Consumer

Commodity Cost Update

POSITIVE (Maintain)

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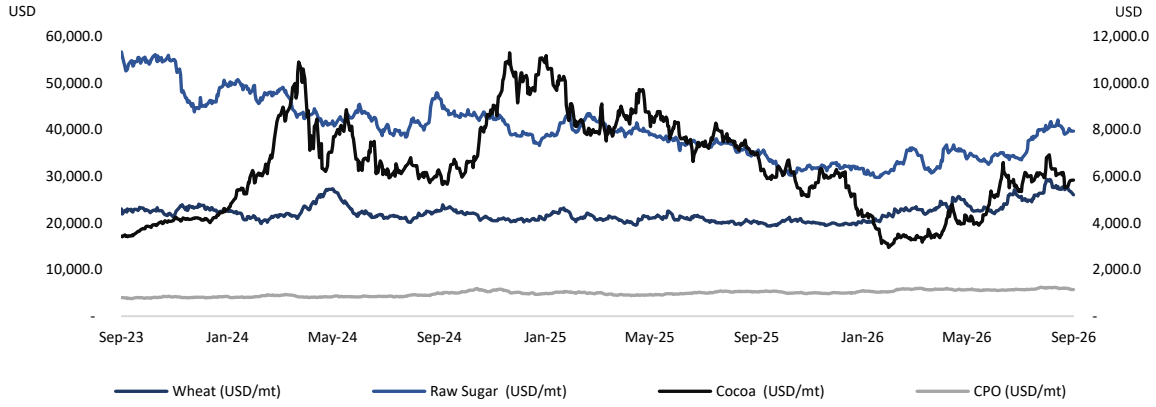
HIGHLIGHTS

- F&B Inputs: Cost pressures strengthened further in Sep-26, with wheat (+37.1%yoy; +5.4%mom), raw sugar (+14.2%yoy; +5.0%mom), CPO (+13.8%yoy; +1.2%mom) and PET resin (+53.2%yoy; +12.5%mom) all higher
- Coffee & Cocoa: Cocoa remained lower at -16.4%yoy and -1.2%mom, while Arabica (-23.9%yoy; -10.5%mom) and Robusta (-21.5%yoy; -7.9%mom) also softened, providing some offset to broader input-cost pressure
- Poultry: Egg prices remained firm in Aug-26, with Grade A/B/C up +13.0%/+12.4%/+13.6%yoy, while chicken prices rose +7.0%yoy to RM10.88/kg and were flat mom
- Feed Costs: Feed pressure intensified in Sep-26, with soybean meal up +26.7%yoy and +12.1%mom, while corn rose +24.0%yoy and +8.5%mom
- Currency: MYR remained stronger yoy against the USD but weaker against CNY, providing some buffer for USD-linked imports but less support for China-sourced products
- Margin Read-Through: The input-cost backdrop has turned more challenging, with higher food, feed, packaging and freight costs likely to keep pressure on F&B manufacturers, bottled water players and poultry producers
- Sector View: Maintain POSITIVE, but stay selective; favour staples, essentials and value-driven names with defensive demand, scale and stronger pricing or procurement advantages
- **Top Picks: 99 Speedmart (BUY, TP: RM4.37), Leong Hup (BUY, TP: RM1.03) and Nestle Malaysia (BUY, TP: RM116.10)**

F&B: Cost Pressures Reaccelerate in Sep-26.

Commodity prices continued their upward trend Sep-26, with most key F&B inputs rising sequentially. Wheat increased +37.1%yoy and +5.4%mom to USD27,516/mt, pointing to continued pressure for flour-based producers. Raw sugar rose +14.2%yoy and +5.0%mom, while white sugar increased +4.4%yoy and +2.2%mom. CPO remained elevated at +13.8%yoy and +1.2%mom to USD1,197/mt, which may continue to pressure palm-based input costs for producers such as **Hup Seng (BUY, TP RM1.09).** PET resin also stayed firm, rising +53.2%yoy and +12.5%mom to USD1,268/mt, sustaining packaging-cost pressure for **Life Water (NEUTRAL, TP RM1.63)** and **Spritzer (NEUTRAL, TP RM2.92).** The main offsets came from cocoa and coffee, with cocoa down -16.4%yoy and -1.2%mom, Arabica down -23.9%yoy and -10.5%mom, and Robusta down -21.5%yoy and -7.9%mom. Overall, the Sep-26 cost basket remains unfavourable for F&B manufacturers, particularly those exposed to wheat, sugar, CPO and packaging inputs.

