Consumer

Commodity Cost Update

POSITIVE (Maintain)

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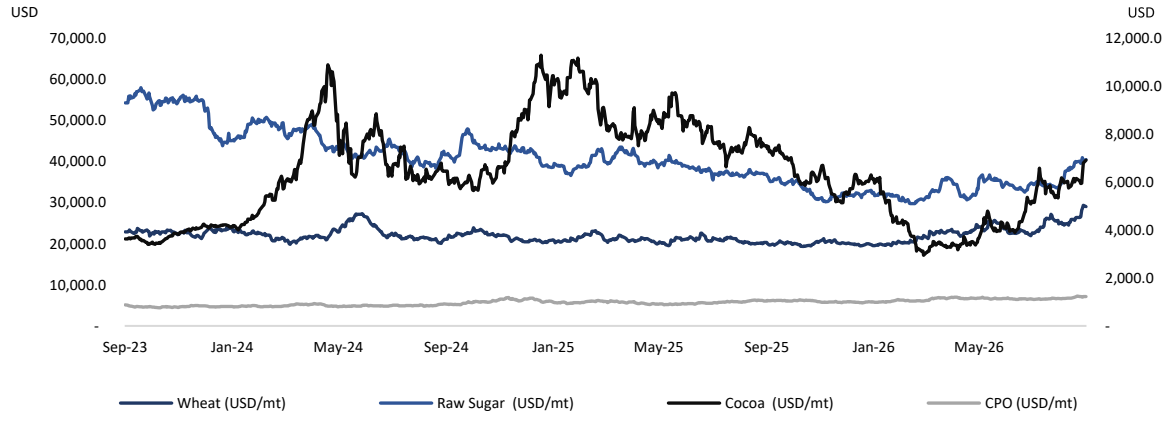
HIGHLIGHTS

- F&B Inputs: Cost pressures reaccelerated in Aug-26, with wheat (+29.5%yoy; +5.4%mom), raw sugar (+4.0%yoy; +12.3%mom), CPO (+13.5%yoy; +4.9%mom) and PET resin (+35.0%yoy; +4.6%mom) all higher
- Coffee & Cocoa: Cocoa remains lower year-on-year (-20.8%yoy) but rose +7.1%mom, while Arabica stayed lower year-on-year (-5.4%yoy) but increased +3.6%mom; Robusta was softer at -6.6%yoy and -2.8%mom
- Poultry: Egg and chicken prices strengthened in Jul-26, with Grade A/B/C eggs up +11.0%/+8.9%/+7.4%yoy and chicken prices up +6.1%yoy to RM10.88/kg
- Feed Costs: Feed cost pressure re-emerged in Aug-26, with soybean meal up +12.1%yoy and +1.6%mom, while corn rose +19.9%yoy and +7.1%mom
- Currency: MYR remains stronger year-on-year against the USD, but weaker against CNY; USD-linked import costs still have some buffer, while China-sourced products may see reduced FX tailwinds
- Margin Read-Through: Input-cost backdrop has turned less benign, with renewed pressure for F&B manufacturers, bottled water players and poultry producers if ASP pass-through weakens
- Sector View: Maintain POSITIVE, but stay selective; favour staples, essentials and value-driven retailers with pricing power, scale and stronger cost pass-through ability
- **Top Picks: 99 Speedmart (BUY, TP: RM4.37), MR D.I.Y. (BUY, TP: RM2.13), Leong Hup (BUY, TP: RM1.03) and Nestle Malaysia (BUY, TP: RM116.10)**

