit (RM m)			EPS (sen)			EPS (% chg)			PER			DPS			Yield (%)			PBV	BV / share (RM)	Net margin (%)	ROA (%)	ROE (%)	No of shares (m)	Market cap (RM m)	52-week Price	
					FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25							High (RM)	Low (RM)
OIL & GAS																															
Bumi Armada	Dec	Buy	0.35	0.44	439.0	640.0	690.0	7.4	10.8	11.6	-30.7	45.7	7.8	4.7	3.2	3.0	1.0	0.0	0.0	2.9	0.0	0.0	0.35	1.00	40.28	7.31	10.90	5,927.9	2,045.1	0.56	0.28
Deleum	Dec	Buy	1.19	1.92	71.1	84.0	89.0	17.7	20.9	22.2	-4.2	18.2	6.0	6.7	5.7	5.4	9.3	6.5	7.5	7.8	5.5	6.3	0.96	1.24	8.42	10.18	14.85	401.6	477.8	1.69	1.15
Dialog Group	Jun	Buy	2.19	2.17	303.8	550.0	494.0	5.4	9.7	8.8	-47.2	81.2	-10.2	40.7	22.5	25.0	3.1	3.4	3.8	1.4	1.6	1.7	2.13	1.03	21.99	6.38	8.81	5,642.7	12,357.5	2.36	1.13
Gas Malaysia	Dec	Neutral	6.00	4.48	381.7	482.0	516.0	29.7	37.5	40.2	-13.5	26.3	7.1	20.2	16.0	14.9	8.5	17.4	18.6	1.4	2.9	3.1	4.94	1.21	6.57	13.00	30.91	1,284.0	7,704.0	6.04	3.66
Malaysia Marine and Heavy Engineering Holdings	Dec	Buy	0.38	0.55	102.9	79.0	89.0	6.4	4.9	5.6	-15.3	-22.9	12.7	5.9	7.7	6.8	0.0	0.0	0.5	0.0	0.0	1.3	0.41	0.93	4.00	2.52	5.30	1,600.0	608.0	0.49	0.31
Petronas Chemicals Group	Dec	Buy	6.07	6.60	-2,142.0	1,208.0	1,507.0	-26.8	15.1	18.8	-282.3	-156.3	24.8	n.a.	40.2	32.2	7.0	13.0	18.0	1.2	2.1	3.0	1.35	4.50	4.40	2.09	3.23	8,000.0	48,560.0	6.15	2.75
Petronas Dagangan	Dec	Buy	21.84	22.20	1,099.2	1,177.0	1,267.0	110.6	118.5	127.5	1.1	7.1	7.6	19.7	18.4	17.1	92.0	118.6	125.3	4.2	5.4	5.7	3.64	6.01	3.08	10.62	19.45	993.5	21,697.0	23.58	16.84
Petronas Gas	Dec	Neutral	17.96	19.25	1,727.1	2,012.0	2,139.0	87.3	101.7	108.1	-5.9	16.5	6.3	20.6	17.7	16.6	72.0	72.0	75.0	4.0	4.0	4.2	2.50	7.18	31.57	10.15	13.68	1,978.7	35,538.0	19.30	15.20
PROPERTY & REITS																															
Al 'Aqar Healthcare REIT	Dec	Neutral	1.20	1.30	55.7	66.0	66.0	6.6	7.9	7.9	-4.3	18.4	0.0	18.1	15.3	15.3	1.9	7.2	7.3	1.6	6.0	6.1	0.96	1.25	54.78	3.16	6.29	839.6	1,007.5	1.32	1.18
AXIS REIT	Dec	Buy	1.92	2.17	282.1	206.0	220.0	14.0	10.2	10.9	18.3	-27.1	6.8	13.8	18.9	17.7	10.6	10.2	10.6	5.5	5.3	5.5	1.14	1.69	56.04	3.85	6.02	2,024.9	3,887.8	2.24	1.71
Eco World Development Group	Oct	Neutral	2.03	2.22	438.1	600.0	416.0	14.7	18.6	12.9	42.4	27.0	-30.7	13.8	10.9	15.7	7.0	8.0	8.0	3.4	3.9	3.9	1.18	1.72	20.47	4.45	9.62	3,221.5	6,539.7	2.30	1.52
