

Impact of Imported Food Items to Food Inflation

Issues and Opportunities for the Agriculture and Food Manufacturing sectors

KEY INVESTMENT HIGHLIGHTS

- The agricultural sector grew at a modest rate as higher emphasis has been given to palm oil industry
- Production from the agricultural sector is still insufficient to meet the robust demand of food-manufacturing sector
- Some of the listed F&B manufacturers under our coverage have ventured to the upstream segment in order to ensure supply sustainability of raw materials
- We expect the federal government to announce more targeted programs for agriculture and food-related manufacturing sectors in the upcoming 12th Malaysia Plan which set to be tabled in Aug-20

Inflationary Pressure Highly Influenced by Food Prices

High cost of living amid food affordability concerns. Referring to the consumer price index (CPI) basket, almost a-third of household spending in Malaysia is on food. Hence, any upward changes on food prices will cause inflationary pressure which in turns result in increasing perception of high cost of living. Historically, food inflation has been higher than the headline CPI. For instance, post Global Financial Crisis (GFC) in 2009, average food inflation is 3.3% against headline CPI at 2.2%. Note that inflation is a supply side factor while income & wage growth is demand side factor on cost of living condition.

A-third of Malaysian spending is on food. In 2018, Malaysians spent about RM28.40 out of a RM100.00 on food. Breaking this spending down, Food at Home and Food Away from Home constitute of RM16.90 and RM11.50 respectively. We notice spending on Food Away from Home is on increasing trend indicating with a CAGR of 1.7% since 2010. Looking by the food category, fish & seafood hold the largest share at 4.0% while rice, bread & cereal at 3.50%, meat at 2.50%, vegetables at 2.10 % and milk, cheese & eggs at 1.50%. These items experienced volatile prices which caused rising food prices.

The strength of the Ringgit affects food prices. Malaysia is known as net importer for food products. Hence, the stability of the Ringgit (MYR) plays a pertinent role in determining the size of food import bills. Weakening of Ringgit will lead to higher cost of imported foods and consequently, the increase in domestic food prices. Looking ahead, we view that the Ringgit will continue to hover above RM4.00 per USD due to the dismal global trade activities, flattening commodity prices and rise of protectionism in developed economies.

Food inflation has always surpassed headline CPI and non-food inflation. As mentioned earlier, average food inflation has always been higher than headline CPI and non-food inflation. In addition, Food Away from Home's impact on food inflation is increasingly higher attributable to the shift in consumer spending pattern. In fact, average inflation for Outside Food is 3.8% against Food at Home is 3.0% post-GFC. In addition, the downtrend in global crude oil prices since 2014 has also moderated non-food inflation post-GFC period.

COMPANY IN FOCUS

Nestlé (Malaysia) Berhad

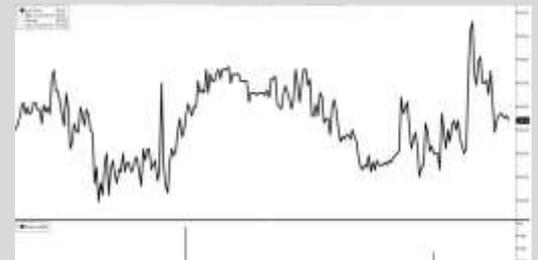
Maintain **NEUTRAL** |

Unchanged Target price: RM149.50

Price @ 20th January 2020: RM145.40

- Adopted contract farming scheme to source key raw materials such as rice and chilies
- Local farmers are trained to increase crop yields
- This ensure sustainable supply of high-quality raw materials at a reasonable cost

Share price chart



Fraser & Neave Holdings Berhad

Maintain **NEUTRAL** |

Unchanged Target price: RM31.59

Price @ 20th January 2020: RM33.30

- The recently announced integrated dairy farming project aims to establish the fresh milk segment as F&N's new pillar of growth
- This project is expected to drive down the cost of ready-to-drink milk

Share price chart



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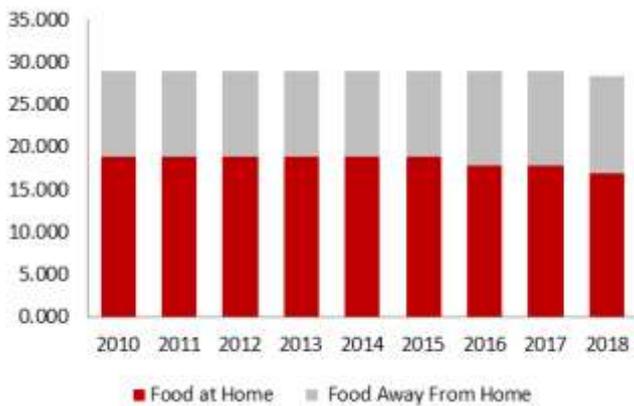
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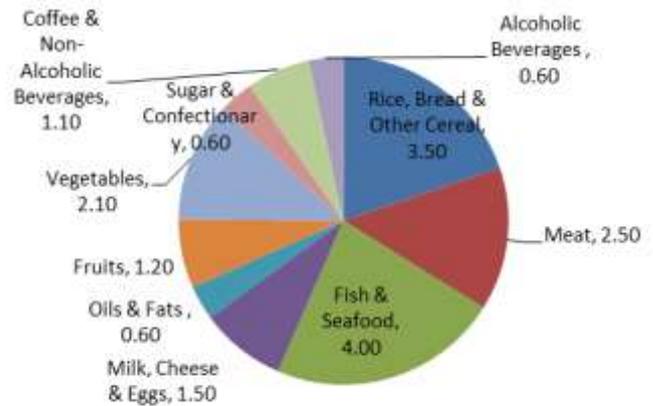
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Chart 1: Food CPI Weightage (%)



Source: CEIC, MIDFR

Chart 2: Food CPI Weightage

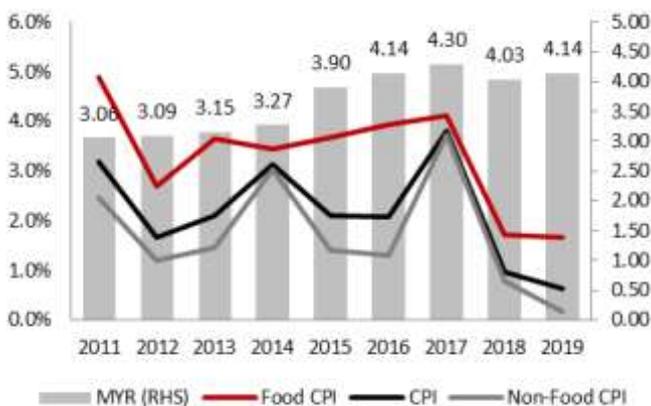


(%)

Source: CEIC, MIDFR

Only three sub-components of food CPI recorded modest price growth. Comparatively, we identified only three out of nine main food items having lower price growth than headline CPI. The three items are namely; (i) rice, bread & other cereals; (ii) oils & fats and; (iii) coffee & tea etc. The average inflation rates during post-GFC period for these items are 1.1%, 2.0% and 1.3% respectively. The stable inflation rates reflect the balance between demand and supply for these items.