F&B: Cost Pressures Reaccelerate MoM

Commodity prices turned more challenging in Aug-26, with most key F&B inputs rising sequentially. Wheat increased +29.5%yoy and +5.4%mom to USD26,098/mt, suggesting renewed cost pressure for flour-based producers. Cocoa remained lower year-on-year at -20.8%yoy, but rose +7.1%mom to USD6,092/mt, indicating volatility after the earlier correction. Sugar prices also moved higher, with raw sugar up +4.0%yoy and +12.3%mom, while white sugar was broadly stable at +0.5%yoy and +1.0%mom. Coffee prices were mixed, with Arabica still lower -5.4%yoy but up +3.6%mom, while Robusta declined -6.6%yoy and -2.8%mom. Meanwhile, CPO remained elevated at +13.5%yoy and +4.9%mom to USD1,182/mt, which may continue to pressure palm-based input costs for producers such as **Hup Seng (BUY, TP: RM1.09).** Packaging costs also remain a key watchpoint, with PET resin rising +35.0%yoy and +4.6%mom to USD1,127/mt, sustaining margin pressure for bottled water players such as **Life Water (NEUTRAL, TP: RM1.63)** and **Spritzer (NEUTRAL, TP: RM2.92).** Overall, the Aug-26 input-cost backdrop turned less benign, with wheat, raw sugar, CPO and PET resin all higher both year-on-year and month-on-month, suggesting that F&B manufacturers may face renewed margin pressure heading into 2HCY26.

Chart 1: Raw Material Futures Price Trend for Food Producers (USD/mt)



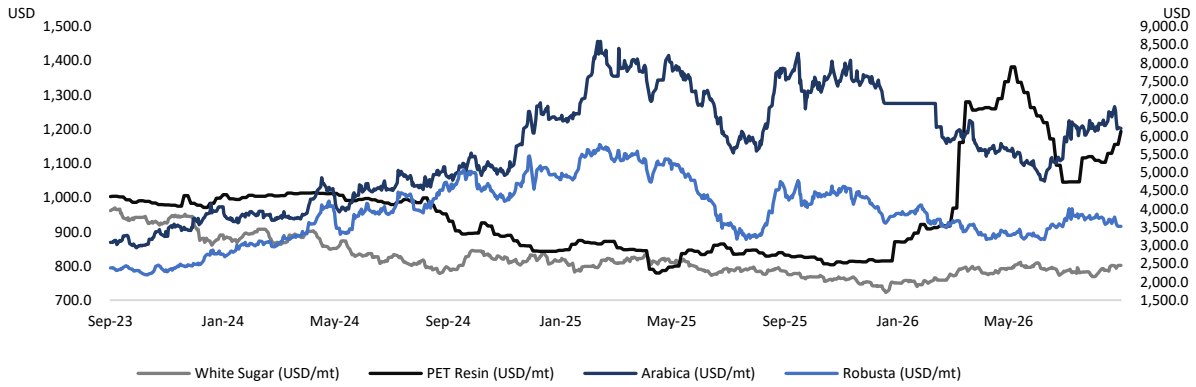
Sources: Bloomberg, MBSBR

Table 1: August 2026 Average Commodities Futures Prices for F&B Producers

Commodities	Aug-26	Jul-26	Aug-25	YoY (%)	MoM (%)	Remarks
Wheat (USD/mt)	26,098	24,759	20,146	29.5	5.4	**YoY:** Prices rose on extensive production cuts across Europe from severe summer heatwaves and an escalation of export-disrupting military hostilities in the Black Sea region. **MoM:** Prices gained due to worsening crop conditions in the European Union coupled with logistical logjams in major grain shipping lanes during peak harvest.
Cocoa (USD/mt)	6,092	5,685	7,688	-20.8	7.1	**YoY:** Prices declined due to an anticipated recovery in West African cocoa supplies following years of severe shortages that had driven prices to unprecedented highs. **MoM:** Prices rebounded as market sentiment grew nervous over brewing El Niño weather risks that threaten the output of upcoming crops.
Raw Sugar (USD/mt)	38,453	34,246	36,978	4.0	12.3	**YoY:** Prices moved higher as worsening crop deficits forced institutional funds to increase net-long exposure amid structural tightening in global export availability. **MoM:** Prices jumped significantly following a cocktail of supply worries, including weaker EU beet yields, lower Brazilian production, and India's unexpected move to allow duty-free imports.
CPO (USD/mt)	1,182	1,127	1,041	13.5	4.9	**YoY:** Prices advanced as production in major producer nations registered consecutive year-on-year declines, compounded by strengthening mandate demand for domestic biodiesel blending. **MoM:** Prices climbed on the back of rising El Niño weather risks to Southeast Asian plantations and supportive price spillover from rallying global crude oil markets.
White Sugar (USD/mt)	790	782	786	0.5	1.0	**YoY:** Prices remained relatively flat as expanded milling allocations in Brazil offset localized off-campaign stock drawdowns in Europe earlier in the year. **MoM:** Prices remained relatively flat as expanded milling allocations in Brazil offset localized off-campaign stock drawdowns in Europe earlier in the year.
Arabica (USD/mt)	6,389	6,169	6,755	-5.4	3.6	**YoY:** Prices dropped because Brazil pushed ahead with a massive, record-breaking harvest that systematically eased global inventory tightness. **MoM:** Prices edged upward as rapid harvest progress filled Brazilian warehouses to capacity, triggering temporary logistics friction and a brief spot premium.
Robusta (USD/mt)	3,686	3,792	3,948	-6.6	-2.8	**YoY:** Prices declined as a structural increase in shipments from major Asian producers brought much-needed relief to the previously stressed global supply chain. **MoM:** Prices fell because a notable surge in coffee exports from Vietnam actively weighed on the market and triggered a multi-month price low.
PET Resin (USD/mt)	1,127	1,077	835	35.0	4.6	**YoY:** Prices increased substantially due to escalating energy costs that inflated production outlays for energy-intensive bottle manufacturing, alongside stricter regional plastic regulations. **MoM:** Prices ticked up as a rebound in seasonal purchasing and rising Asian import costs offset the temporary price relief brought by geopolitical ceasefires.