IGB REIT	Dec	Neutral	2.76	2.84	660.5	553.0	574.0	17.9	12.8	13.3	11.1	-28.4	3.8	15.5	21.6	20.8	8.8	11.6	12.0	3.2	4.2	4.3	1.90	1.45	78.43	6.31	8.82	4,325.5	11,938.5	3.06	2.13
IOI Properties Group	Jun	Neutral	3.32	3.35	1,064.0	576.0	625.0	19.3	10.5	11.4	-48.4	-45.9	8.5	17.2	31.7	29.2	8.0	8.0	8.0	2.4	2.4	2.4	0.73	4.53	18.81	1.23	2.35	5,506.1	18,280.4	3.72	1.63
KLCCP Stapled Group	Dec	Neutral	9.06	8.80	733.8	839.0	858.0	40.7	46.5	47.5	47.3	14.3	2.3	22.3	19.5	19.1	47.0	45.5	46.0	5.2	5.0	5.1	2.72	3.33	48.22	4.36	5.92	1,805.3	16,356.3	9.57	8.39
Mah Sing Group	Dec	Buy	1.00	1.49	260.1	279.0	307.0	10.2	10.9	12.0	6.5	7.3	10.0	9.8	9.2	8.3	4.5	5.0	6.0	4.5	5.0	6.0	0.63	1.59	11.09	3.46	6.83	2,560.1	2,560.1	1.29	0.93
Matrix Concepts Holdings	Mar	Buy	1.27	1.66	214.0	240.0	270.0	16.3	12.8	14.4	25.4	-21.6	12.5	7.8	9.9	8.8	8.0	6.8	7.2	6.3	5.4	5.7	1.04	1.23	20.86	7.40	10.85	1,877.0	2,383.8	1.48	1.22
Pavilion REIT	Dec	Buy	1.73	2.00	466.9	373.0	394.0	12.3	9.5	10.0	9.5	-22.7	5.6	14.1	18.2	17.2	10.0	10.1	10.2	5.8	5.8	5.9	1.24	1.40	41.38	3.80	6.79	3,928.0	6,795.4	2.03	1.22
S P Setia	Dec	Buy	0.87	1.26	510.0	433.0	478.0	8.6	8.7	9.6	-15.7	1.1	10.4	10.1	10.0	9.1	2.6	2.5	2.9	2.9	2.9	3.3	0.32	2.70	10.27	1.60	2.69	5,003.3	4,327.9	1.30	0.72
Sunway REIT	Dec	Neutral	2.31	2.48	539.4	447.0	504.0	15.1	13.1	14.7	0.4	-13.4	12.8	15.3	17.7	15.7	29.0	13.5	14.1	12.5	5.9	6.1	1.35	1.72	49.98	4.19	7.61	3,424.8	7,911.3	2.67	1.65
Sunway	Dec	Neutral	4.80	5.30	1,304.0	1,107.0	1,120.0	19.1	16.4	16.6	14.0	-14.1	1.2	25.2	29.3	29.0	4.0	6.0	6.0	0.8	1.3	1.3	2.02	2.38	11.28	2.85	6.46	6,760.4	32,450.0	5.98	3.86
UOA Development	Dec	Buy	1.80	2.01	474.0	363.0	382.0	18.0	13.7	14.4	63.6	-24.0	5.2	10.0	13.2	12.5	10.0	10.0	10.0	5.6	5.6	5.6	0.81	2.23	53.83	5.43	5.91	2,655.0	4,779.0	1.95	1.65
TRANSPORT																															
- Aviation																															
Capital A	Dec	Buy	0.42	0.77	13,033.6	240.5	251.3	300.1	5.4	5.6	-1,535.9	-98.2	4.5	0.1	7.7	7.4	0.0	0.0	0.0	0.0	0.0	0.0	1.89	0.22	12.06	3.25	25.66	4,470.4	1,855.2	0.65	0.19
-Logistics																															
Swift Haulage	Dec	Sell	0.39	0.35	27.4	28.2	29.7	3.1	3.3	3.5	-30.5	5.0	5.3	12.4	11.8	11.2	0.8	1.1	1.2	2.1	2.8	3.1	0.46	0.84	3.65	1.60	3.74	855.3	333.6	0.44	0.32