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



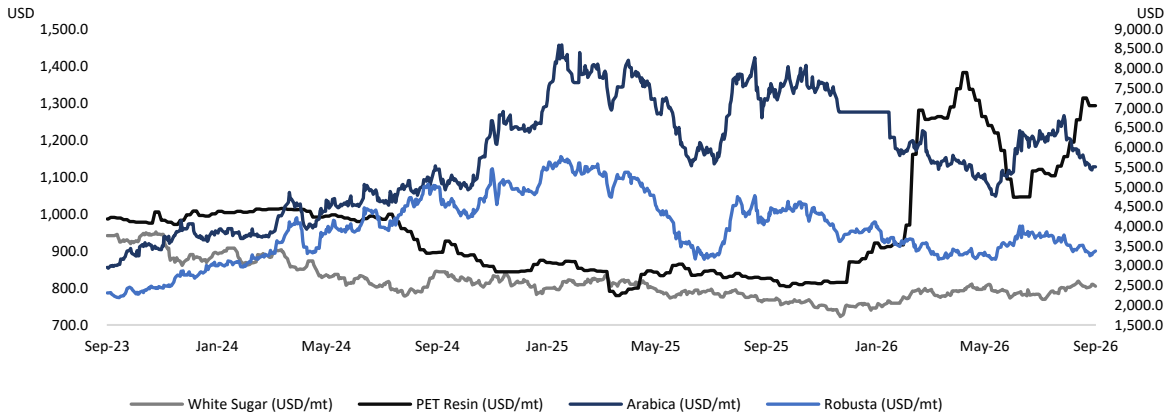
Sources: Bloomberg, MBSBR

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

Commodities	Sep-26	Aug-26	Sep-25	YoY (%)	MoM (%)	Remarks
Wheat (USD/mt)	27,516	26,098	20,071	37.1	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)	6,019	6,092	7,200	-16.4	-1.2	**YoY:** Prices declined significantly from historic highs as West African growing regions experienced a sharp production recovery, supported by highly favorable rainfall and enhanced farmgate support program. **MoM:** Near-term values corrected downward as expanding port arrivals in Côte d'Ivoire and the official launching of the regional harvest cycle eased prompt delivery anxieties.
Raw Sugar (USD/mt)	40,377	38,453	35,368	14.2	5.0	**YoY:** Long-term structural deficits widened due to severe, drought-induced crop damage across Thailand and prolonged dry spells in Brazil's primary sugarcane bands. **MoM:** Prices strengthened as continuous late-season rainfall in Brazil disrupted immediate harvesting activities, while global supply projections dipped into a net-deficit position for the marketing year.
CPO (USD/mt)	1,197	1,182	1,051	13.8	1.2	**YoY:** Prices pushed higher over the year as the lagged, tightening impacts of El Niño restricted regional yields across Southeast Asia while global green-energy biodiesel blending mandates expanded. **MoM:** Spot values drifted upward as rallying international gas oil prices significantly optimized biodiesel production economics, countering the downward pressure of the regular seasonal harvest cycle.
White Sugar (USD/mt)	807	790	774	4.4	2.2	**YoY:** Prices drifted higher in tandem with international raw feedstocks, though local gains were partially insulated by strong domestic regional inventories and robust sugar beet yields. **MoM:** Values ticked upward on account of escalating operational refining costs and a widening white premium driven by immediate container shipping bottlenecks.
Arabica (USD/mt)	5,717	6,389	7,517	-23.9	-10.5	**YoY:** Prices fell substantially from the prior year's levels as expectations of a record-breaking crop cycle in Brazil steadily materialized, alleviating multi-year structural shortages. **MoM:** Spot values faced sharp downward revisions as the rapid completion of the Brazilian harvest significantly boosted immediate global export availability and commercial stock levels.
Robusta (USD/mt)	3,393	3,686	4,325	-21.5	-7.9	**YoY:** Long-term metrics adjusted lower following a robust supply normalization and increased export flows stemming from major alternative global trade channels. **MoM:** Near-term pricing gave up ground as highly beneficial, late-season rainfall across Vietnam's key coffee belts alleviated long-running soil moisture anxieties and stabilized production targets.
PET Resin (USD/mt)	1,268	1,127	828	53.2	12.5	**YoY:** Values rocketed over the year due to massive geopolitical spikes in crude oil inputs alongside severe supply chain blockades through the Strait of Hormuz that dramatically constrained paraxylene and feedstock availability. **MoM:** Prices accelerated rapidly into late September as major regional petrochemical plants instituted aggressive price hikes to offset rising upstream Purified Terephthalic Acid (PTA) and Monoethylene Glycol (MEG) sourcing costs.