Chart 3: CPI (YoY%) vs RM (USDMYR)



Source: CEIC, MIDFR

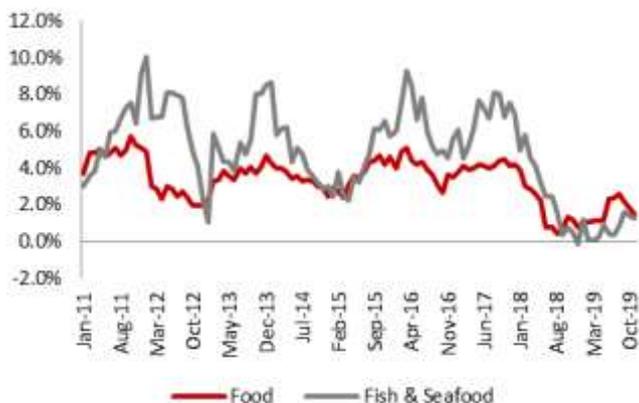
Chart 4: CPI (YoY%)



Source: CEIC, MIDFR

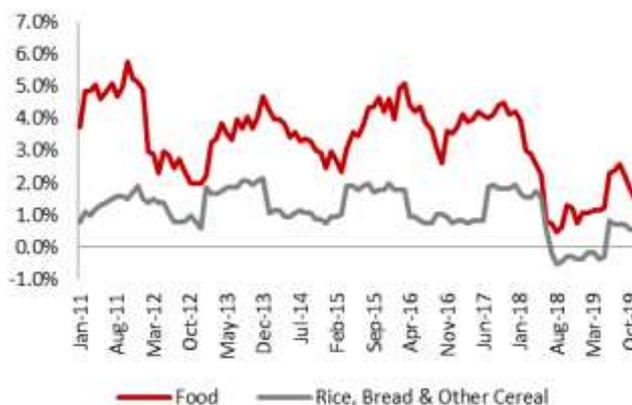
Fish & seafood item registered the highest average CPI growth. On the flip side, seven food items have relatively higher inflation rates than headline CPI. Among others (i) fish & seafood; (ii) meat; (iii) vegetables; (iv) milk etc. (v) fruits; (vi) sugar etc. and; (vii) spices etc. are the ones causing overall food CPI to surge. Post-GFC, fish & seafood registered the highest average CPI growth of 4.8% against headline CPI at 2.2%. This is followed by vegetables and fruits items at 3.4% and 3.3% respectively.

Chart 5: CPI; Overall Food vs Fish & Seafood (YoY%)



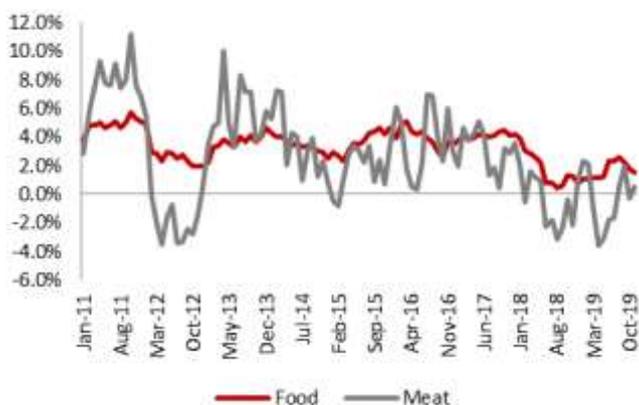
Source: CEIC, MIDFR

Chart 6: CPI; Overall Food vs Rice etc. (YoY%)



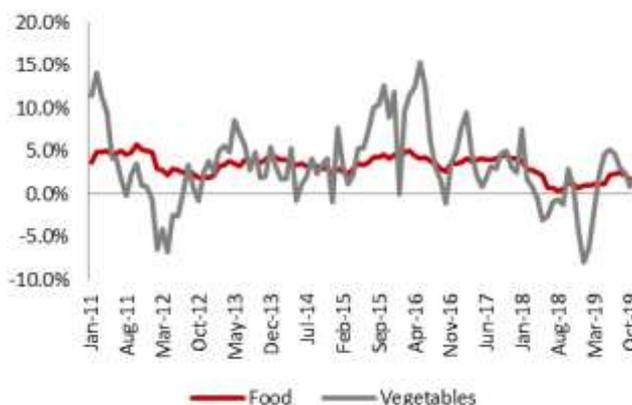
Source: CEIC, MIDFR

Chart 7: CPI; Overall Food vs Meat (YoY%)



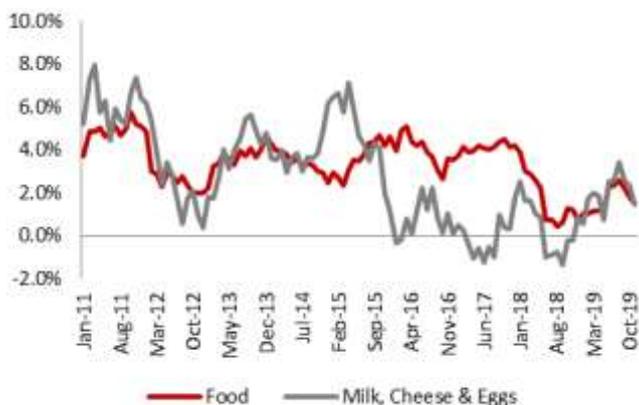
Source: CEIC, MIDFR

Chart 8: CPI; Overall Food vs Vegetables (YoY%)



