



AmInvestment Bank

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PLANTATION

Palm inventory inched up in November

NEUTRAL

(Maintained)

Rationale for report: Sector Update

Investment Highlights

Key Indicators

2025F CPO Price:
RM4,250/tonne

Stock Universe

Johor Plantations

TP: RM1.72
Rec: BUY
Upside/Downside: +11.0%

IOI Corp

TP: RM4.05
Rec: HOLD
Upside/Downside: -0.5%

Genting Plantations

TP: RM5.84
Rec: BUY
Upside/Downside: +14.5%

TSH Resources

TP: RM1.29
Rec: HOLD
Upside/Downside: -3.7%

Kim Loong

TP: RM2.91
Rec: BUY
Upside/Downside: +24.9%

KL Kepong

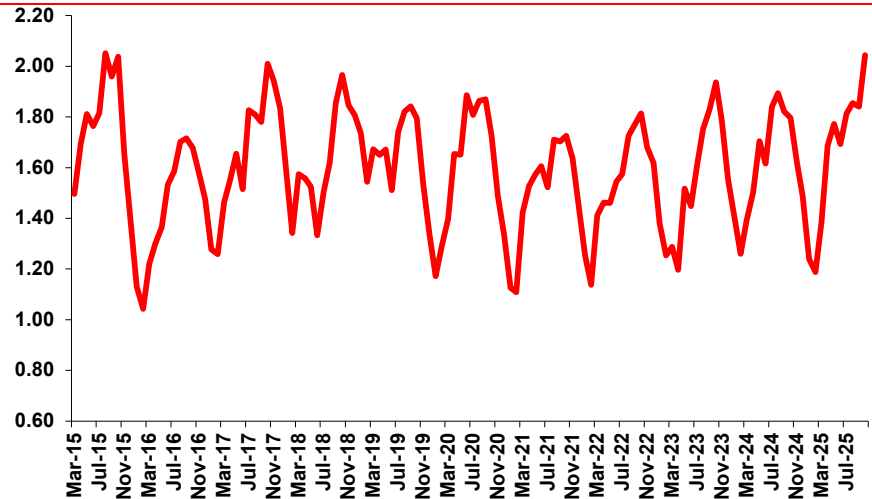
TP: RM20.70
Rec: HOLD
Upside/Downside: -2.0%

SD Guthrie

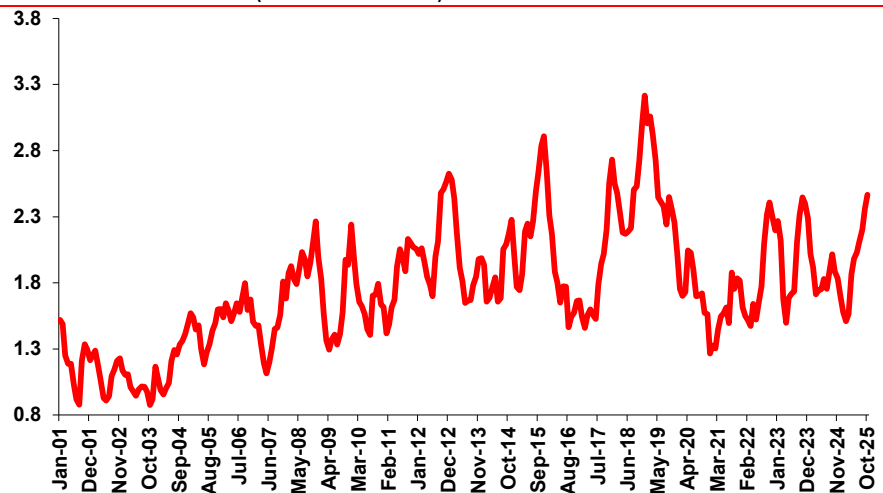
TP: RM6.20
Rec: BUY
Upside/Downside: +14.0%

The Malaysian Palm Oil Board (MPOB) has released the palm statistics for October 2025. The country's palm stockpiles rose by 4.4% to 2.5mil tonnes in October from 2.4mil tonnes in September as CPO production expanded by 11%. October's inventory of 2.5mil tonnes was within *Bloomberg* consensus. We expect CPO output to start softening from November onwards as the monsoon season sets in. This would keep CPO prices above RM4,000/tonne until FFB yields recover in 2Q2026. We maintain our 2025F average CPO price assumption of RM4,250/tonne (10M2025: RM4,357/tonne) with BUYs on SD Guthrie (TP: RM6.20/share), Johor Plantations Group (TP: RM1.72/share), Kim Loong Resources (TP: RM2.91/share) and Genting Plantations (TP: RM5.84/share).