*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 Prices Strengthen, Chicken Holds Steady.

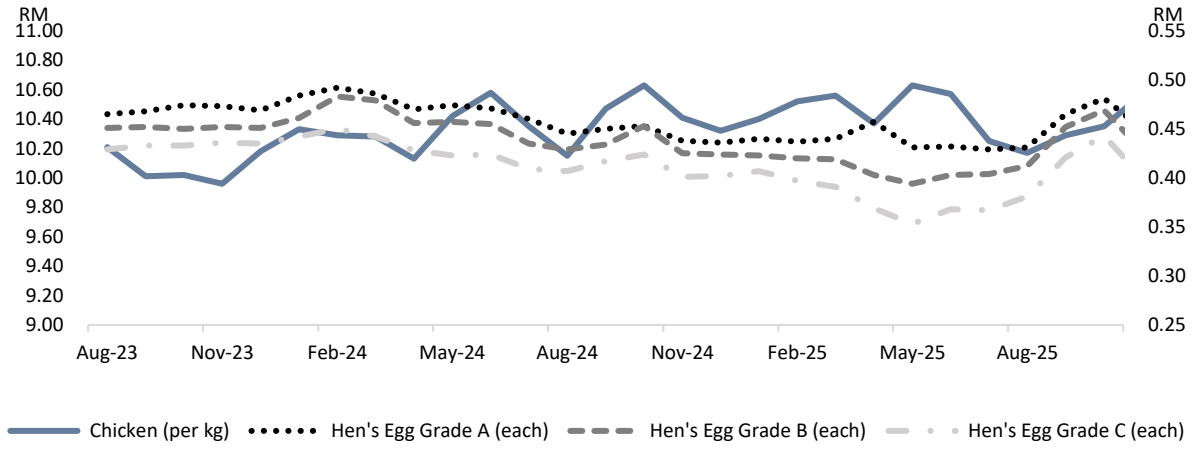
Poultry pricing remained firm in Aug-26, led by stronger egg prices across all grades. Grade A eggs rose +13.0%yoy and +2.3%mom to RM0.487/egg, Grade B increased +12.4%yoy and +5.2%mom to RM0.463/egg, while Grade C climbed +13.6%yoy and +9.9%mom to RM0.433/egg. Average retail chicken prices were unchanged month-on-month at RM10.88/kg but remained +7.0%yoy higher. Overall, firmer egg pricing should provide some support to poultry ASPs, helping to offset the recent rise in corn and soybean meal costs for integrated producers.

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

	Monthly Data				
Date	Aug-26	Jul-26	Aug-25	YoY	MoM
Hen's Egg Grade A (each)	0.487	0.476	0.431	13.0%	2.3%
Hen's Egg Grade B (each)	0.463	0.440	0.412	12.4%	5.2%
Hen's Egg Grade C (each)	0.433	0.394	0.381	13.6%	9.9%
Chicken (per kg)	10.88	10.88	10.17	7.0%	0.0%

Sources: DOSM, MBSBR

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



Sources: Bloomberg, MBSBR

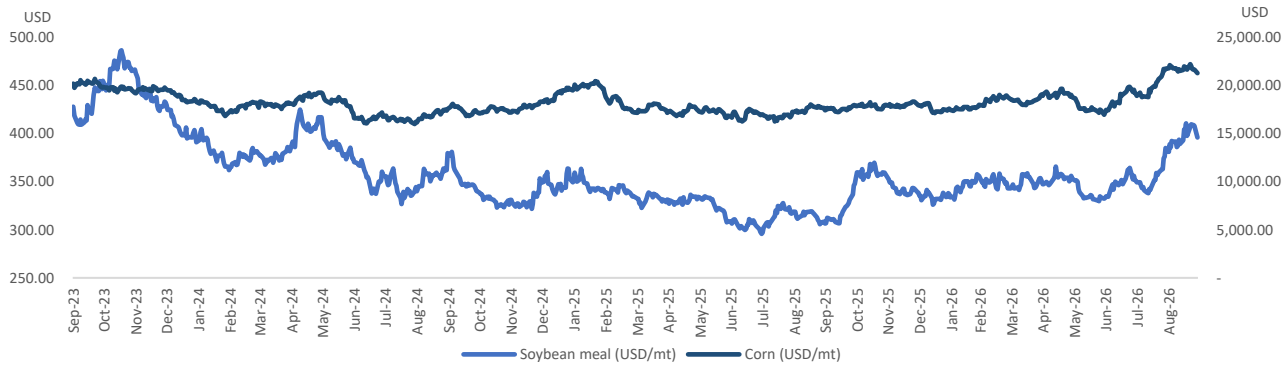
Feed costs rose further in Sep-26. Soybean meal increased +26.7%yoy and +12.1%mom to USD397/mt, while corn rose +24.0%yoy and +8.5%mom to USD21,717/mt. The stronger increase in both key feed inputs suggests margin pressure could intensify for poultry producers if selling prices do not adjust sufficiently. Integrated producers remain better placed through scale, procurement and operational efficiencies, but the current feed-cost trend is clearly less supportive than earlier in the year. We therefore continue to view feed costs as a key margin risk for **Leong Hup International (BUY, TP RM1.03)** and **QL Resources (NEUTRAL, TP RM4.11).**