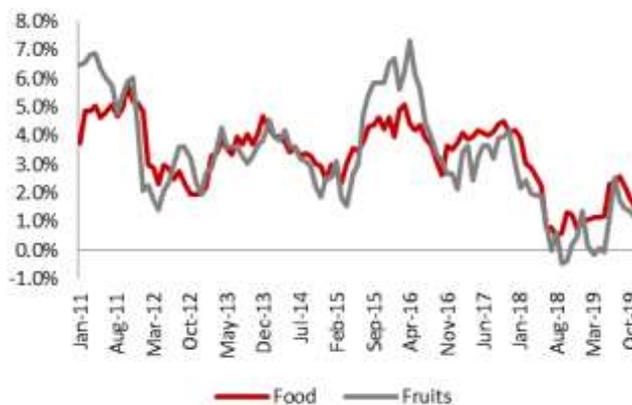
Source: CEIC, MIDFR

Chart 9: CPI; Overall Food vs Milk etc. (YoY%)



Source: CEIC, MIDFR

Chart 10: CPI; Overall Food vs Fruits. (YoY%)



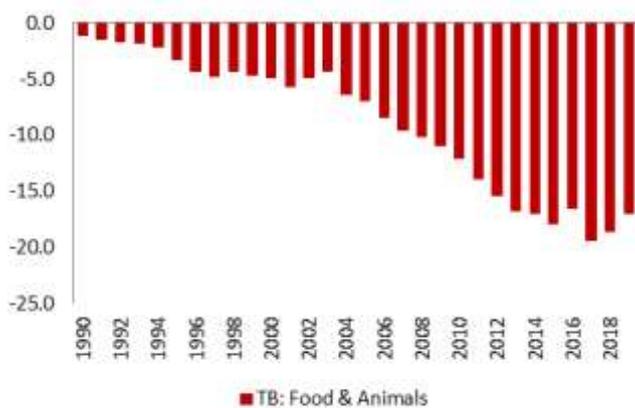
Source: CEIC, MIDFR

Widening Food Trade Deficits

Vegetables & fruits items are expected to be the largest contributor to trade deficit at RM6.0 billion.

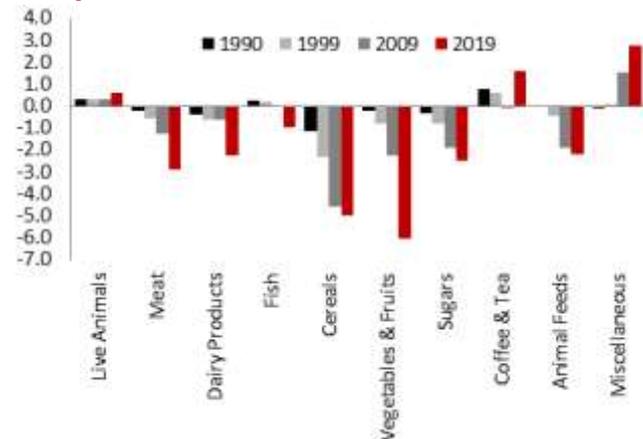
Referring to external trade data, Malaysia has been experiencing trade deficit in food products. The trade deficit size has surpassed RM10.0 billion mark since 2008. The widening deficit indirectly contributes toward the higher imported food inflation. By product category, only coffee & tea, miscellaneous edible products and live animals recorded trade surplus. Based on our estimate in 2019, the largest contributor to trade deficit is vegetables & fruits at RM6.0 billion. This is followed by cereals, meat and sugars & honey at RM5.0 billion, RM2.9 billion and RM2.5 billion respectively.

Chart 11: Trade Deficits (RM Billion)



Source: CEIC, MIDFR

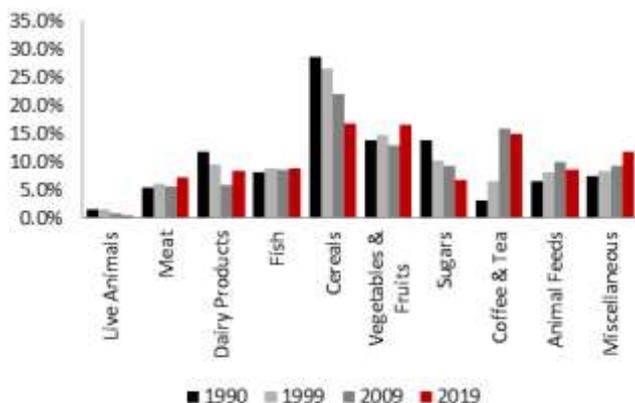
Chart 12: Food Trade Balance by Product (RM Billion)



Source: CEIC, MIDFR

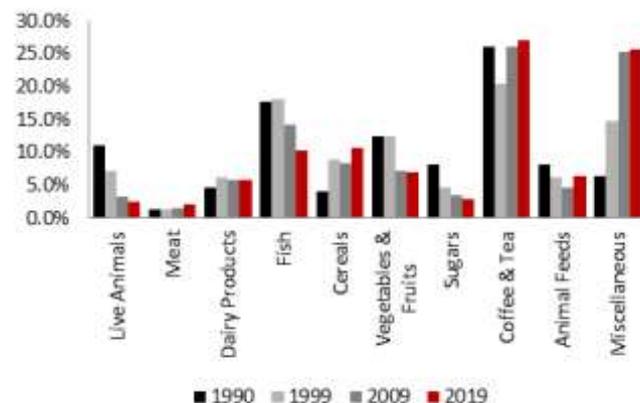
Increasing reliance on import of main food items. Percentage shares of imported main food items in the CPI basket are on the uptrend for over two decades. Fish, meat and vegetables & fruits are among the main food items that saw increased in imports share to 8.8%, 7.1% and 16.5% respectively in 2019 as compared to 8.0%, 5.4% and 13.7% respectively in 1990. As these are the essential items consumed Malaysians, impact from the inflationary pressure from these items on cost of living have been apparent. On the flip side, coffee & tea and miscellaneous edible products made up substantial percentage shares of exported food item of about 27.0% and 25.7% respectively in 2019.

