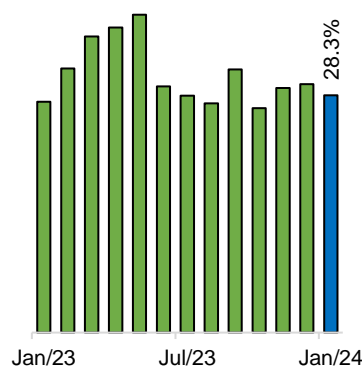


Exhibit: Monthly CPI trend



Source: IGI Research, PBS

Inflation

Jan-24: Higher Food Prices and House Rent Lifts Headline CPI to +28.34%/y

- Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Jan-24, headline CPI registered a +28.34%y (up by +1.83%m) growth compared to previous month, +29.66%y (+0.83%m).
- Monthly increase in CPI was mainly led by food and housing index on back of higher food prices and house rent under housing index. This takes 7mFY24 period average to +28.7%y compared to +25.4%y last year same period.
- Going ahead, we estimate national CPI to decline further from Feb-24 and continue its downward trajectory due to base effect. However, volatility in global oil prices and PKR depreciation remain risk to inflation outlook.

We review Jan-24 National CPI numbers published by Pakistan Bureau of Statistics (PBS).

Jan-24: Inflation prints 28.34%/y growth backed by higher electricity prices

Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Jan-24, headline CPI registered a +28.34%y (up by +1.83%m) growth compared to previous month, +29.66%y (+0.83%m). Monthly increase in CPI was mainly led by food and housing index on back of higher food prices and house rent under housing index. This takes 7mFY24 period average to +28.7%y compared to +25.4%y last year same period.

Exhibit: Monthly National Consumer Price Index (CPI) growth estimates						
Estimated For the month of: January, 2024						
	Wt.	y/y	m/m	7MFY24	7MFY23	7MFY22
National	100.0%	28.3%	1.8%	28.7%	25.4%	10.3%
Food	35%	25.0%	2.9%	30.9%	33.8%	10.0%
Transport	6%	26.2%	-2.4%	25.6%	52.2%	16.3%
Utility/Rent	24%	38.6%	2.5%	24.9%	12.6%	12.3%
Essentials	17%	19.5%	1.4%	18.2%	13.9%	7.3%
Disc.	18%	32.4%	0.9%	38.6%	26.4%	9.1%

Source: PBS, IGI Research

Analyst

Abdullah Farhan
Abdullah.farhan@iqi.com.pk

Higher food prices and house rent adjustment lifts overall CPI

Housing index increased 2.5%/m during Jan-24 primarily led by 1.8%/m increase in house rent which contributes 15% to CPI basket.

Besides increase in housing index, food index inclined by +2.9%/m owing to hike in prices of Chicken, Eggs, Pulses, Tomatoes and Onions. As a result, both food and house rent index cumulatively contributed to +1.3%/m increase in overall CPI.

Rural inflation continue to out-run urban inflation

Urban inflation rose during the month up by +1.8%/m to +30.23%/y/y, whereas rural inflation increased by +1.9%/m to +25.69%/y/y.

SPI remains elevated

Other indices, Wholesale Price Index (WPI) registered a +26.95%/y/y and +1.5%/m/m. Sensitive Price Index (SPI) recorded a +36.21%/y/y and +2.0%/m/m growth during the month of Jan-24 compared to 35.32%/y/y in the preceding month.