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

Commodities	Sep-26	Aug-26	Sep-25	YoY (%)	MoM (%)	Remarks
Soybean meal (USD/mt)	397	355	314	26.7	12.1	YoY: Long-term values climbed as multi-month drought stresses across the Americas constricted crush volumes amid resilient global biodiesel and livestock feed mandates. MoM: Spot prices surged on a sudden tightening of near-term crushing plant operational capacities coupled with localized weather disruptions that hindered late-season crop development.
Corn (USD/mt)	21,717	20,007	17,517	24.0	8.5	YoY: Prices advanced over the year due to cumulative global acreage reductions and extensive heat stress across key growing basins in the Northern Hemisphere. MoM: Prices built upward momentum as late-summer heatwaves lowered yield expectations during critical kernel filling stages, promptingly triggering localized grain elevator bidding wars.

Sources: Bloomberg, USDA, MBSBR

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



Sources: Bloomberg, USDA, MBSBR

Currency: USD Tailwind Remains; CNY Headwind Persists.

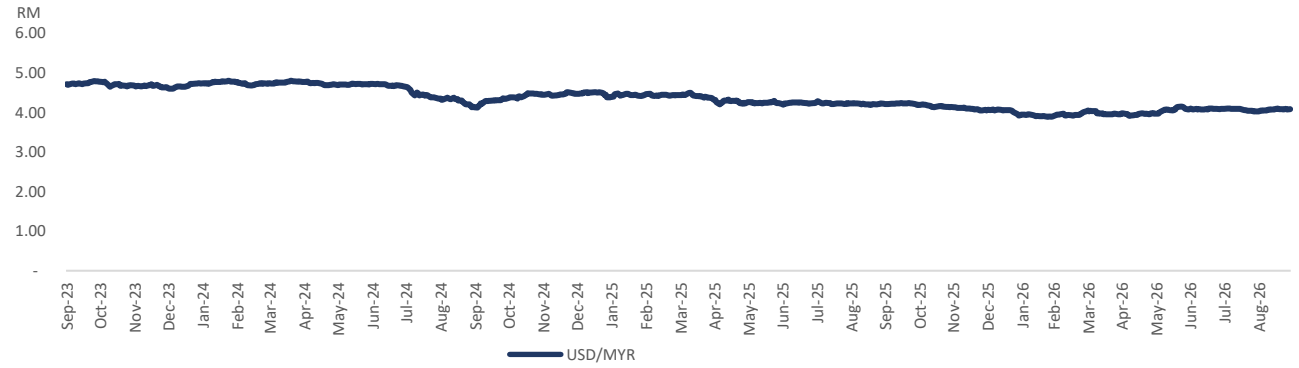
The Ringgit remained stronger year-on-year against the US dollar in Sep-26, with USD/MYR averaging 4.05 versus 4.21 in Sep-25, implying a +3.9%yoy appreciation. Sequentially, the Ringgit also strengthened slightly by +0.4%mom from 4.07/USD in Aug-26. Against the Chinese yuan, however, MYR remained weaker, with CNY/MYR at 0.60, implying a -1.9%yoy depreciation and -0.1%mom sequentially. Overall, the firmer Ringgit against the USD continued to partly cushion landed costs for USD-denominated commodities and imported raw materials in Sep-26, although another rate hike by the U.S. Federal Reserve at the end of Oct-26 could see the Ringgit weaken. The weaker CNY cross reduces the benefit for China-sourced products, particularly for **MR D.I.Y. (BUY, TP RM2.13).** For F&B manufacturers, FX remains a partial buffer, but commodity, packaging and freight costs remain the larger margin swing factors.

