Plantation

September 2026 Statistics

Downgrade to NEUTRAL

(from POSITIVE)

HIGHLIGHTS

- CPO prices trending lower in tandem with elevated stockpiles.
- Production recorded double-digit growth despite last year's high base.
- Stockpile builds as fragile exports offset softer output.
- Downgrade to **NEUTRAL** with unchanged average CPO Target Price of RM4,400/Mt for CY26.

SECTOR RECAP

CPO Price averagely at RM4,615/tonne in Sep (RM4,403/tonne ytd). Local CPO delivery prices averaged RM4,615/tonne (+1.5%mom, +5.6%yoy), ending the month weaker at RM4,450/tonne. Prices opened at RM4,662/tonne before losing its ground towards month-end, as higher than expected production raised concerns over supply in local market. Despite a rebound in crude oil prices, which would typically lend energy-linked support to PO, CPO prices failed to regain ground, shedding over RM200/tonne from the start of the month as supply concerns outweighed support from firmer crude oil.

For October, we expect CPO prices to remain soft, averaging around RM4,518/tonne (-2.1%mom). More intense heatwaves could provide a key tailwind to prices, with the probability of a Very Strong El Niño rising to c.90%, keeping potential supply disruptions firmly on the radar.

However, with the pollination window largely behind us and production entering its seasonally stronger phase, persistently high stockpiles should keep prices range bound. Near-term downside risk remains largely demand-driven. Should exports continue to show little response despite CPO's attractive price differential, stockpiles could remain around the psychological 3.0m tonne level and potentially approach 4.0m tonnes if production maintains its growth trajectory, further limiting price upside.

Strong production. CPO output strengthened to 2.12m tonnes (+16.5%mom, **+15.0%yoy**) in September, driven by robust production across key producing states. Peninsular Malaysia recorded growth of +9.9%yoy, while Sabah (+22.7%yoy) and Sarawak (+20.8%yoy) sustained strong double-digit gains. National FFB yield rose +13.9%yoy to 1.88 tonnes/ha, alongside higher FFB deliveries to mills at 10.74m tonnes (+12.5%yoy), supporting improved mill throughput. OER also strengthened to 20.56% (Sep-25: 19.73%), as favourable weather facilitated timely FFB evacuation, preserving fruit quality and reducing moisture content.

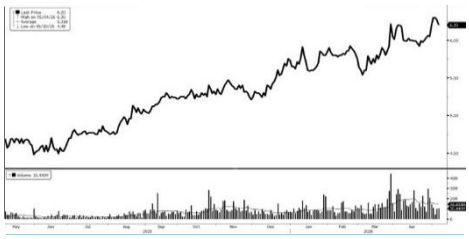
COMPANY *IN FOCUS*

SD Guthrie

Maintain BUY | Target Price: RM7.65
Price @ 12th Oct 2026: RM5.94

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

SHARE PRICE CHART



Abbreviation.

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

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

Stockpile builds as fragile exports continue.

Astronomical 3.5m tonne stockpiles. Stockpiles continued pilling up in September, rising to 3.51m tonnes (+24.5%mom, **+48.8%yoy**) no thanks to continuation robust output and softer export demand at 1.12m tonnes (-12.1%mom, **-21.6%yoy**). The softer export performance was weak despite a widening price premium over SBO in September and August, at approximately USD435/tonne and USD507/tonne, respectively. In fact, Sep's discount spread widened to >100% above its 3-year average of USD196/tonne, yet demand remained muted, suggesting the attractive price differential has yet to spur meaningful buying interest. Consequently, Malaysia's stock-to-usage ratio remained elevated at 19.7%, reflecting strong supply against current consumption.

Mounting stockpiles cap CPO upside.

Downgrade to NEUTRAL. We downgrade our (tactical) POSITIVE stance to NEUTRAL, as mounting stockpiles cloud the sector's near-term outlook. With the production peak shifting into Oct-Nov, output should remain robust, while exports have yet to pick up despite PO's attractive price discount. India's estimated edible oil imports eased 3.8%mom to 1.5m tonnes in September, with SBO shipments down 4.6%mom. Meanwhile, USDA trimmed its MY2026/27 global vegetable oil consumption forecast by 0.53% to 237.31m tonnes, from 238.58m tonnes previously, this signals demand growth remaining muted, we see limited room for CPO price upside until stronger buying helps ease inventory pressure.