Exhibit: Historical CPI Trend

Headline inflation breaks decades old record



Exhibit: CPI rebased to June

CPI rebased to June shows elevated levels similar to 2023

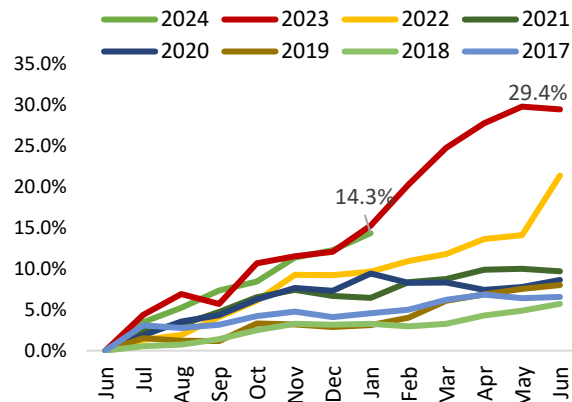
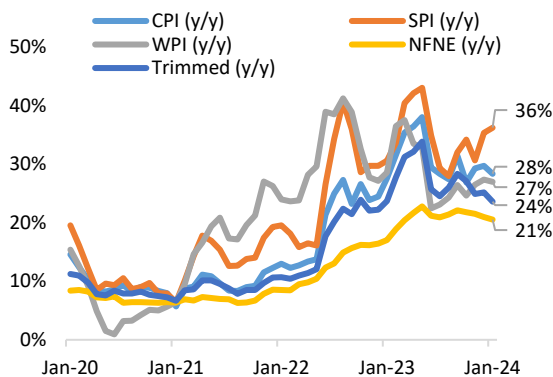


Exhibit: Major Price Indices

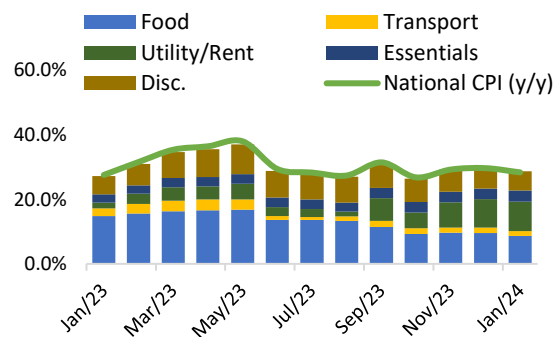
All major indices have depicted a slowdown in growth except for SPI



Source: PBS, SBP, IGI Research

Exhibit: Percentage point impact of each group on headline figure

Food, utility and discretionary items have been driving the overall inflation index recently



Outlook

After witnessing a decline in Dec-23, food prices rose sharply above its last 12M average of 2.1% owing to rise in prices of certain food items. Supply disruptions have mostly increased food prices and once they start easing food prices are likely to recede.

Going ahead, we estimate national CPI to decline further from Feb-24 and continue its downward trajectory due to base effect. However, volatility in global oil prices and PKR depreciation remain risk to inflation outlook.

Exhibit: National Core-inflation measures												
	Jan/24	Dec/23	Nov/23	Oct/23	Sep/23	Aug/23	Jul/23	Jun/23	May/23	Apr/23	Mar/23	Feb/23
CPI	28.3	29.7	29.2	26.8	31.4	27.4	28.3	29.4	38.0	36.4	35.4	31.5
SPI	36.2	35.3	30.6	34.2	32.0	27.9	29.3	34.9	43.0	42.1	40.4	33.6
WPI	27.0	27.3	26.4	24.6	26.4	24.3	23.1	22.4	32.8	33.4	37.5	36.5
NFNE	20.5	21.0	21.5	21.8	22.1	21.4	20.9	21.2	22.8	21.7	20.4	18.9
Trimmed	23.6	25.2	24.9	27.0	28.3	26.0	24.5	25.7	33.8	32.1	31.2	27.7

Source: PBS, IGI Research

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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Laraib Nisar	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	laraib.nisar@igi.com.pk

IGI Finex Securities Limited

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Website: www.igisecurities.com.pk

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
 Fax: (+92-21) 35309169, 35301780

Lahore Office

Shop # G-009, Ground Floor,
 Packages Mall
 Tel: (+92-42) 38303560-69
 Fax: (+92-42) 38303559

Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,
 Block- B, Jinnah Avenue, Blue Area
 Tel: (+92-51) 2604861-2, 2604864, 2273439
 Fax: (+92-51) 2273861

Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The
 Regency International 949, The Mall
 Faisalabad
 Tel: (+92-41) 2540843-45

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
 Model Town, Town Hall Road
 Tel: (+92-68) 5871652-3
 Fax: (+92-68) 5871651

Multan Office

Mezzanine Floor, Abdali Tower,
 Abdali Road
 Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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