国泰君安证券 GUOTAI JUNAN SECURITIES

Flash Note: Consumer Sector - Food & Beverage

快讯：消费行业 - 食品饮料

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April CPI Missed; Food Price Growth Continued to Slow

4月份CPI低于预期；食品价格增长继续放缓

- **Food price growth continued to narrow in April.** In April 2020, China's consumer price index (CPI) rose 3.3% YoY, lower than consensus (3.75%). In April 2020, China's food CPI increased by 14.8% YoY, down 3.5 ppt MoM from March 2020, driving CPI up 2.98 ppts. As resumption of production and work accelerated and transportation returned to normal, food supply in April continued to improve. Among CPI of food categories, pork price rose 96.9% YoY in April, down 19.5 ppts MoM, driving CPI up 2.36 ppts. The price of beef, mutton, chicken, and duck rose by 8.2%-20.5% YoY. In April 2020, fruit price and vegetable price decreased by 10.5% YoY and 3.7% YoY, respectively, together lowering CPI by 0.31 ppts. In April, due to weak demand, transportation and communication price declined by 4.9% YoY. In April, non-food prices only increased by 0.4% YoY in April, down 0.3 ppt MoM.

- **Pork price continued to decrease MoM in May, weighing less on CPI.** As at 11 May 2020, hog price increased 109.6% YoY but decreased 7.1% MoM to RMB31.5/kg, down 17.8% from the record high. Pork price rose 90.5% YoY but declined 7.1% MoM to RMB45.3/kg, down 12.2% from the record high. We believe the retreat in hog/pork price was due to three main reasons: (1) During the COVID-19 pandemic period, lower purchasing power of consumers and struggling recovery in the catering industry resulted in weak pork consumption. (2) As hog price continued to decrease, pessimism towards hog price began to grow, which led to panic selling. We noticed that some farmers even sold hogs which were under 100 kg. More frozen meat was sold to markets, covering the supply shortage to some extent. (3) As temperatures are increasing, the off season of meat consumption is coming. However, we have not seen the turning point of hog supply yet, as the rise in inventory of reproductive sows has not been reflected in the recovery of hog production. As the shortage in hog supply still remains, after the panic selling, hog price is likely to rebound. But as the pork price base has been increasing month over month, pork price has been weighing less on CPI. On the other hand, due to higher comparable base and increased supply, wholesale prices of vegetables and fruits in May decreased YoY by 10.2% and 16.1%, respectively. Attributable to weak pork price, beef, mutton, chicken and egg prices have also been decreasing MoM.

- **Sector view:** As the COVID-19 outbreak has been effectively controlled in China, non-food demand is recovering, but we believe that before the pandemic is completely over, it will be difficult for transportation, tourism, and entertainment to resume, and rapidly falling oil price will also drive down non-food prices. Rising meat prices will still be the main driving force for the CPI in 1H2020, but due to surging comparable base, the YoY growth rate of meat prices will decrease month by month. Under the current situation, dairy product sales have shown a V-shape recovery. Piled-up channel inventory of dairy products is generally being consumed, and the pricing system has largely returned to normal. In the aftermath of the pandemic, consumers are paying more attention to health and safety issues, which benefits the consumption growth of dairy products. We have "Buy" rating for Mengniu Dairy (02319 HK) with a TP of HK$30.00 in the Consumer Sector - Food & Beverage.

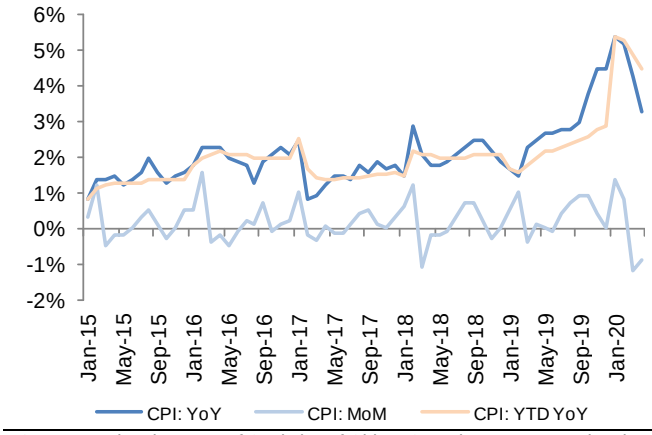
- **4 月份食品价格增长继续收窄。**2020 年 4 月份，中国居民消费价格指数（CPI）同比上升 3.3%，低于一致预期（3.75%）。2020 年 4 月，中国食品 CPI 同比上升 14.8%，涨幅较上月环比回落 3.5 个百分点，带动 CPI 上升 2.98 个百分点。随着复工复产逐步加快，交通物流逐渐恢复，4 月份食品供应继续改善。食品 CPI 构成中，猪肉价格在 4 月份同比上升 96.9%，涨幅月环比回落 19.5 个百分点，推动 CPI 上升 2.36 个百分点。牛肉、羊肉、鸡肉和鸭肉价格涨幅在 8.2%-20.5%之间。2020 年 4 月，鲜果价格和鲜菜价格分别同比下降 10.5%和 3.7%，合计影响 CPI 下降约 0.31 个百分点。2020 年 4 月，因为疲弱的需求，交通和通信价格同比下降 4.9%。4 月非食品价格同比仅上升 0.4%，涨幅较上月回落 0.3 个百分点。