Unchanged average CPO price target of RM4,400/tonne for CY26.

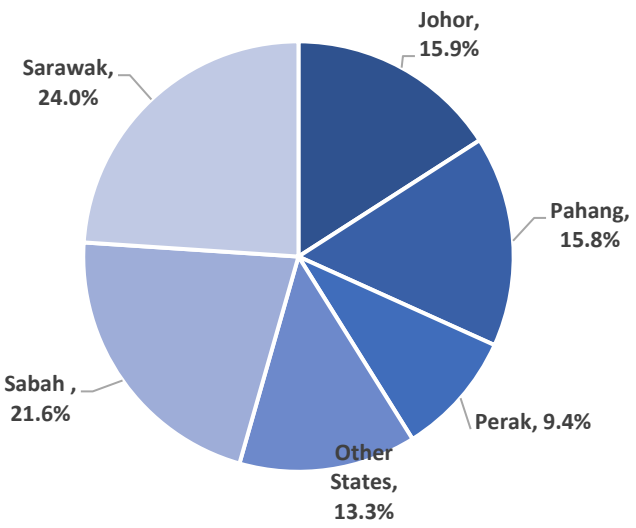
Meanwhile, cost pressures are likely to remain elevated through 2H26–CY27, driven by higher fertiliser tender prices, diesel-linked logistics costs and the new minimum wage increase to RM2,000, further weighing on estate and milling margins. Downstream players also continue to contend with higher freight and insurance costs amid intensified tensions in the gulf countries. With mounting stockpiles capping price upside and costs remaining sticky, we downgrade our sector call to **NEUTRAL**, with an unchanged CY26 CPO price assumption of **RM4,400/tonne**.

Figure 1: Malaysia Palm Oil Statistics for September 2026 ('000 Tonnes)

	Sep-25	Aug-26	Sep-26	mom%	yoy%	9M25	9M26	yoy%
Opening Stocks	2.20	2.63	2.82	7.3%	28.0%	1.71	3.05	78.6%
Production	**1.84**	**1.82**	**2.12**	**16.5%**	**15.0%**	**14.47**	**14.75**	**1.9%**
Imports	0.08	0.05	0.06	17.2%	-26.0%	0.66	0.56	-15.9%
Total Supply	**4.12**	**4.50**	**4.99**	**11.1%**	**21.2%**	**16.84**	**18.36**	**9.0%**
Exports	**1.43**	**1.28**	**1.12**	**-12.1%**	**-21.6%**	**11.04**	**11.48**	**4.0%**
Dom Disapp	0.33	0.40	0.36	-9.5%	9.3%	3.44	3.37	-2.2%
Total Demand	**1.76**	**1.68**	**1.48**	**-11.5%**	**-15.8%**	**14.48**	**14.84**	**2.5%**
End Stocks	**2.36**	**2.82**	**3.51**	**24.5%**	**48.8%**	**2.36**	**3.51**	**48.8%**

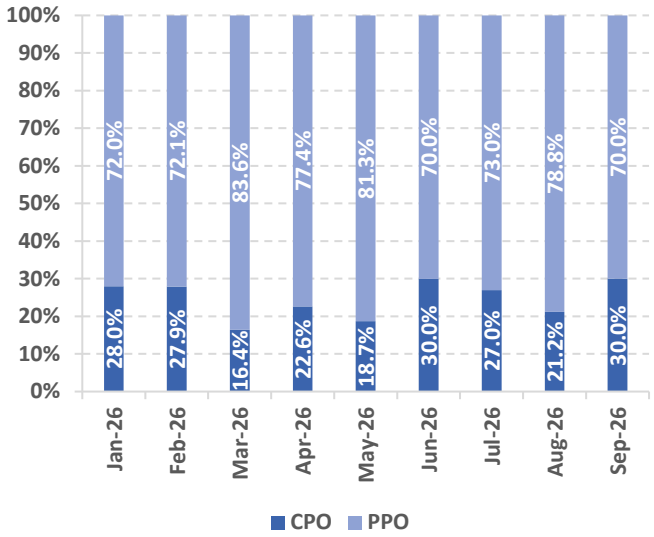
Source: MPOB, MBSBR

Figure 2: CPO Production Breakdown for Sep 2026



Source: MPOB, MBSBR

Figure 3: PO Exports for Sep 2026



Source: MPOB, MBSBR

Figure 4: Selected average FFB Yield by state (Mt/Ha)