Tasco	Mar	Buy	0.38	0.56	26.2	42.8	45.0	3.3	5.4	5.6	-57.6	63.6	5.1	11.6	7.1	6.8	1.3	1.6	1.7	3.3	4.2	4.5	0.46	0.82	4.23	2.37	6.04	800.0	304.0	0.63	0.36
- Ports																															
Westports Holdings	Dec	Neutral	5.93	4.90	998.3	1,012.5	1,067.0	29.3	29.5	31.0	11.1	0.7	5.4	20.3	20.1	19.1	10.9	0.2	0.2	1.8	0.0	0.0	4.85	1.22	32.40	11.39	24.29	3,436.5	20,378.2	6.33	4.05
- Shipping																															
MISC	Dec	Neutral	8.44	8.13	1,700.1	2,498.0	2,620.0	38.1	56.0	58.7	42.7	46.9	4.9	22.2	15.1	14.4	38.0	36.0	36.0	4.5	4.3	4.3	1.11	7.62	22.41	4.71	7.20	4,463.7	37,674.0	9.04	6.50
UTILITIES																															
Ranhill Utilities	Jun	Buy	1.68	2.29	53.6	76.3	135.0	5.5	5.9	10.4	34.8	7.0	76.9	30.5	28.5	16.1	n.a.	0.3	1.0	n.a.	0.1	0.6	2.43	0.69	3.52	2.58	7.60	1,295.9	2,177.2	2.06	1.08
Samaiden	Jun	Buy	0.99	1.73	20.2	25.8	30.0	4.8	5.1	6.0	20.9	7.9	16.3	20.7	19.2	16.5	0.0	3.0	3.0	0.0	3.0	3.0	2.28	0.43	7.30	4.52	15.39	503.5	495.9	1.62	0.90
Tenaga Nasional	Dec	Buy	13.90	16.40	4,768.1	5,220.0	5,127.1	81.9	89.6	88.0	1.1	9.4	-1.8	17.0	15.5	15.8	53.0	55.5	55.6	3.8	4.0	4.0	1.59	8.72	7.71	2.63	9.85	5,829.1	81,025.1	14.98	12.50
YTL Power	Jun	Buy	3.00	4.94	2,545.4	2,144.0	2,105.0	31.0	24.8	24.4	-26.3	-19.9	-1.8	9.7	12.1	12.3	8.0	8.0	8.0	2.7	2.7	2.7	1.21	2.48	10.12	2.86	9.92	8,640.1	25,920.4	4.42	2.51
AUTO																															
Bermaz Auto	Apr	Neutral	0.88	0.77	155.9	87.5	110.0	13.4	7.7	9.7	-54.9	-42.3	25.7	6.6	11.4	9.1	9.8	5.0	6.3	11.1	5.7	7.2	1.64	0.54	3.34	5.18	11.94	1,135.1	998.9	1.15	0.50
MBM Resources	Dec	Buy	4.80	6.00	339.1	335.4	342.8	86.7	85.8	87.7	1.7	-1.1	2.2	5.5	5.6	5.5	39.0	51.5	52.6	8.1	10.7	11.0	0.79	6.08	13.16	11.46	12.40	390.9	1,876.3	5.58	4.17
Tan Chong Motor	Dec	Sell	0.48	0.34	-195.3	-132.9	-123.7	-30.0	-20.4	-19.0	-8.8	-32.0	-6.9	n.a.	n.a.	n.a.	0.0	1.0	1.0	0.0	2.1	2.1	0.11	4.14	-6.30	-2.75	-5.07	651.6	309.5	0.97	0.28
BUILDING MATERIAL																															
- Cement																															
Malayan Cement	Jun	Buy	6.05	10.80	672.4	802.3	856.9	50.1	57.5	61.4	53.7	14.8	6.8	12.1	10.5	9.8	5.0	12.0	12.0	0.8	2.0	2.0	1.18	5.14	17.72	7.49	11.77	1,394.8	8,438.5	8.74	4.21
- Timber																															
Ta Ann	Dec	Neutral	5.43	4.47	218.9	218.9	220.3	49.7	49.7	50.0	21.2	0.0	0.6	10.9	10.9	10.9	10.0	40.0	40.0	1.8	7.4	7.4	1.23	4.41	11.33	7.73	10.31	440.5	2,391.7	5.43	3.68