Chart 13: Imports of Food & Live Animals Share (%)



Source: CEIC, MIDFR

Chart 14: Exports of Food & Live Animals Share (%)



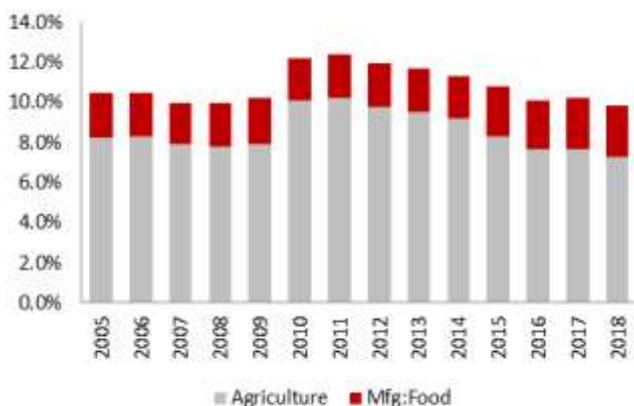
Source: CEIC, MIDFR

Opportunities & Strengths of Food Sector

As compared to agriculture, palm oil industry has been given a higher emphasis. From GDP standpoint, contribution from the agriculture sector remains plateaued between 8.0% and 10.0% since 2005. The primary sector grew at a modest rate as higher emphasis has been given to the palm oil industry. Meanwhile, the food-related manufacturing sector which consists of oils & fats, food processing and beverages holds about 2.3% of total GDP. The contribution has been stagnant before and after GFC in 2009. Using 2015 as our GDP base year, we found that the agriculture sector expands at a tepid pace of 1.7%yoy between 2016 and 2019. This was way lower than the overall GDP growth rate during the period which was at 4.9%yoy.

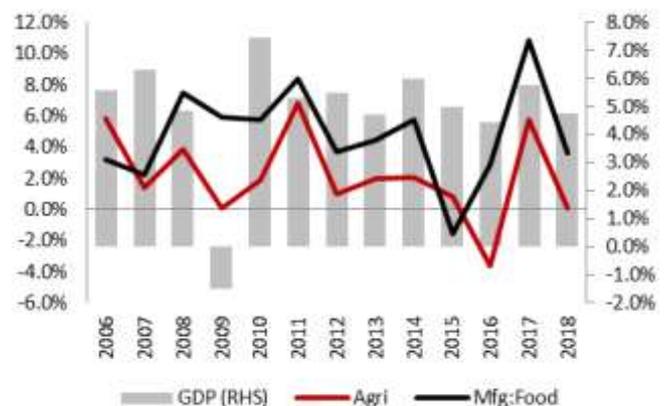
The growth of food-manufacturing sector outpaced overall manufacturing sector. Interestingly, the food-manufacturing sector grew at a higher rate than the overall manufacturing sector at 5.4%yoy vs 4.9%yoy. Drilling down by sub-sectors, the food processing and beverages sub-sector was the main driver of growth after 2015. Given the robust growth of the food-manufacturing sector, we view that there are ample opportunities for the agriculture sector to grow especially post-2020 as the supply from this primary sector is still insufficient to meet the growing demand from the food manufacturing sector.

Chart 15: GDP Share (%)



Source: CEIC, MIDFR

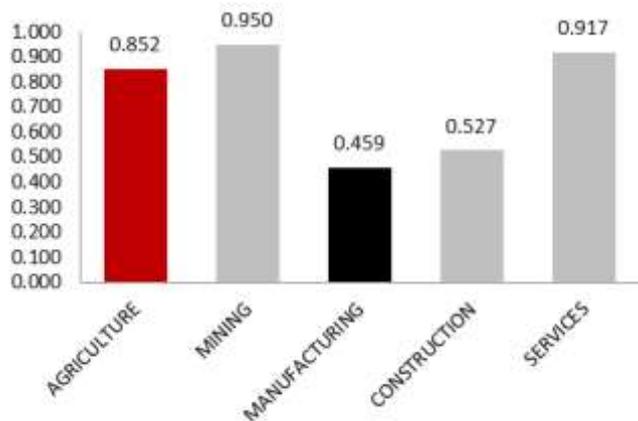
Chart 16: GDP vs Agriculture vs Mfg. Food (YoY%)



Source: CEIC, MIDFR

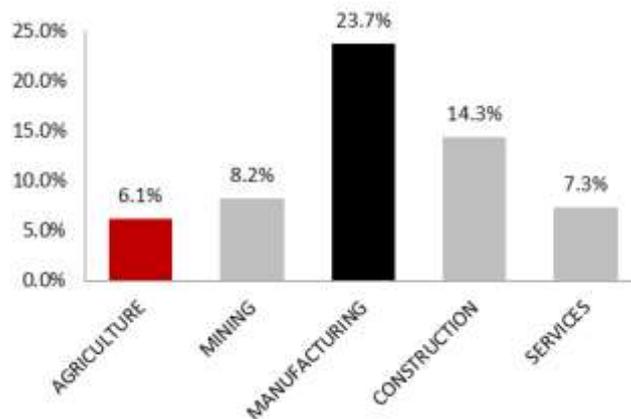
A higher emphasis on agriculture sector will benefit manufacturing sectors. Structurally, agriculture sector is the third highest value-added multiplier in Malaysia after mining and services sectors. Overall manufacturing sector is the lowest in term of the multiplier amid high imported input content share. The multiplier of manufacturing sector can be improved if greater local inputs utilised. Among others, agriculture sector can reduce the reliance of manufacturing sector on imported inputs. The spill-over effects of improving manufacturing sector are expected to benefit overall economic activities as reflected by its backward and forward linkages. Based on the 2015 input-output analysis, we believe the government of Malaysia would put special emphasis on improving manufacturing sector and among others via food-manufacturing industries in the upcoming 12th Malaysia Plan blueprint.