	Sep-25	Aug-26	Sep-26	mom%	yoy%	9M25	9M26	yoy%
Johor	1.85	1.78	2.15	20.8%	16.2%	14.45	14.19	-1.8%
Pahang	2.02	1.70	2.05	20.6%	1.5%	14.12	12.59	-10.8%
Perak	1.98	2.33	2.25	-3.4%	13.6%	16.80	17.19	2.3%
Peninsular	1.85	1.74	2.01	15.5%	8.6%	14.10	13.30	-5.7%
Sabah	1.45	1.27	1.74	37.0%	20.0%	11.78	12.34	4.8%
Sarawak	1.53	1.57	1.80	14.6%	17.6%	11.19	12.15	8.6%
Sabah/Sarawak	1.49	1.43	1.77	23.8%	18.8%	11.47	12.25	6.8%
Average FFB Yield	**1.65**	**1.57**	**1.88**	**19.7%**	**13.9%**	**12.65**	**12.71**	**0.5%**

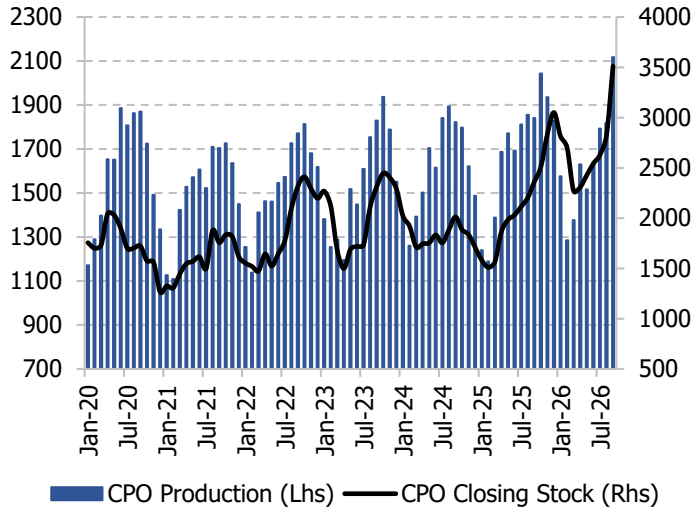
Source: MPOB, MBSBR

Figure 5: Selected average Oil Extraction Rate (OER) by state (%)

	Sep-25	Aug-26	Sep-26	mom%	yoy%	9M25	9M26	yoy%
Johor	19.58	20.04	20.32	1.4%	3.8%	19.45	20.09	3.3%
Pahang	19.67	19.90	19.72	-0.9%	0.3%	19.45	19.94	2.5%
Perak	19.53	19.46	19.80	1.7%	1.4%	19.32	19.43	0.6%
Peninsular	19.72	19.88	20.01	0.7%	1.5%	19.44	19.89	2.3%
Sabah	20.20	21.06	21.25	0.9%	5.2%	20.08	20.99	4.5%
Sarawak	19.36	19.58	19.96	1.9%	3.1%	19.37	19.63	1.4%
Sabah/Sarawak	19.75	20.20	20.56	1.8%	4.1%	19.71	20.27	2.8%
Average OER	**19.73**	**20.01**	**20.26**	**1.2%**	**2.7%**	**19.56**	**20.06**	**2.6%**