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

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



Sources: Bloomberg, MBSBR

Poultry: Egg and Chicken Prices Rebound MoM

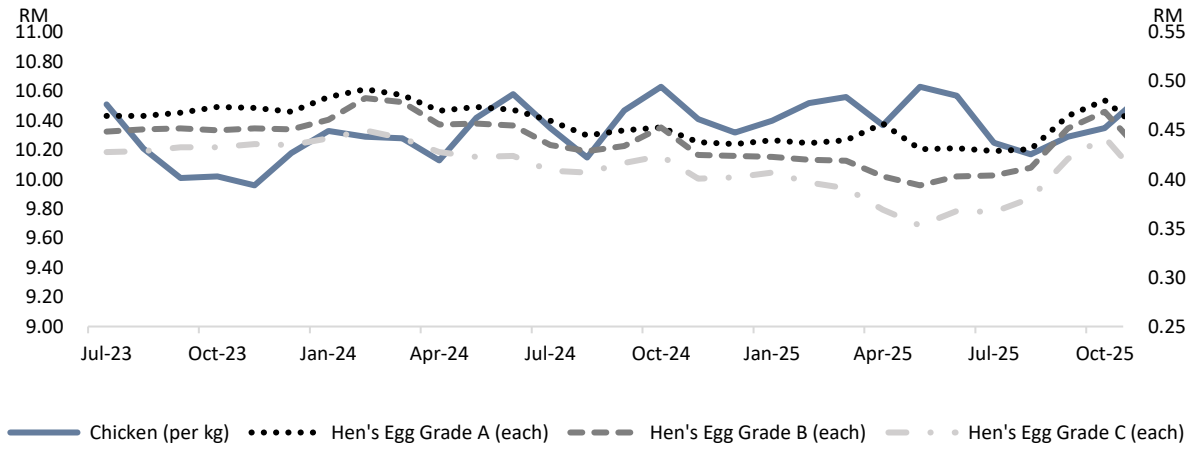
Poultry prices strengthened in Jul-26, with both egg and chicken prices rising on a month-on-month and year-on-year basis. Retail egg prices were higher across all grades, with Grade A up +11.0%yoy and +4.2%mom to RM0.476/egg, Grade B up +8.9%yoy and +4.5%mom to RM0.440/egg, and Grade C up +7.4%yoy and +0.8%mom to RM0.394/egg. Meanwhile, average retail chicken prices increased +6.1%yoy and +1.0%mom to RM10.88/kg, suggesting firmer poultry pricing momentum after the earlier normalisation. Overall, the rebound in both egg and chicken prices should support poultry ASPs, although higher feed costs remain a key margin watchpoint for integrated producers.