Source: Company, MBSBR

Table ii: Performance of various markets in Local Currency (% change)

In Local Currency	Index point	2024	1Q25	2Q25	3Q25	4Q25	2025	1Q26*
KOSPI	5,052.46	-9.6%	3.4%	23.8%	11.5%	23.1%	75.6%	19.9%
SET Index	1,448.14	-1.1%	-17.3%	-5.9%	16.9%	-1.1%	-10.0%	15.0%
Taiwan Weighted	31,722.99	28.5%	-10.2%	7.5%	16.0%	12.2%	25.7%	9.5%
Straits Times	4,885.45	16.9%	4.9%	-0.2%	8.5%	8.0%	22.7%	5.1%
Nikkei 225	51,063.72	19.2%	-10.7%	13.7%	11.0%	12.0%	26.2%	1.4%
FBM KLCI	**1,690.36**	**12.9%**	**-7.8%**	**1.3%**	**5.1%**	**4.2%**	**2.3%**	**0.6%**
Philippines Composite	5,948.94	1.2%	-5.3%	3.0%	-6.5%	1.7%	-7.3%	-1.7%
Shanghai Composite	3,891.86	12.7%	-0.5%	3.3%	12.7%	2.2%	18.4%	-1.9%
Hang Seng	24,788.14	17.7%	15.3%	4.1%	11.6%	-4.6%	27.8%	-3.3%
Dow Jones	45,216.14	12.9%	-1.3%	5.0%	5.2%	3.6%	13.0%	-5.9%
Mumbai Sensex 30	71,947.55	8.2%	-0.9%	8.0%	-4.0%	6.2%	9.1%	-15.6%
Jakarta Composite	7,048.22	-2.7%	-8.0%	6.4%	16.4%	7.3%	22.1%	-18.5%

Source: Bloomberg
as at 31 March 2026

Table iii: Performance of various markets in US Dollar (% change)

In US Dollar	Index point	2024	1Q25	2Q25	3Q25	4Q25	2025	1Q26*
KOSPI	5,052.46	-21.0%	3.3%	34.8%	7.5%	19.9%	79.6%	12.9%
SET Index	1,448.14	-1.2%	-16.7%	-1.6%	17.1%	2.1%	-2.0%	9.5%
Taiwan Weighted	31,722.99	19.8%	-11.3%	22.1%	11.3%	8.8%	31.2%	7.4%
Straits Times	4,885.45	12.8%	6.8%	5.2%	7.0%	8.3%	30.3%	4.8%
FBM KLCI	**1,690.36**	**15.9%**	**-7.1%**	**6.7%**	**5.2%**	**8.1%**	**12.8%**	**0.8%**
Nikkei 225	51,063.72	6.8%	-6.4%	18.1%	8.3%	5.9%	26.8%	-0.7%
Shanghai Composite	3,891.86	9.6%	0.1%	4.6%	13.4%	4.2%	23.7%	-0.8%
Hang Seng	24,788.14	18.3%	15.1%	3.2%	12.6%	-4.6%	27.5%	-4.0%
Philippines Composite	5,948.94	-3.2%	-4.3%	4.7%	-9.6%	0.7%	-8.8%	-4.8%
Dow Jones	45,216.14	12.9%	-1.3%	5.0%	5.2%	3.6%	13.0%	-5.9%
Mumbai Sensex 30	71,947.55	5.2%	-0.9%	7.8%	-7.4%	4.9%	3.8%	-19.6%
Jakarta Composite	7,048.22	-7.5%	-10.3%	9.3%	12.5%	7.2%	18.3%	-19.9%