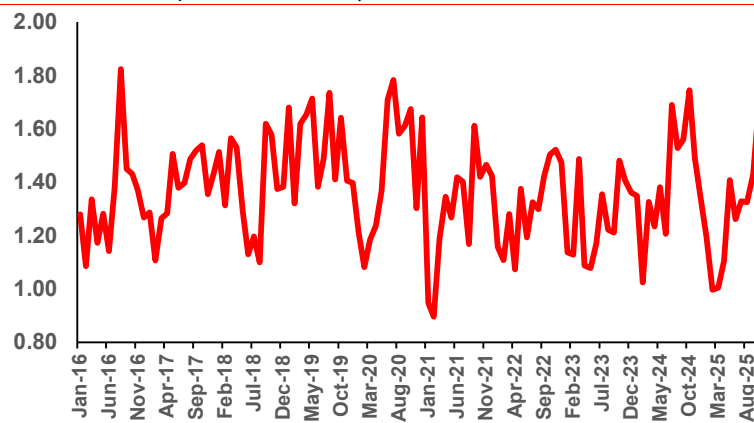
- **Peak production is over.** We believe that Malaysia's CPO production achieved its highest level in October, which is later than August last year. We expect CPO output to ease going forward. CPO output increased by 11% MoM to 2mil tonnes in October after a small 0.7% drop in September. CPO production in Sabah surged by 19.5% MoM to 445,587 tonnes in October while in Peninsular Malaysia, CPO output rose by 6.6% to 1.1mil tonnes. CPO production in Sarawak grew by 14.6% MoM to 481,185 tonnes in October.
- **Palm demand has been unexciting so far this year.** While CPO production edged up by 1.8%, exports of Malaysian palm products slid by 9.3% YoY to 12.8mil tonnes in 10M2025. We attribute this to weaker demand from China. According to Intertek, China's imports of Malaysian palm products plunged by 25.3% YoY to 846,350 tonnes in 10M2025. According to China's General Administration of Customs, the country's palm imports fell by 15.8% YoY in 9M2025 compared to a 5.3% rise in soybean imports.
- **CPO's price discount to US soybean oil eased in October.** The average price discount narrowed to 6% in October from 7% in September. The price discount eased marginally as CPO price climbed while US soybean oil price slid dragged by uncertainties over the country's blending mandate for 2026F.
- **India bought more soybean oil from Argentina due to a few reasons.** First compared to Argentinean soybean oil, CPO was just slightly cheaper in October. Also, Argentina scrapped its export duties on soybean products in September. The export tax was reinstated on 1 November. India's soybean oil imports grew by 40% from June to September while palm imports retraced by 13.3%.
- **Downstream companies in Malaysia may continue importing CPO from Indonesia.** This is due to the huge difference between the price of CPO in Malaysia and Indonesia. CPO export tax and levy in Indonesia amounts to US\$220/tonne or RM928/tonne currently. This means that CPO price in Indonesia is at least RM928/tonne cheaper than Malaysia.