- **5 月份猪肉价格环比继续走低，对于 CPI 压力逐渐减轻。**截止 2020 年 5 月 11 日，生猪价格同比增长 109.6%但月环比下降 7.1%至人民币 31.5 元每公斤，较最高点下降 17.8%。猪肉价格同比增长 90.5%但月环比下降 7.1%至人民币 45.3 元每公斤，较最高点下降 12.2%。我们认为猪价大幅回调的主要原因有：（1）新冠疫情导致的居民购买力下滑以及餐饮行业艰难复苏导致猪肉消费需求疲软。（2）生猪价格持续走跌，部分养殖户对后期行情不看好，进行恐慌性抛售。我们看到许多养殖户将 200 斤不到肥猪进行抛售。以及近期库存冻猪肉入市数量增加，弥补了部分供应缺口。（3）气温逐渐升高，畜禽产品的消费淡季来临。但是我们并没有看到生猪供应的拐点到来，能繁母猪存栏的上升还没有反映到生猪出栏的复苏上。由于生猪供给的缺口仍然存在，在市场恐慌

性抛售之后，生猪价格存在反弹的可能性。不过随着猪肉价格基数逐月增高，猪价对于 CPI 的同比影响逐渐减轻。另一方面，由于较高同比基数以及供给增加，5 月蔬菜和水果批发价格分别同比下降 10.2%和 16.1%。由于低迷的猪肉价格，牛肉、羊肉、鸡肉和蛋类价格也在逐月走低。

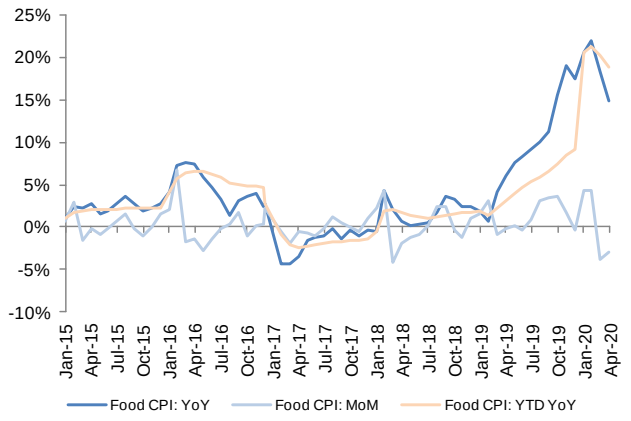
- **行业观点：**随着疫情得到控制，非食品需求在逐渐恢复，但在疫情完全结束之前，交通、旅游、娱乐等需求较难恢复正常，而且快速下降的石油价格也将拉低非食品价格。同比上升的畜肉价格仍将成为 2020 年上半年 CPI 上升的主要动力，但由于同比基数提高，预计肉类价格同比增长幅度会逐月降低。疫情逐渐受到控制的当下，乳制品销售呈现 V 型反转势头。乳制品前期积压的渠道库存基本消化完毕，价格体系大体恢复正常。经历疫情的洗礼，消费者对于健康和安全问题更加关注，有利于乳制品消费量的增长。我们给予消费-食品饮料行业的蒙牛乳业(02319 HK)“买入”评级和 30.00 港元的目标价。

Figure 1: YoY Change, MoM Change and YTD YoY Change in China's CPI



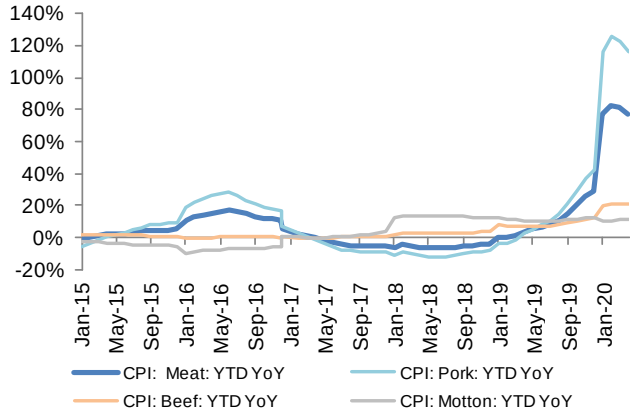
Source: National Bureau of Statistics of China, Guotai Junan International.

