CONSUMER SECTOR

***Maintain* POSITIVE**

Beneficiary of cash assistance by government

DEVELOPMENT

- Prime Minister Datuk Seri Anwar Ibrahim stated yesterday that the financial assistance programme for B40 income group has been renamed Sumbangan Tunai Rahmah ("STR") and first round of payment will start on 17 Jan 2023 (Tuesday).
- The announcement was not new as Datuk Seri Anwar Ibrahim had previously stated that the payment for Phase 1 of the People's Cash Aid would start in January 2023 rather than March 2023 to lessen burden of people on cost of living.
- A total of 8.7m receivers in the B40 income group will get the first round of STR payments, totalling RM1.67b. The payment will be credited to the accounts of the registered recipients.
- A total of 4m households (out of the 8.7m receivers) will receive RM300, which costs the government RM1.2b. Meanwhile, a total of 1.2m senior citizens without spouses will receive RM100 while the remaining 3.5m single individuals will get RM100 each. The STR beneficiaries in rural areas, such as Sabah and Sarawak, would also receive financial assistance on the same date. This is regardless of whether they have bank accounts or not.

OUR VIEW

- We are **positive** on the announcement as the allocation of the STR will raise disposable household income of B40 income group. This would increase consumer spending on necessities amid the current inflationary pressure in the market. The cash assistance will also boost consumer spending ahead of Chinese New Year celebration on 22nd January 2023. In short, the cash assistance is expected to boost sales for consumer-staple-related companies.
- We view that F&B producers and poultry farmers will benefit from the cash assistance due to inelastic demand for staple food items despite current environment of high inflationary pressure and rising interest rates. F&B producers and poultry farmers that are expected to benefit from the cash assistance are **F&N Holdings (BUY, TP: RM29.70), QL Resources (BUY, TP: RM6.30), Leong Hup International (BUY, TP: RM0.80), Spritzer (BUY, TP: RM2.64), Hup Seng Industries (BUY, TP: RM0.79), and Nestle Malaysia (NEUTRAL, TP: RM137.80)**. Besides, we think that **AEON Co (BUY, TP: RM1.81)** will also benefit from the cash assistance as customers buy necessities at AEON malls.
- The announcement of cash assistance does not expect to impact our earnings projection for consumer companies under our coverage as we had factored in the higher consumer spending into our forecast for CY23.
- We maintain our **POSITIVE** stance on **consumer sector** due to: (1) steady labour market that supports domestic consumption, (2) positive domestic spending ahead supported by the STR programme to B40 groups, and (3) better margins for food and beverage producers due to lower global commodity prices and a stronger MYR.

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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 *rise* 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 *fall* 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.
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