Table 2: Malaysia Monthly Hen's egg and chicken Statistics

	Monthly Data				
Date	**Jul-26**	**Jun-26**	**Jul-25**	**YoY**	**MoM**
Hen's Egg Grade A (each)	0.476	0.457	0.429	**11.0%**	**4.2%**
Hen's Egg Grade B (each)	0.440	0.421	0.404	**8.9%**	**4.5%**
Hen's Egg Grade C (each)	0.394	0.391	0.367	**7.4%**	**0.8%**
Chicken (per kg)	10.88	10.77	10.25	**6.1%**	**1.0%**

Sources: DOSM, MBSBR

Chart 3: Malaysia's Price Trend for Chicken and Egg



Sources: Bloomberg, MBSBR

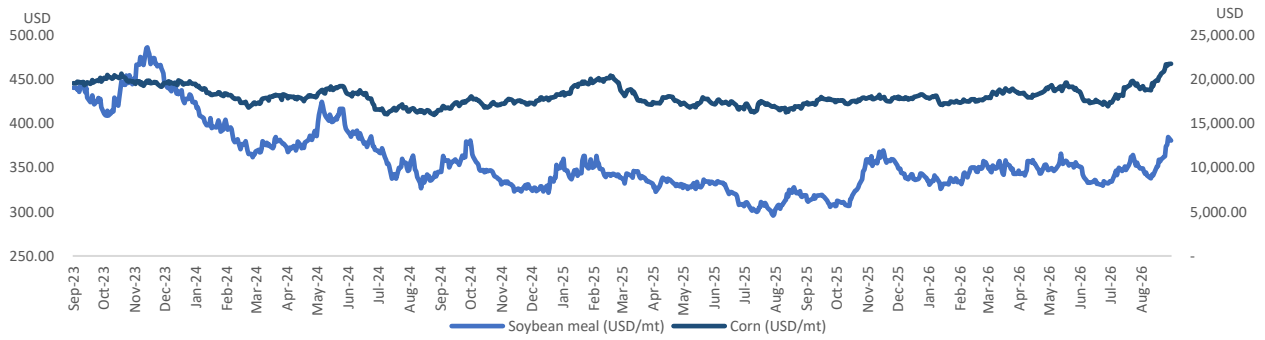
Feed input prices rose in Aug-26, reversing the earlier sequential relief. Soybean meal increased +12.1%yoy and +1.6%mom to USD355/mt, while corn rose +19.9%yoy and +7.1%mom to USD20,007/mt. The renewed increase in both key feed inputs suggests margin pressure could re-emerge for poultry producers, especially if ASP pass-through remains limited or government intervention constrains pricing flexibility. While integrated producers remain better positioned to manage volatility through scale, procurement and operational efficiencies, the sharper year-on-year increase in corn and soybean meal warrants closer monitoring. Overall, feed costs remain a key margin watchpoint for **Leong Hup (BUY, TP: RM1.03)** and **QL Resources (NEUTRAL, TP: RM4.11).**

Table 3: Average Monthly Soybean meal, and corn futures prices for August 2026

Commodities	Aug-26	Jul-26	Aug-25	YoY (%)	MoM (%)	Remarks
Soybean meal (USD/mt)	355	349	316	12.1	1.6	**YoY:** Prices trended higher driven by deteriorating soybean crush margins in Brazil which lifted origin premiums and made alternative supplies more expensive. **MoM:** Prices increased as intense European heatwaves damaged localized crop potential while domestic crushers operated at maximum capacity to satisfy strong biofuel mandates.
Corn (USD/mt)	20,007	18,673	16,683	19.9	7.1	**YoY:** Prices surged on the back of severely degraded European yields caused by summer weather extremes and tightening stock-to-use ratios. **MoM:** Prices rose due to brewing concerns over yield prospects in parts of the US combined with robust, continuous demand from the ethanol and livestock feed sectors.