Source: Bloomberg
*as at 31 March 2026

APPENDIX

Table iv: Performance by sectors (% change)

	Index Point	2024	1Q25	2Q25	3Q25	4Q25	2025	1Q26*
Plantation	8,984.23	9.1%	-2.8%	-1.2%	5.8%	7.0%	8.8%	7.9%
Industrial Products & Services	182.90	2.0%	-13.1%	0.4%	11.5%	1.3%	-1.6%	5.3%
Energy	797.54	0.6%	-7.9%	-3.0%	5.6%	-1.2%	-6.8%	3.9%
Property	1,103.48	31.5%	-11.3%	0.2%	6.2%	-0.5%	-6.0%	3.6%
Healthcare	1,591.49	25.9%	-22.7%	-7.2%	-7.9%	-2.9%	-35.9%	3.5%
Financial Services	20,023.99	17.6%	-4.1%	-4.0%	3.4%	8.0%	2.8%	1.6%
Transport & Logistics	1,002.11	14.7%	-3.2%	-4.6%	2.3%	1.0%	-4.5%	-1.6%
Utilities	1,602.56	38.3%	-11.2%	2.1%	11.7%	-10.7%	-9.6%	-2.9%
Reits	916.49	11.4%	-2.0%	5.8%	3.5%	1.0%	8.3%	-2.9%
Consumer Products & Services	504.52	-0.8%	-11.6%	-0.4%	6.2%	4.4%	-2.3%	-6.0%
Technology	50.51	2.5%	-22.6%	1.7%	12.8%	-3.6%	-14.5%	-9.1%
Telecommunications & Media	422.81	-4.4%	-12.2%	2.8%	-0.2%	-4.0%	-13.6%	-10.0%
Construction	256.56	60.7%	-14.0%	12.6%	11.0%	-9.8%	-3.0%	-14.3%
FBM 100	1,690.36	12.9%	-7.8%	1.3%	5.1%	4.2%	2.3%	0.6%
FBM Emas	12,174.91	17.0%	-9.5%	1.1%	4.4%	3.3%	-1.3%	0.6%
FBM KLCI	12,304.38	16.3%	-9.8%	0.9%	4.7%	2.7%	-2.2%	0.0%
FBM Small Cap	14,645.84	9.8%	-13.3%	-1.8%	8.8%	-5.3%	-12.2%	-7.1%

