

Mar 02, 2017 | Written by Wong Ee Lin | 0



KUALA LUMPUR (March 2): CIMB Investment Bank Bhd upgraded its net profit forecast for sugar manufacturer MSM Malaysia Holdings Bhd by 13% on speculation the Malaysian Government has raised the retail price of sugar.

In a note today, CIMB analyst Ivy Ng Lee Fang cited a news report, which indicated that the Government had raised the retail price for sugar in the country by 11 sen from RM2.84 a kg to RM2.95.

"There has not been any official confirmation. However, it quoted Federation of Sundry Goods Merchants Association of Malaysia president Hong Chee Meng as saying that this price increase was communicated to him by the Domestic Trade Co-operatives and Consumerism Ministry via a text message.

"(On MSM,) [w]e are raising our FY17-19F net profit estimates by 13% to reflect the higher ASP (average selling price) adjustments in retail sugar prices," Ng said.

She said CIMB had also increased its MSM's share target price to RM4.33 from RM3.88 and upgraded its recommendation for the stock to "hold" from reduce. "Overall, we are more positive on MSM following the sugar price revision," Ng said.

At Bursa Malaysia, MSM shares rose 11 sen or 2.48% at 11:01am to RM4.54 for a market capitalisation of RM3.19 billion. The stock saw 28,000 shares traded.

Checks on the Domestic Trade, Co-operatives and Consumerism Ministry's website by the theedgemarkets.com showed that the ministry has not issued any statement on sugar's retail price increase.

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