Chart 17: Value-Added Multiplier (Index)



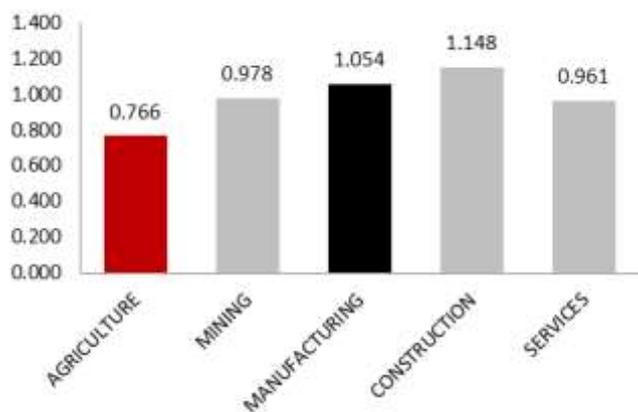
Source: DOSM, MIDFR

Chart 18: Imported Input Share (%)



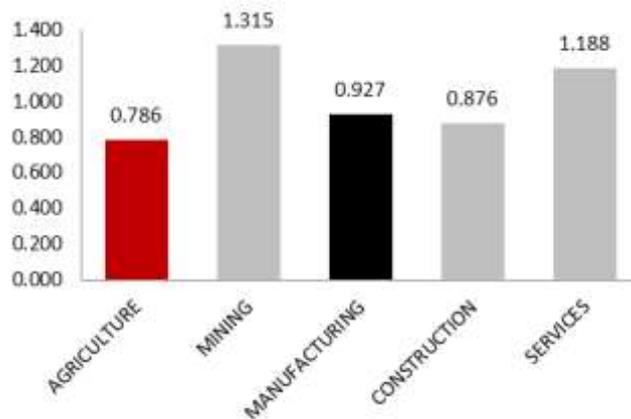
Source: DOSM, MIDFR

Chart 19: Backward Linkages (Index)



Source: DOSM, MIDFR

Chart 20: Forward Linkages (Index)



Source: DOSM, MIDFR

Agriculture industries depend less on imported inputs. Investment in the primary industries is expected to have positive spill-over effects to the economy based on value-added multipliers. Imported content constitutes less than 10.0% for all industries. The fish & aquaculture category has the highest multiplier value and the least dependent on imported content. We predict among others the fish & aquaculture industry to be the main focus in Malaysia’s long-term national agriculture strategy which aims to reduce food trade deficit gap and increase domestic supply of fish. This will eventually cool off the escalating fish prices.

Chart 21: Value-Added Multiplier (Index)

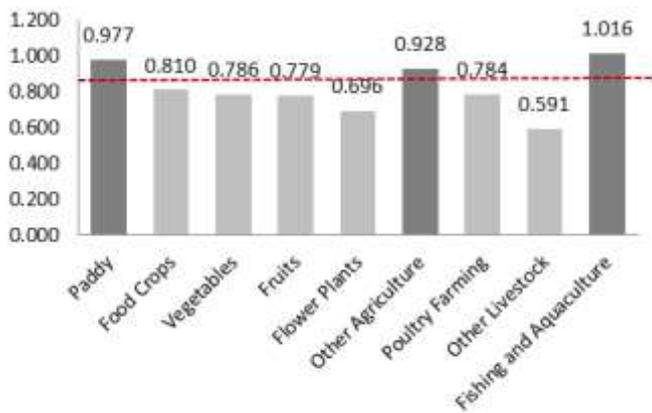
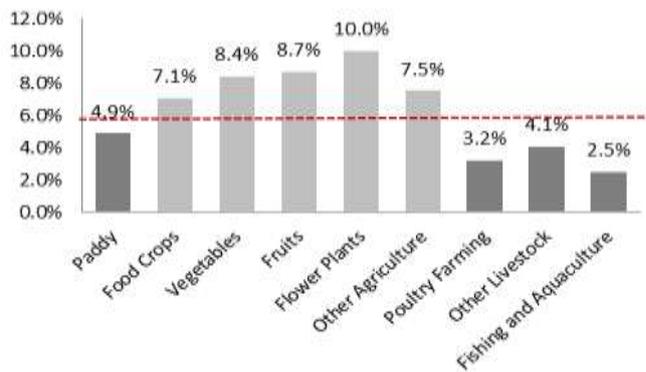


Chart 22: Imported Input Share (%)



Source: DOSM, MIDFR

Source: DOSM, MIDFR

Chart 23: Backward Linkages (Index)

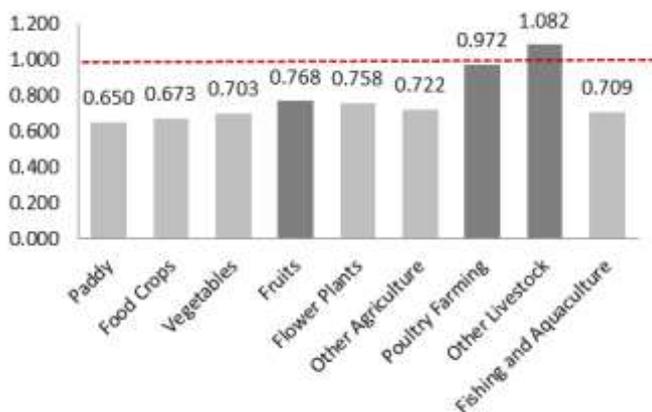
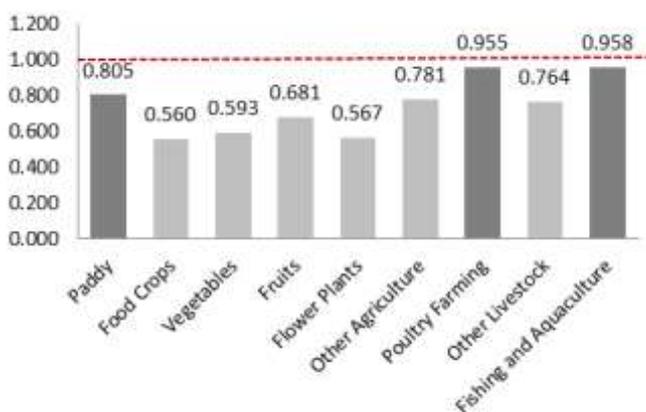