Source: Bloomberg
*as at 31 March 2026

Table v: Regional earnings and valuations

	EPS Growth (% Change)					PER				
	2024	2025 (est as of)		2026 (f'cast as of)		2024	2025 (est as of)		2026 (f'cast as of)	
		Dec-25	Mar-26	Dec-25	Mar-26		Dec-25	Mar-26	Dec-25	Mar-26
Nikkei 225	12.9%	11.4%	7.4%	-12.0%	8.0%	22.9	20.3	21.3	23.0	19.8
Taiwan Weighted	15.2%	9.6%	49.5%	23.1%	20.2%	25.4	21.2	17.0	17.2	14.1
Hang Seng	2.1%	-3.5%	4.5%	9.7%	11.7%	11.5	12.3	11.0	11.3	9.9
FBM KLCI	**-5.9%**	**2.8%**	**9.9%**	**7.2%**	**5.7%**	**16.2**	**15.7**	**14.8**	**14.7**	**14.0**
Jakarta Comp.	-7.0%	33.7%	57.5%	21.8%	13.5%	17.7	16.2	11.2	13.3	9.9
SET Index	-15.1%	11.2%	17.7%	6.7%	7.4%	17.9	14.0	15.2	13.1	14.2
Philippines Comp.	13.9%	-1.2%	5.6%	9.8%	10.0%	9.6	9.8	9.1	9.0	8.2
Shanghai Comp.	5.7%	17.5%	11.0%	11.0%	18.4%	17.5	15.2	15.8	13.7	13.3
Straits Times	2.5%	-4.6%	3.7%	8.1%	7.2%	15.5	15.4	14.9	14.3	13.9
Mumbai Sensex 30	17.1%	-11.7%	3.1%	14.7%	14.1%	18.1	24.2	17.5	21.1	15.3
DJIA	6.8%	-4.9%	7.2%	12.2%	14.0%	21.8	24.1	20.3	21.4	17.8

Source: Bloomberg
*as at 31 March 2026

Table vi: Performance of MBSBR's stocks under coverage

OUT-PERFORMERS	Share Price (RM)		% Change	TP
	31/3/2026	31/12/2025		
Petronas Chemicals	6.07	3.63	67.2%	6.60
Gas Malaysia	6.00	4.37	37.3%	4.48
Ta Ann Holdings	5.43	4.16	30.5%	4.47
Dialog Group	2.19	1.68	30.4%	2.17
KPJ Healthcare	3.42	2.69	27.1%	2.92
IOI Properties Group	3.32	2.64	25.8%	3.35
Bermaz Auto	0.88	0.71	23.9%	0.77
Sarawak Plantation	3.68	2.98	23.5%	2.91
S P Setia	0.87	0.73	18.5%	1.26
Bumi Armada r	0.35	0.30	16.9%	0.44
Hartalega Holdings	1.15	0.99	16.2%	1.19
TSH Resources	1.39	1.22	13.9%	1.36
Sunway Construction	6.37	5.66	12.5%	7.18
Kossan Rubber Industries	1.20	1.09	10.1%	1.37
RHB Bank	8.44	7.71	9.5%	9.11
Petronas Dagangan	21.84	19.96	9.4%	22.20
PPB Group	12.00	11.06	8.5%	12.20
Malayan Banking	11.36	10.48	8.4%	12.29
MISC	8.44	7.80	8.2%	8.13
Kuala Lumpur Kepong	21.50	20.00	7.5%	20.15
Top Glove Corporation	0.69	0.65	7.0%	0.78
Syarikat Takaful Malaysia	3.30	3.10	6.5%	3.95
SD Guthrie	6.05	5.73	5.6%	6.46
IOI Corporation	4.22	4.00	5.5%	4.42
Affin Bank	2.47	2.35	5.1%	2.39
Bank Islam Malaysia	2.40	2.29	4.8%	2.32
Westports	5.93	5.67	4.6%	4.90
MMHE	0.38	0.37	4.1%	0.55
KLCCP Stapled Group	9.06	8.72	3.9%	8.80
Mah Sing Group	1.00	0.97	3.6%	1.49
Public Bank	4.68	4.54	3.1%	5.05
Genting Plantations	5.25	5.10	2.9%	5.80
IHH Healthcare	8.98	8.75	2.6%	9.22
Allianz Malaysia	20.48	20.10	1.9%	23.74
AMMB Holdings	6.59	6.50	1.4%	7.57
Tenaga Nasional	13.90	13.72	1.3%	16.40
Swift Haulage	0.39	0.39	1.3%	0.35
IGB REIT	2.76	2.73	1.1%	2.84
Bursa Malaysia	8.51	8.42	1.1%	8.75

Source : MBSBR, Bloomberg (as at 31 March 2026)

Table vi: Performance of MBSBR's stocks under coverage (Cont'd)