Figure 2: YoY Change, MoM Change and YTD YoY Change in China's Food CPI



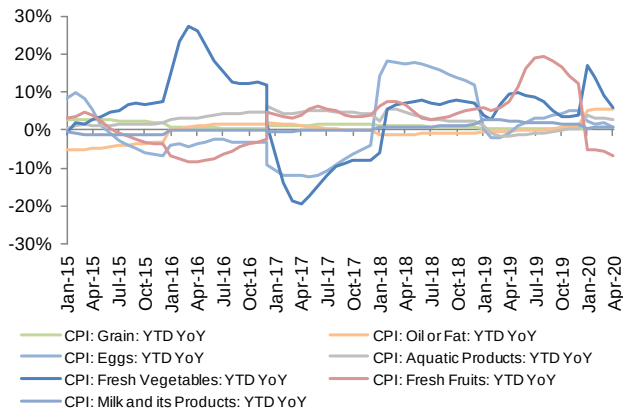
Source: National Bureau of Statistics of China, Guotai Junan International.

Figure 3: YTD YoY Change in CPI of Meat, Pork, Beef and Mutton



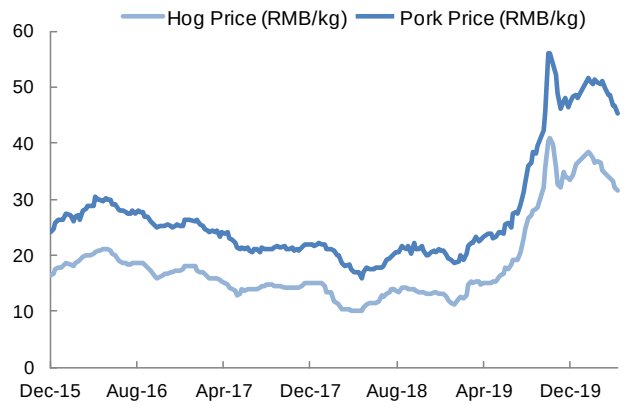
Source: National Bureau of Statistics of China, Guotai Junan International.

Figure 4: YTD YoY Change in CPI of Grain, Oil, Eggs, Aquatic Products, Fresh Vegetables, Fresh Fruits and Milk



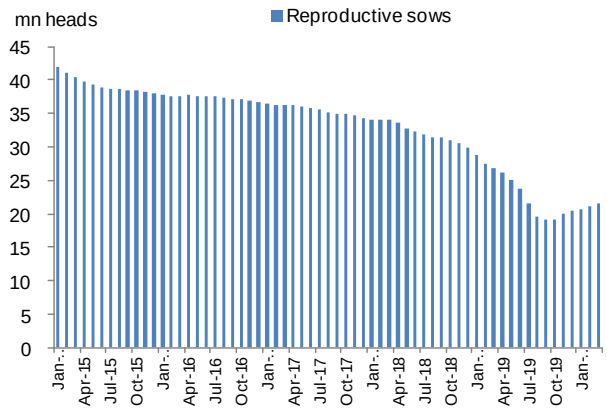
Source: National Bureau of Statistics of China, Guotai Junan International.

Figure 5: Average Hog Price and Pork Price



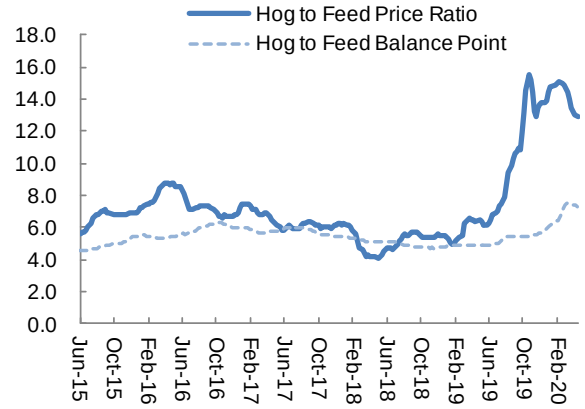
Source: Ministry of Agriculture and Rural Affairs of PRC，Guotai Junan International

Figure 6: Inventory of Reproductive Sows in China



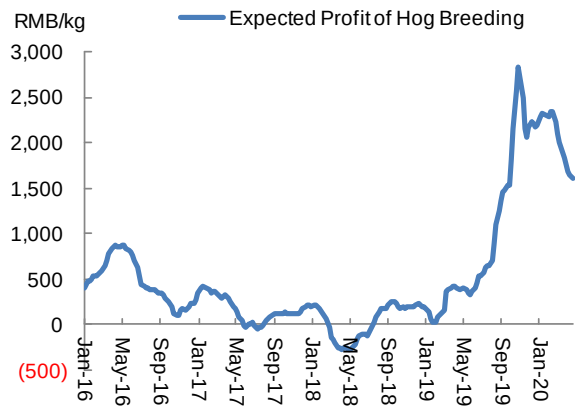
Source: Wind, Guotai Junan International.

Figure 7: Hog to Feed Price Ratio



Source: National Development and Reform Commission, Guotai Junan International.

Figure 8: Expected Profit of Hog Breeding



Source: National Development and Reform Commission, Guotai Junan International.

Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance >15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance <-15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance >5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance <-5%; or the fundamental outlook of the sector is unfavorable.

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