EXHIBIT 1: CPO PRODUCTION

Source: MPOB

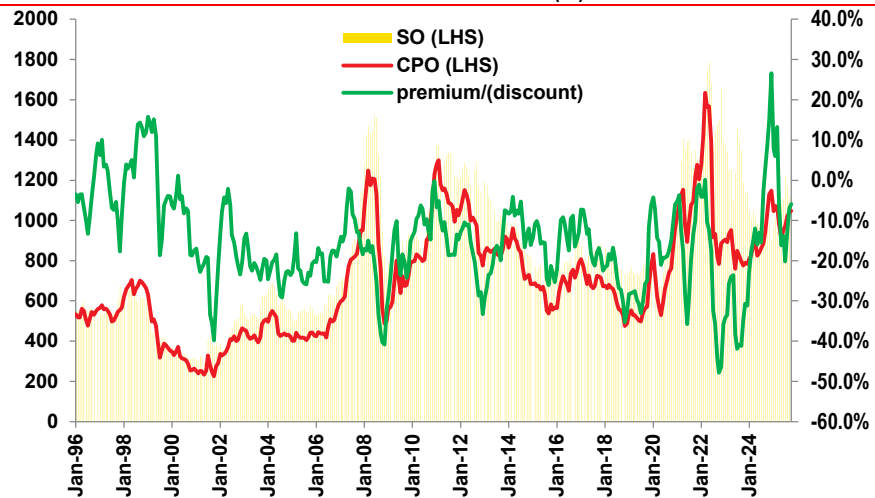
EXHIBIT 2: PALM INVENTORY (MILLION TONNES)

Source: MPOB

EXHIBIT 3: PALM EXPORTS (MILLION TONNES)

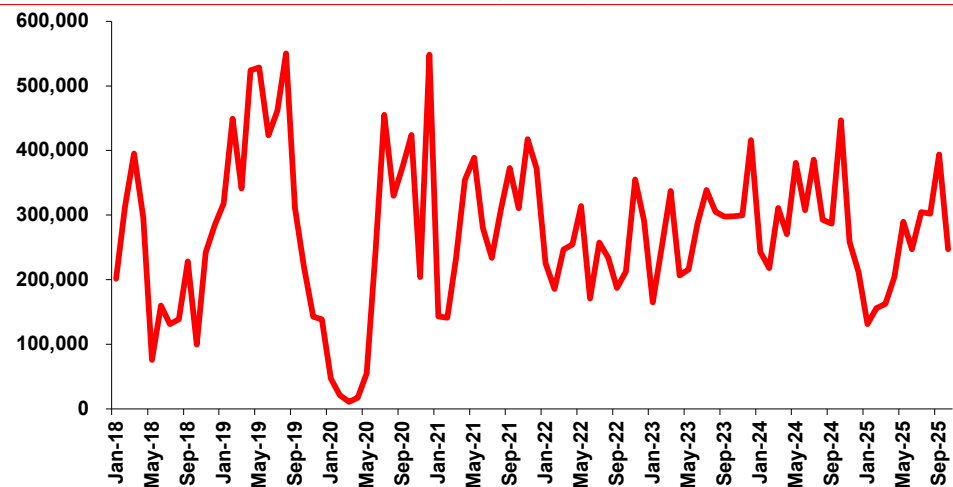
Source: MPOB

EXHIBIT 4: CPO'S DISCOUNT/PREMIUM OVER SOYBEAN OIL (%)



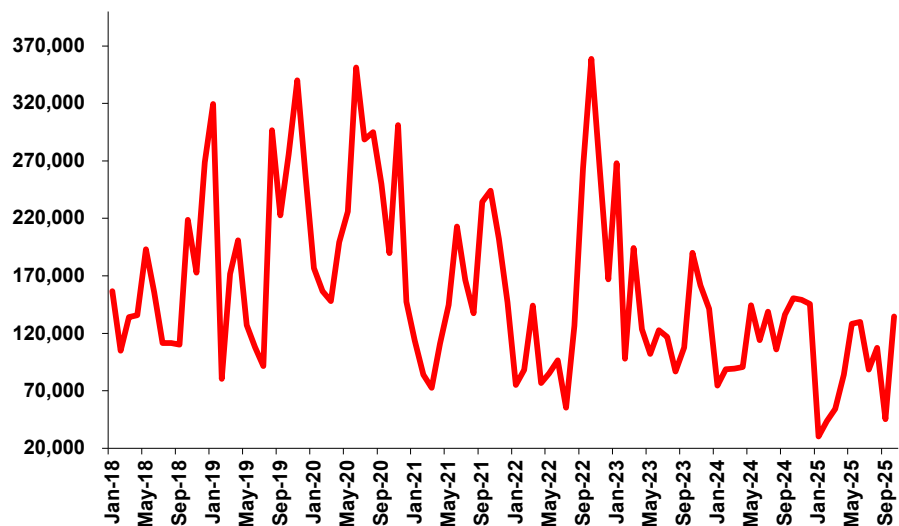
Source: MPOB, Bloomberg

EXHIBIT 5: MALAYSIA'S PALM EXPORTS TO INDIA (TONNES)