UNDER-PERFORMERS	Share Price (RM)		% Change	TP
	31/3/2026	31/12/2025		
D&O Green Technologies	0.44	0.75	-41.3%	0.43
WCT Holdings	0.36	0.58	-37.9%	0.68
MRCB	0.27	0.38	-30.3%	0.45
Samaiden Group	0.99	1.40	-29.6%	1.73
Life Water Berhad	1.01	1.43	-29.4%	1.34
Oriental Kopi	1.01	1.40	-27.9%	1.18
Gamuda	3.73	4.98	-25.1%	5.86
Inari Amertron	1.29	1.68	-23.2%	1.54
Tan Chong Motor	0.48	0.61	-22.1%	0.34
Cahya Mata Sarawak	1.14	1.45	-21.4%	1.57
Malayan Cement	6.05	7.66	-21.0%	10.80
Tasco	0.38	0.47	-18.3%	0.56
YTL Corporation	1.69	2.04	-17.2%	3.26
Pekat Group	1.31	1.58	-17.1%	2.00
Fraser & Neave	30.00	35.50	-15.5%	30.28
Unisem	2.61	3.07	-15.0%	2.59
Pharmaniaga	0.25	0.29	-14.0%	0.36
Nestlé (Malaysia)	99.12	114.00	-13.1%	95.70
Sunway	4.80	5.52	-13.0%	5.30
Padini	1.56	1.79	-12.8%	2.13
MSM	0.82	0.93	-12.4%	0.80
Axiata Group	2.21	2.52	-12.3%	2.21
Telekom Malaysia	7.10	8.05	-11.8%	7.12
Spritzer	2.37	2.67	-11.2%	2.45
99 Speed Mart	3.41	3.81	-10.5%	4.37
YTL Power	3.00	3.31	-9.4%	4.94
Zetrix AI	0.74	0.81	-8.6%	1.24
CIMB Group	7.55	8.25	-8.5%	9.29
MBM Resources	4.80	5.21	-7.9%	6.00
CelcomDigi	2.96	3.19	-7.2%	3.54
Al-'Aqar Healthcare	1.20	1.28	-6.3%	1.30
Maxis	3.60	3.79	-5.0%	3.92
LPI Capital	14.22	14.94	-4.8%	16.65
Leong Hup International	0.71	0.75	-4.7%	1.07
Alliance Bank Malaysia	4.82	5.05	-4.6%	6.08
Pavilion REIT	1.73	1.81	-4.4%	2.00
Sunview Group	0.36	0.37	-4.1%	0.30
IJM Corporation	2.19	2.27	-3.5%	3.29
Eco World Development	2.03	2.09	-2.9%	2.22
UOA Development	1.80	1.85	-2.7%	2.01
QL Resources	3.70	3.79	-2.4%	4.28
Matrix Concepts	1.27	1.30	-2.3%	1.66
Deleum	1.19	1.21	-1.7%	1.92
Ranhill Utilities	1.68	1.70	-1.2%	2.29
Hong Leong Bank	21.90	22.14	-1.1%	30.50
Petronas Gas	17.96	18.14	-1.0%	19.25
AEON Co.	1.07	1.08	-0.9%	1.47
Hong Leong Financial Group	18.96	19.06	-0.5%	26.70
Hup Seng Industries	0.99	1.00	-0.5%	1.09
AXIS REIT	1.92	1.92	0.0%	2.17
Capital A	0.42	0.42	0.0%	0.77
Mr D.I.Y. Group	1.53	1.53	0.0%	2.13
Sunway REIT	2.31	2.31	0.0%	2.48
FBM KLCI	**1,690.36**	**1,680.11**	**0.6%**	**1,850.00**
FBM HIJRAH	**13,410.51**	**13,292.13**	**0.9%**	**13,200.00**
FBM 70	**16,864.69**	**16,803.39**	**0.4%**	**19,100.00**

Source : MBSBR, Bloomberg (as at 31 March 2026)

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to *rise* by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	*Negative* total return is expected to be -10% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.
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.





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