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

Currency	Sep-26	Aug-26	Sep-25	YoY (%)	MoM (%)
USD/MYR	4.05	4.07	4.21	- 3.9	- 0.4
CNY/MYR	0.60	0.60	0.59	1.9	- 0.1

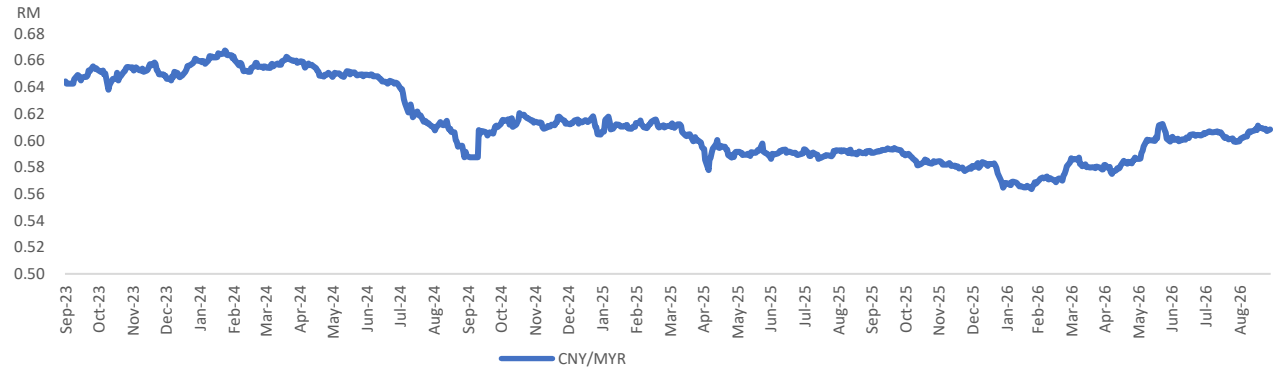
Sources: Bloomberg, MBSBR

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 remain positive on the sector, supported by resilient domestic spending, stable employment, manageable inflation and continued household support through STR/SARA and wage measures. That said, the cost backdrop has turned less favourable, with Sep-26 wheat, CPO, PET resin, corn and soybean meal all higher year-on-year and month-on-month, which could keep margin pressure elevated for F&B manufacturers, bottled-water players and poultry producers. We therefore continue to favour staples, essentials and value-driven names where demand is more defensive, and pricing or procurement advantages are stronger. Our preferred names are **99 Speed Mart (BUY, TP RM4.37), Leong Hup International (BUY, TP RM1.03)** and **Nestlé Malaysia (BUY, TP RM116.10).**

Table 6: Peers Comparison Table

Stocks	Rec.	Price @ 30-Sep-26	TP	Mkt. Cap (RM'm)	Core EPS (sen)		PER (x)		Div. Yield (%)	
					CY26F	CY27F	CY26F	CY27F	CY26F	CY27F
Consumer Staples:										
Fraser & Neave Holdings	NEUTRAL	21.74	25.71	7,987.6	109.2	128.5	19.9	16.9	3.0	3.0
Leong Hup International	BUY	0.73	1.03	2,664.5	14.1	13.8	5.2	5.3	3.8	3.8
QL Resources	BUY	3.94	4.11	14,382.9	13.0	13.8	30.3	28.5	1.3	1.4
Spritzer	NEUTRAL	3.61	2.92	2,298.6	18.2	19.1	19.8	18.9	1.5	1.6
Hup Seng Industries	BUY	0.895	1.09	716.0	6.1	7.2	14.7	12.4	5.8	6.8
Nestle Malaysia	NEURAL	90	116.10	21,105.0	290.9	333.6	30.9	27.0	3.1	3.5
Life Water	BUY	1.7	1.63	804.4	7.9	9.6	21.6	17.8	1.1	1.3
PPB Group	BUY	9.13	11.20	12,988.3	86.1	97.3	10.6	9.4	4.4	4.4
99 Speedmart	BUY	3.15	4.37	26,460.0	8.4	9.7	37.4	32.4	1.3	1.6
Weighted Avg.					137.1	157.0	39.1	34.5	3.5	3.7
Consumer Discretionary:										
Aeon Co M	BUY	0.94	1.61	1,319.8	11.1	12.6	8.5	7.5	4.7	6.7
MR D.I.Y.	BUY	1.28	2.13	12,101.7	7.1	7.9	18.0	16.1	4.2	4.8
Padini Holdings	BUY	1.01	1.63	996.7	13.0	12.5	7.8	8.1	9.1	9.1
Oriental Kopi	BUY	0.905	1.34	1,810.0	3.4	4.5	26.5	20.2	1.1	1.4
Weighted Avg.					7.4	8.2	17.6	15.4	4.2	4.9

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