Sources: Bloomberg, USDA, MBSBR

Chart 4: Raw Material Futures Price Trend for Poultry Producer (USD/mt)



Sources: Bloomberg, USDA, MBSBR

Currency: USD Tailwind Moderates, CNY Headwind Persists

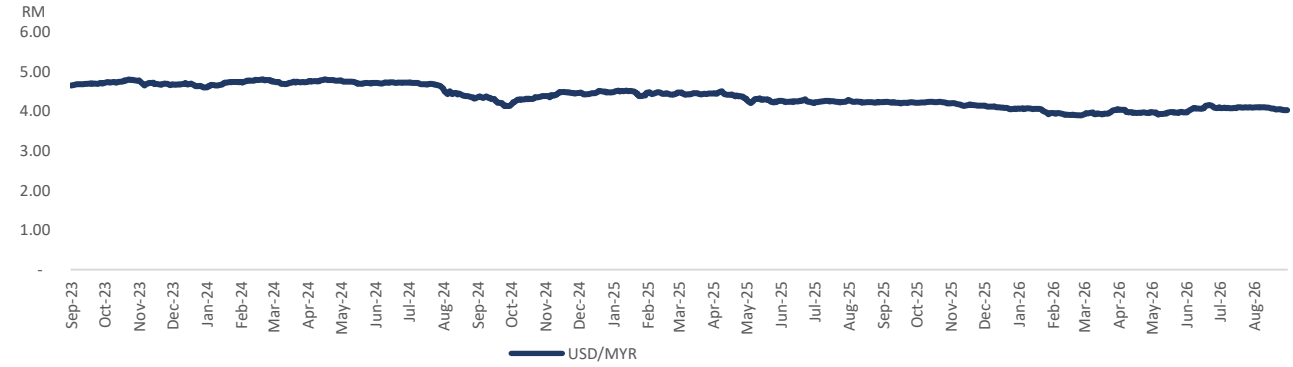
The Malaysian Ringgit remained stronger year-on-year against the US dollar in Aug-26, with USD/MYR averaging 4.07 versus 4.23 in Aug-25, implying a +3.8%yoy appreciation. Sequentially, the Ringgit was broadly stable, strengthening marginally by +0.4%mom from 4.08/USD in Jul-26. Against the Chinese yuan, however, MYR remained weaker, with CNY/MYR at 0.60, implying depreciation of -2.4%yoy and -0.1%mom. Overall, the still-stronger year-on-year Ringgit against the USD should continue to partly cushion landed costs for USD-denominated commodities and imported raw materials, but the weaker Ringgit against CNY may reduce import-cost tailwinds for China-sourced products, particularly for names such as **MR D.I.Y. (BUY, TP: RM2.13**). For F&B manufacturers, FX remains a partial buffer, though commodity, packaging and freight costs remain the larger margin swing factors.

Table 4: USD/MYR, CNY/MYR Monthly statistics for August 2026

Currency	Aug-26	Jul-26	Aug-25	YoY (%)	MoM (%)
USD/MYR	4.07	4.08	4.23	- 3.8	- 0.4
CNY/MYR	0.60	0.60	0.59	2.4	0.1