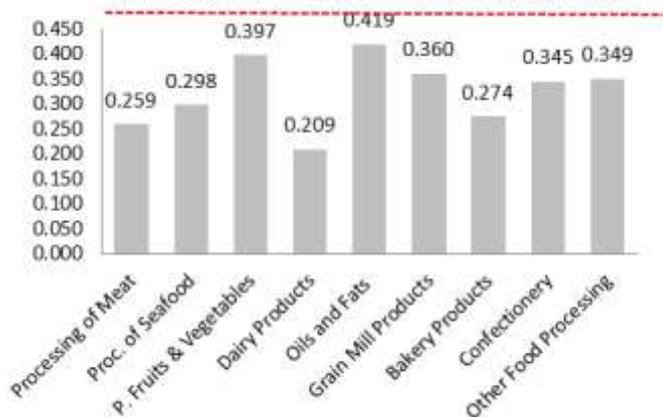
Chart 24: Forward Linkages (Index)



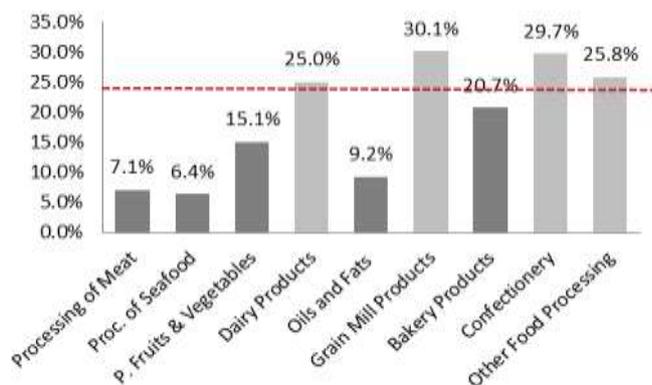
Source: DOSM, MIDFR

Source: DOSM, MIDFR

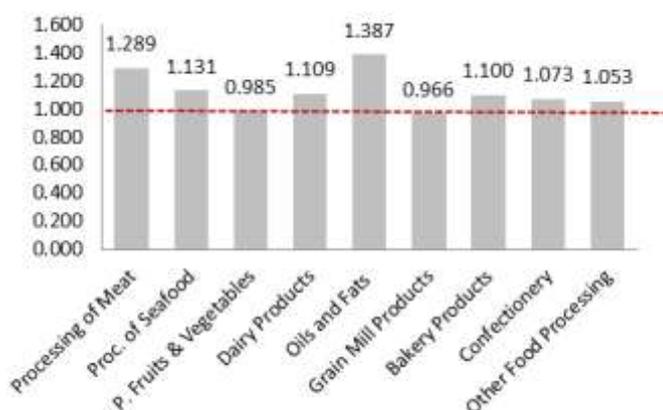
Food-related manufacturing industries have strong backward linkages. According to our input-output analysis, most of food-related manufacturing industries have more than 1.00 backward linkages. The backward linkages measure the level of integration of sector in consuming inputs from other sectors. A backward linkage of more than 1.0 indicates investment in these industries would generate higher demand on inputs supplied by other industries within manufacturing and other sectors. Given that the food-related manufacturing industries consuming significant inputs from other sectors, we opine that reducing imported inputs content should be the main focus of the government.

Chart 25: Value-Added Multiplier (Index)


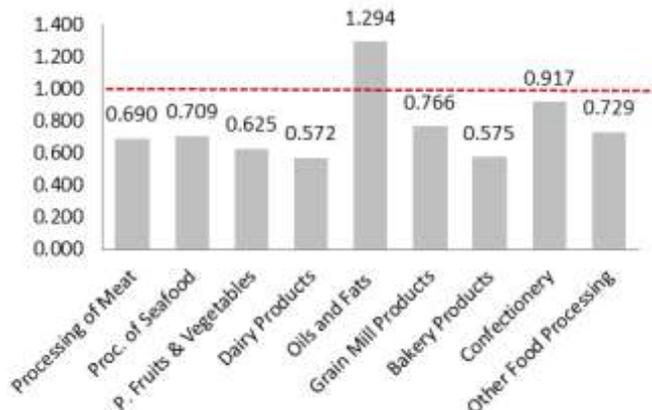
Source: DOSM, MIDFR

Chart 26: Imported Input Share (%)


Source: DOSM, MIDFR

Chart 27: Backward Linkages (Index)


Source: DOSM, MIDFR

Chart 28: Forward Linkages (Index)


Source: DOSM, MIDFR

Strong demand for local agriculture and food products. The widening trade deficit caused by the rising imports of food reflects strong and sound domestic demand. The fish, meat, vegetable and fruit items are among the high demand food products, constituting higher CPI weightages than other items and also recording net imports accounts.

Addressing food affordability is the upmost important issue to mitigate high cost of living. As mentioned earlier, almost a-third of Malaysians expenditure is on food. This problem is further compounded given that most of our food products are imported and hence, highly exposed to currency movements. A slight depreciation of Ringgit would directly affect food prices and caused inflationary pressure. The trajectory of Ringgit is expected to hover above 4.00 per USD in the next half of decade especially if Donald Trump is re-elected. The global trade war, flattening commodity prices and geopolitical risks would persist if this materializes.

The 12th Malaysia Plan and other economic plans. Moving forward, we are expecting the federal government to announce specific programs, incentives and assistances for agriculture and food-related manufacturing sectors in the upcoming 12th Malaysia Plan (12MP) which set to be tabled in Aug-20. We believe the government will encourage food industry players to adopt smart farming concept as championed by Food and Agriculture Organisation of the United Nations (FAO). Apart from 12MP, we view extensive strategies for the food sectors to be detailed out in Malaysia Agrofood Policy 2021-2030 and Fourth Industrial Master Plan 2021-2030. The expansion of domestic supply of food products would: (i) reduce trade deficit of food; (ii) taper food inflation and; (iii) constitute to a higher value-add to the overall economy.

Overview of agricultural initiatives by listed companies under our coverage:

1) Nestlé (Malaysia) Berhad (NEUTRAL; TP: RM149.50)

a) Nestlé Paddy Club

Nestlé (Malaysia) Berhad (Nestlé) is the regional manufacturer of infant cereals in which rice is a key ingredient. Malaysia has been producing only about 60.0% of the country's rice consumption. Given production of rice is lower than market demand, Malaysia is considered as a net importer of rice. Hence, locally sourced high quality rice at reasonable cost is scarce. To ensure sustainable supply of high-quality rice, Nestlé has established Nestlé Paddy Club contract farming scheme in 2012 in order to work directly with local farmers in Kedah and Perlis.