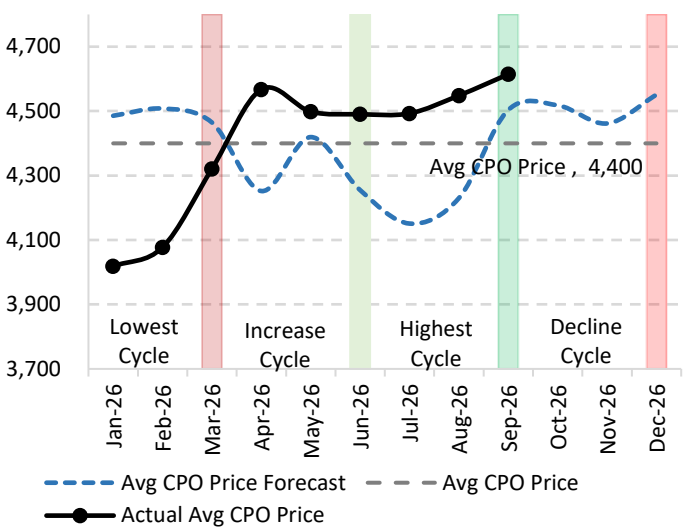
Source: MPOB, MBSBR

Figure 6: Malaysia PO Production VS Closing Stock



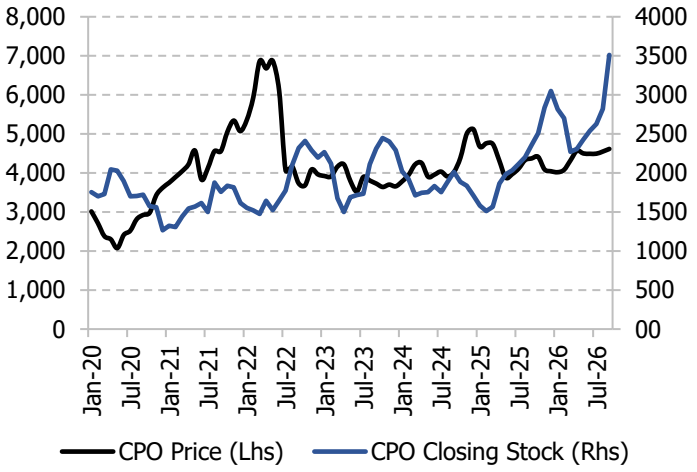
Source: MPOB, MBSBR

Figure 7: CPO Price Est. Across the Production Cycle



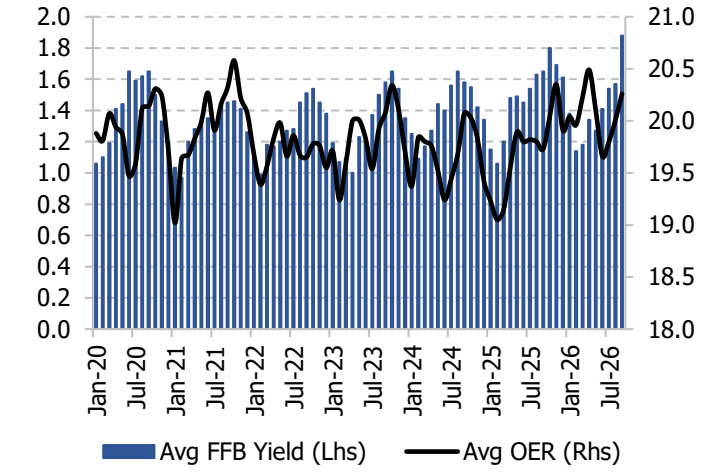
Source: MPOB, MBSBFR

Figure 8: PO Closing stock VS CPO Price



Source: MPOB, MBSBR

Figure 9: Average FFB Yield VS OER



Source: MPOB, MBSBR

Figure 10: Peer Comparison

Company	Rating	Price (RM)	TP (RM)	PER (x)		Core EPS (Sen)		Div. Yield (%)	
				FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
SD Guthrie	BUY	5.94	7.65	14.18	14.01	41.90	42.40	3.0%	3.0%
IOI Corp	NEUTRAL	4.57	4.42	19.36	22.29	23.60	20.50	2.3%	2.2%
KLK	NEUTRAL	20.56	20.15	18.88	20.20	108.90	101.80	3.0%	2.8%
Genting Plant.	BUY	5.42	6.94	12.04	11.63	45.00	46.60	4.6%	4.6%
Sarawak Plant.	BUY	4.48	5.36	11.20	9.20	40.00	48.70	5.6%	4.5%
Johor Plant.	BUY	1.71	2.21	13.90	13.15	12.30	13.00	4.7%	4.7%
Ta Ann	BUY	5.76	6.72	9.60	10.29	60.00	56.00	6.9%	6.1%
TSH	NEUTRAL	1.18	1.28	11.46	9.83	10.30	12.00	2.1%	2.1%
Simple Avg.				**13.8**	**13.8**	**42.8**	**42.6**	**4.0%**	**3.7%**

Source: Bloomberg, MBSBR

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STOCK RECOMMENDATIONS

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

SECTOR RECOMMENDATIONS

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

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

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

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