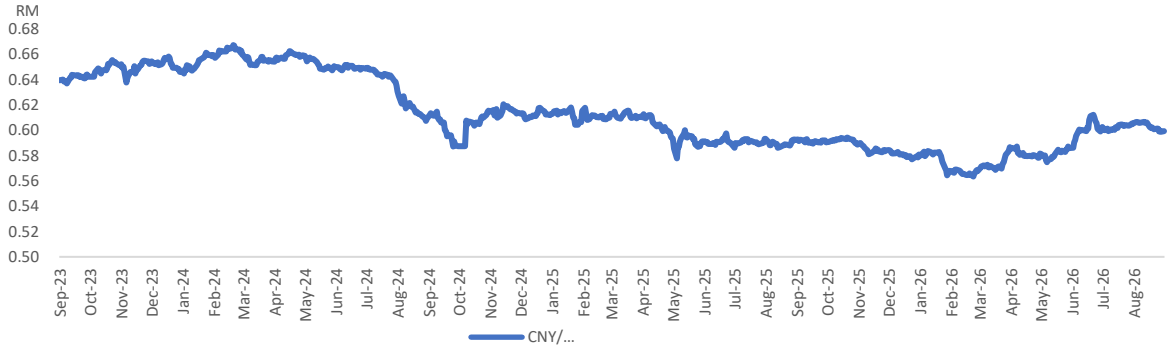
Sources: Bloomberg, MBSBR

Chart 5: Price Trend of USD/MYR



Sources: Bloomberg, MBSBR

Chart 6: Price Trend of CNY/MYR



Sources: Bloomberg, MBSBR

Maintain POSITIVE on the Consumer Sector. We continue to hold a POSITIVE view on the consumer sector, though we advocate a more selective and defensive positioning. Underlying macro conditions remain supportive, underpinned by resilient domestic consumption, stable employment conditions, manageable core inflation, continued fiscal assistance via STR/SARA, wage support and ongoing value-seeking behaviour. That said, we remain watchful of margin pressure, as several key inputs remain elevated on a year-on-year basis despite sequential easing in Jun-26, particularly PET resin, CPO, wheat and feed-related inputs. We believe staples should remain relatively more resilient, especially bottled water, poultry/protein and essential retail, where demand is defensive and selected players retain some pricing flexibility. In contrast, discretionary names face a more challenging setup from softer consumer sentiment and higher operating costs, although depressed valuations could support selective upside if earnings prove resilient. Overall, we recommend positioning around value, essentials and defensive volume growth, with our preferred names being **99 Speedmart (BUY, TP: RM4.37),** as the clearest trade-down proxy through essentials-led, high-frequency household spending; **MR D.I.Y. (BUY, TP: RM2.13),** supported by affordable household spending, procurement scale and China sourcing; **Leong Hup (BUY, TP: RM1.03),** for defensive affordable protein exposure; and **Nestle Malaysia (BUY, TP: RM116.10),** supported by essential food demand. Should spending confidence recover, higher-beta beneficiaries would include **AEON (BUY, TP: RM1.61), Padini (BUY, TP: RM1.63)** and selected café/F&B names, though for now we continue to favour staples and value-driven retailers.

Table 6: Peers Comparison Table

Stocks	Rec.	Price @	TP	Mkt. Cap (RM'm)	Core EPS (sen)		PER (x)		Div. Yield (%)	
		13-Jul-26			CY26F	CY27F	CY26F	CY27F	CY26F	CY27F
Consumer Staples:										
Fraser & Neave Holdings	NEUTRAL	24.54	25.71	10,948.9	109.2	128.5	27.3	23.2	2.2	2.2
Leong Hup International	BUY	0.75	1.03	2,737.5	14.1	13.8	5.3	5.4	3.7	3.7
QL Resources	BUY	3.85	4.11	13,871.8	13.0	13.8	29.3	27.4	1.4	1.4
Spritzer	NEUTRAL	3.80	2.92	1,610.9	18.2	19.1	13.9	13.3	2.2	2.3
Hup Seng Industries	BUY	0.92	1.09	796.0	6.1	7.2	16.3	13.8	5.2	6.1
Nestle Malaysia	BUY	94.16	116.10	23,224.9	290.9	333.6	34.0	29.7	2.9	3.1
Life Water	NEUTRAL	1.75	1.63	515.8	7.9	9.6	13.8	11.4	1.7	2.0
PPB Group	BUY	9.81	11.20	16,786.7	86.1	97.3	13.7	12.1	3.4	3.4
99 Speedmart	BUY	3.45	4.37	28,392.0	8.4	9.7	40.2	34.8	1.2	1.4
Weighted Avg.					140.4	160.8	41.5	36.4	3.1	3.3
Consumer Discretionary:										
Aeon Co M	BUY	0.99	1.61	1,544.4	11.1	12.6	9.9	8.8	4.0	5.7
MR D.I.Y.	BUY	1.37	2.13	14,465.3	7.1	7.9	21.5	19.3	3.5	4.1
Padini Holdings	BUY	1.11	1.63	1,569.1	13.0	12.5	12.3	12.7	5.8	5.8
Oriental Kopi	BUY	0.94	1.34	2,120.0	3.4	4.5	31.1	23.7	0.9	1.2
Weighted Avg.					7.5	8.3	20.9	18.4	3.5	4.0

Sources: MBSBR

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STOCK RECOMMENDATIONS

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

SECTOR RECOMMENDATIONS

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

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

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

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