Overview:

- Local farmers are introduced to an innovative rice farming practice called Semi-Aerobic Rice Intensification which reduce water usage substantially by about 40.0%
- Local farmers are being supplied with organic microbes supplements which can increase crop yields and quality (this reduce pesticide cost)
- From 2016 to 2018, average yield of rice was between 5.3MT/ha to 6.4 MT/ha. These were higher than the national average yield of around 4.0MT/ha

Table 1: Historical performance of the Nestlé Paddy Club programme

Nestlé Paddy Club	2016	2017	2018
Number of farmers who participated - Jan/Feb	299.0	285.0	270.0
Number of farmers who participated - Aug/Sept	290.0	272.0	263.0
Average yield - Jan/Feb (MT/ha)	6.1	5.3	5.4
Average yield - Aug/Sept (MT/ha)	6.4	5.7	5.6
Total number of hectares - Jan/Feb	798.0	762.0	739.0
Total number of hectares -Aug/Sept	762.0	732.0	723.0
Total production (MT) - Jan/Feb	4,867.8	4,015.7	4,012.8
Total production (MT) - Aug/Sept	4,907.3	4,179.7	4,034.3

Source: Company, MIDFR

b) Nestlé Chili Club

Maggi Chili Sauce is regarded as a premium table sauce in Malaysia with market share of about 10.0%. In order to maintain its quality, Nestlé ensure that the product contains only fresh chilies which are bottled within 72 hours of harvesting. Due to this strict requirement, Nestlé has to source most of its chilies requirement locally. However, the local production of chili is still insufficient due to the its susceptibility to pests and diseases while imported chilies although cheaper are often inferior in quality. Hence, Nestlé ensure sustainability of fresh chili supply through contract farming scheme i.e. Nestlé Chili Club. As of 2018, Nestlé has collaborated with local farmers in Kelantan, Cameron Highlands, Pahang and Kuala Langat, Selangor.

Overview:

- Local farmers are given agricultural training sessions which focus on increasing productivity, reducing farm costs, minimising environmental impact as well as enhancing work safety
- Nestlé normally purchased up to 80.0% of the chilies produced in Kelantan. This meets about 50.0% of the company's requirement for Maggi Chili Sauce production
- The collaboration beyond Kelantan i.e. Cameron Highlands, Pahang and Kuala Langat, Selangor are expected to fully met the company's requirement for high quality chilies
- Local farmers are given agricultural training sessions as well as provided with technological support and technical know-how by Nestlé Agricultural Services Department. Hence, the average yield by farmers from this scheme is way higher, at 400MT/ha/season, compared to the average yield of chilies at between 10.0 and 24.0 MT/ha/season

Table 2: Historical performance of the Nestlé Chili Club programme

Nestlé Chili Club	2016	2017	2018
Number of farmers	112.0	79.0	81.0
Average yield (MT/ha)	506.0	200.0	400.0
Total number of hectares	32.0	32.0	62.0
Total production (MT)	16,192.0	6,400.0	24,800.0

Source: Company, MIDFR

2) F&N Holdings Berhad (NEUTRAL; TP: RM31.59)

a) Dairy Farming Project

According to Ministry of Agriculture and Agro-based Industry, the local demand for fresh milk in 2018 was 67.1m litre of which 40.4m litre was domestically sourced. This means that Malaysia's self-sufficiency level for fresh milk production was at about 60.0%. Consequently, Malaysia has the highest price per litre of ready-to-drink (RTD) milk at between RM6.00 to RM10.00 (vs global price of RM4.20 per litre). The government aims to achieve full sufficiency through various initiatives with private sectors by 2024. In line with this vision, F&N Holdings Berhad (F&N) announced to undertake the dairy farming project in November 2019 in view to establish the fresh milk segment as its new pillar of growth. The mega dairy farm will be located at at Ladang Chuping, Perlis which was acquired from MSM Malaysia Holdings Berhad in October 2019 for RM156.0m.

Overview:

- The first two phases of the project is estimated to be completed within five years with an estimated total investment of RM850.0m
- Confined dairy system such as tunnel ventilated barn system will be adopted to address the heat and humidity
- During this period, 4,000 dairy cows will be imported with potential output of 40.0m litres of fresh milk per annum in each phase
- Estimated average milk yield per cow of 10,000 litres a year which higher than the current average milk yield per cow of less than 5,000 litres a year
- The farm is expected to have 20,000 milking cows (out of total 45,000 cows) with potential output of 200.0m litres of fresh milk per annum surpassing the local demand for fresh milk in 2018 of 67.1m litre. This will enable F&N to export fresh milk
- The farm is also expected to produce 5,000 beef cattle or about 1.4mt in meat production

Table 3: Expansion plan of the Dairy Farming Project

Dairy Farming Project	Phase 1	Phase 2	Full capacity
Milking Cows	4,000 cows	4,000 cows	20,000 cows
Milk Production	40.0m litres	40.0m litres	200.0m litres
Investment	RM650.0m	RM200.0m	TBA

Source: Company, MIDFR

b) Crop Farming Project

Malaysia is highly dependent on imported raw materials such as corn grain and soybean meal to produce animal feeds. These raw materials are sourced mostly from countries in South America such as Argentina and Brazil. The locally available raw materials make up only about 15.0% of the total feed ingredients in Malaysia. This constitutes rice bran and crude palm oil. As animal feed constitutes of about 50.0% to 70.0% of cost of production in any livestock industry, the price of livestock products will be subjected to the stability of Ringgit. Due to this, government's aim is to reduce imported feed materials dependency to 50.0% via commercial crop farming as a long term solution to stabilise the prices of poultry products. In order to address the high feed cost and make its fresh milk more affordable, F&N has embarked in crop farming project as a parallel project to the dairy farming project.