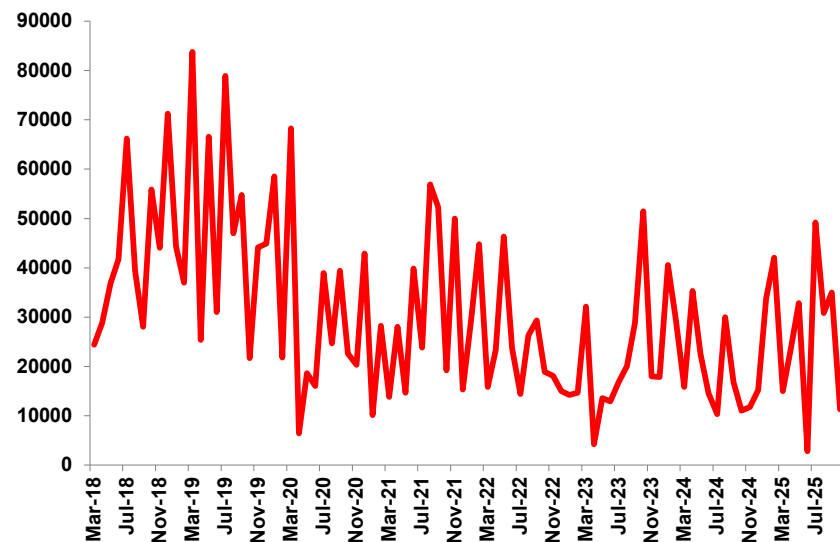


Source: MPOB, Intertek

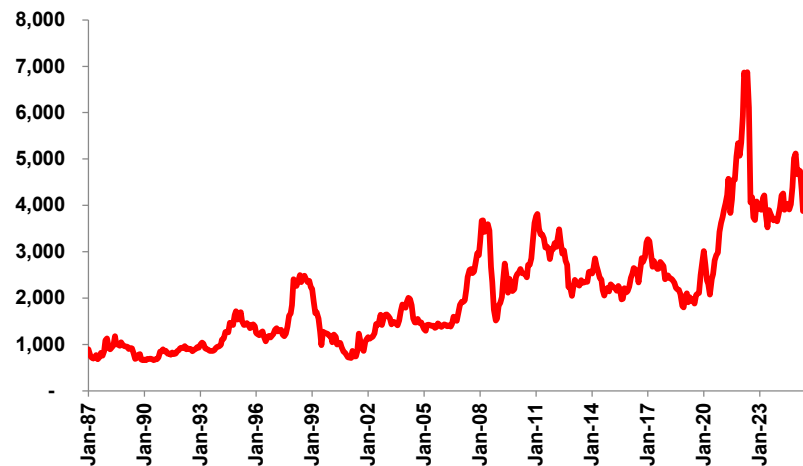
EXHIBIT 6: MALAYSIA'S PALM EXPORTS TO CHINA (TONNES)



Source: MPOB, Intertek

EXHIBIT 7: BIODIESEL EXPORTS (TONNES)

Source: MPOB

EXHIBIT 8: HISTORICAL CPO PRICE CYCLE (RM/TONNE)

Source: MPOB

EXHIBIT 9: VALUATION MATRIX

	Share price (RM)	EPS (sen) FY25F	EPS (sen) FY26F	PE (x) FY25F	PE (x) FY26F	Target price (RM)	Upside	Rec
IOI Corp	4.07	21.6	23.4	18.8	17.4	4.05	-0.5%	Hold
KLK	21.12	90.9	114.1	23.2	18.5	20.70	-2.0%	Hold
SD Guthrie	5.44	33.2	34.4	16.4	15.8	6.20	14.0%	Buy
Gent Plant	5.10	37.2	38.9	13.7	13.1	5.84	14.5%	Buy
Johor Plantations	1.55	11.4	11.5	13.6	13.5	1.72	11.0%	Buy
TSH Resources	1.34	10.8	10.8	12.4	12.4	1.29	-3.7%	Hold
Kim Loong	2.33	17.9	18.2	13.0	12.8	2.91	24.9%	Buy

Source: AmInvestment Bank

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