Chart 29: Corn grains import in volume and value



Source: Company, MIDFR

Overview:

- F&N plans to allocate over 3,000Ha (67.4% of the total area) of the land in Chuping into crop farming
- It plans to develop R&D centre in grain or seed science to produce high yielding crops
- Other than supplying to the dairy farm, excess corn grains will be sold to the open market
- F&N aims to develop a local program in crop farming practices whereby farmers can work for the farm and/or supply crops from their own farm

3) QL Resources Berhad (NEUTRAL; TP: RM7.46)

a) Aquaculture

QL Resources Berhad (QL)'s Marine Products manufacturing division has been QL's main earnings contributor with more than 60.0% share for the past three years. However, this division is facing earning sustainability issue with the depleting marine resources. For instance, the lower fish catch cycle in FY18 had significantly impacted the division's operating profit margin as the group has to source most its fish requirement externally. In order to diversify its revenue stream, QL has invested in prawn aquaculture in Sabah which is more sustainable in practice. Currently, prawn aquaculture in Sabah is still at its infancy stage with industry's total annual production and sales of about 15,000mt and RM500.0m respectively.

Overview:

- The first phase of QL's prawn aquaculture project began in 2013 with estimated capital expenditure of RM100.0m
- From this initial phase, the group produce about 1,500.0mt annually and more than 80.0% of production is for export market particular in China
- QL plans to increase aquaculture production capacity to 5000.0mt pa in the next five years with estimated capital expenditure of RM70.0m

Table 4: The first phase of QL's prawn aquaculture project

First phase	Capex (RM mil)	Annual Production (mt)
Prawn farm in Kudat, Sabah	40.0	1,500.00
Acquisition of prawn hatcheries business (Kembang Subur Sdn Bhd)	25.0	
Prawn processing plant in Tuaran, Sabah	25.0	
A 900 acre block of land for second phase marine prawn aquaculture in Kota Belud, Sabah	10.0	

Source: Company, MIDFR



Appendix

Table 1: CPI Weightages (%)

CPI Weightages (%)	2010	2012	2014	2016	2018
Consumer Price Index (CPI)	100.00	100.00	100.00	100.00	100.00
Food and Non Alcoholic Beverages	30.33	30.33	30.33	30.20	29.50
Food	28.90	28.90	28.90	29.00	28.40
Food Away From Home	10.04	10.04	10.04	11.10	11.50
Food at Home	18.90	18.90	18.90	17.90	16.90
Food at Home: Rice, Bread & Other Cereals (RB)	4.39	4.39	4.39	3.70	3.50
RB: Rice	1.92	1.92	1.92	1.20	1.10
RB: Flour & Others Cereals Grains	0.37	0.37	0.37	0.40	0.40
RB: Biscuits	0.52	0.52	0.52	0.50	0.50
RB: Bread & Bakery Products	1.21	1.21	1.21	1.30	1.20
RB: Other Prod Made from Cereal Grains	0.37	0.37	0.37	0.30	0.30
Food at Home: Meat	2.94	2.94	2.94	2.80	2.50
Meat: Fresh Meat	2.28	2.28	2.28	2.10	1.90
Meat: Frozen Meat	0.30	0.30	0.30	0.30	0.20
Meat: Processed Meat	0.36	0.36	0.36	0.40	0.40
Food at Home: Fish & Seafood	4.50	4.50	4.50	4.30	4.00
Fish & Seafood: Fresh Fish	2.77	2.77	2.77	2.60	2.30
Fish & Seafood: Fresh Seafood	1.08	1.08	1.08	1.20	1.20
Fish & Seafood: Processed Fish & Seafood	0.65	0.65	0.65	0.50	0.50
Food at Home: Milk, Cheese and Eggs (MC)	1.77	1.77	1.77	1.60	1.50
MC: Fresh & Reconstituted Milk	0.09	0.09	0.09	0.10	0.20
MC: Evaporated or Condensed Milk	0.31	0.31	0.31	0.20	0.20
MC: Milk Powder & Other Dairy Products	0.92	0.92	0.92	0.90	0.70
MC: Eggs	0.45	0.45	0.45	0.40	0.40
Food at Home: Oils & Fats (OF)	0.58	0.58	0.58	0.50	0.60
OF: Butter, Fats & Animal Oils	0.03	0.03	0.03	0.00	0.00
OF: Oils	0.50	0.50	0.50	0.40	0.50
OF: Margarine, Peanut Butter etc	0.05	0.05	0.05	0.10	0.10
Food at Home: Fruits	1.20	1.20	1.20	1.10	1.20
Fruits: Fresh Fruits	0.93	0.93	0.93	0.80	0.90
Fruits: Preserved Fruits	0.08	0.08	0.08	0.10	0.10
Fruits: Coconut & Nuts	0.19	0.19	0.19	0.20	0.20
Food at Home: Vegetables	2.14	2.14	2.14	2.40	2.10
Vegetables: Fresh Vegetables	1.83	1.83	1.83	2.10	1.80
Vegetables: Preserved Vegetables	0.15	0.15	0.15	0.10	0.10
Vegetables: Potatoes & Other Tubers	0.16	0.16	0.16	0.20	0.20
Food at Home: Sugar, Jam, Honey, Choc & Confect (SJ)	0.59	0.59	0.59	0.60	0.60
SJ: Sugar	0.25	0.25	0.25	0.20	0.20
SJ: Chocolate, Sweets & Ice Cream	0.26	0.26	0.26	0.30	0.30
SJ: Jam Honey etc.	0.08	0.08	0.08	0.10	0.10
Food at Home: Foods Product n.e.c	0.81	0.81	0.81	0.90	1.00
Foods Product N.E.C: Spices	0.35	0.35	0.35	0.40	0.50

Foods Product N.E.C: Other Foods	0.46	0.46	0.46	0.50	0.50
Coffee, Tea, Cocoa & Non Alcoholic Bev (CT)	1.37	1.37	1.37	1.20	1.10
CT: Coffee	0.25	0.25	0.25	0.20	0.20
CT: Tea, Cocoa, etc.	0.50	0.50	0.50	0.50	0.40
CT: Mineral Water, Soft Drink, Juices	0.62	0.62	0.62	0.50	0.50
Alcoholic Beverages (AB)	0.44	0.44	0.44	0.40	0.60
AB: Spirits & Liquors	0.07	0.07	0.07	0.10	0.10
AB: Wines	0.04	0.04	0.04	0.00	0.10
AB: Beer	0.33	0.33	0.33	0.30	0.40

Source: CEIC, MIDFR

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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 <i>rise</i> 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	Total return is expected to be <10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> 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.