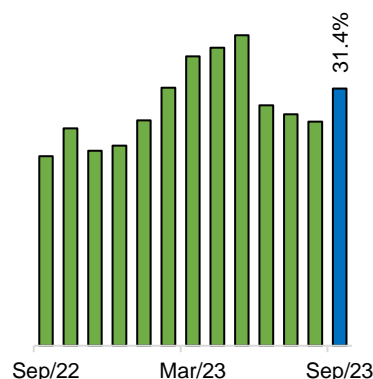


Exhibit: Monthly CPI trend



Source: IGI Research, PBS

Inflation

Sep-23: Headline CPI Clocks in at +31.4%/y/y Amid Higher Food And Transport Prices

- Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Sep-23, headline CPI registered a +31.44%y (up by +2.0%y) growth compared to previous month, +27.4%y (+1.7%y).
- As far as exchange rate is concerned, recent crackdown on smuggling and illegal channels for foreign currency has led to PKR appreciation during Sep-23. Considering C/a deficit likely to settle at USD 6.5bn of GDP in FY24 and relaxation on import restrictions, PKR is likely to under pressure. Furthermore, as PKR stabilizes imports are likely to pick up while exports may stabilize. However, some improvement is expected to reflect in remittances.
- Going ahead, we estimate national CPI to start coming down from Oct-23 onwards and drop further from Feb-24 owing to high base effect. CPI may likely fall below 30% during Oct-23.

We review Sep-23 National CPI numbers published by Pakistan Bureau of Statistics (PBS).

Sep-23: Inflation prints 31.4%/y/y growth backed by higher food prices

Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Sep-23, headline CPI registered a +31.44%y (up by +2.0%y) growth compared to previous month, +27.4%y (+1.7%y). Inflation was primarily led by food prices. Monthly increase in inflation was primarily led by food and transportation index on back of higher petroleum prices. This takes 3mFY24 period average to +29.0%y compared to +25.1%y last year same period.

Exhibit: Monthly National Consumer Price Index (CPI) growth estimates

Estimated For the month of: September, 2023

	Wt.	y/y	m/m	3MFY23	3MFY22	3MFY21
National	100.0%	31.4%	2.0%	29.0%	25.1%	8.6%
Food	35%	33.1%	1.6%	37.0%	30.0%	9.5%
Transport	6%	31.3%	9.1%	22.7%	64.1%	9.2%
Utility/Rent	24%	29.7%	0.5%	14.8%	17.5%	9.0%
Essentials	17%	18.2%	2.1%	17.1%	12.9%	6.9%
Disc.	18%	40.8%	1.4%	42.5%	23.5%	7.7%

Source: PBS, IGI Research

Analyst

Abdullah Farhan
Abdullah.farhan@igi.com.pk

Rural inflation continue to out-run urban inflation

Urban inflation rose during the month up by +1.7%y/m to +29.7%y/y, whereas rural inflation increased by +2.5%y/m to +33.9%y/y.

SPI crosses 30% after 2 months

Other indices, Wholesale Price Index (WPI) registered a +26.39%/y/y and +3.1%/m/m growth respectively, and Sensitive Price Index (SPI) recorded a +32.0%/y/y and 1.7%/m/m basis during the month of Sep-23.

Exhibit: Historical CPI Trend

Headline inflation breaks decades old record

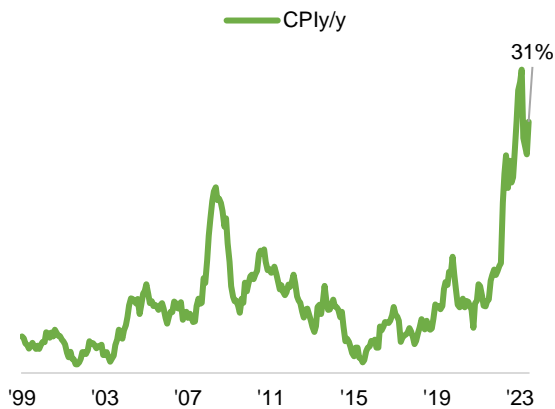


Exhibit: CPI rebased to June

CPI rebased to June shows elevated levels similar to 2023

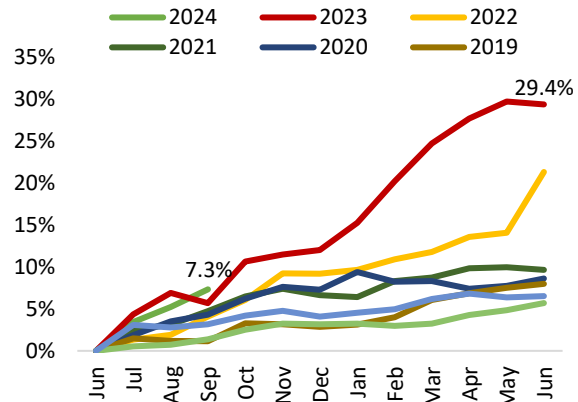
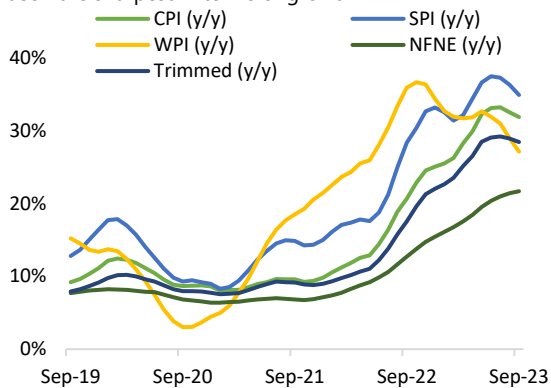


Exhibit: Major Price Indices

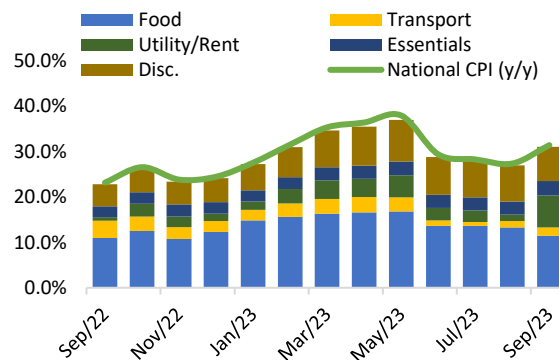
All major indices have shown fastest growth during the year. SPI, which represents food and energy prices, has been the sharpest in terms of growth



Source: PBS, Respective Central Banks, 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

Food index has been the major driver of overall headline inflation along with energy shocks and exchange rate deterioration. Food prices are likely to stabilize in near term.

As far as exchange rate is concerned, recent crackdown on smuggling and illegal channels for foreign currency has led to PKR appreciation during

Sep-23. Considering C/a deficit likely to settle at USD 6.5bn of GDP in FY24 and relaxation on import restrictions, PKR is likely to under pressure. Furthermore, as PKR stabilizes imports are likely to pick up while exports may stabilize. However, some improvement is expected to reflect in remittances.

Going ahead, we estimate national CPI to start coming down from Oct-23 onwards and drop further from Feb-24 owing to high base effect. CPI may likely fall below 30% during Oct-23.

Exhibit: National Core-inflation measures												
	Sep/23	Aug/23	Jul/23	Jun/23	May/23	Apr/23	Mar/23	Feb/23	Jan/23	Dec/22	Nov/22	Oct/22
CPI	31.4	27.4	28.3	29.4	38.0	36.4	35.4	31.5	27.6	24.5	23.8	26.6
SPI	32.0	27.9	29.3	34.9	43.0	42.1	40.4	33.6	30.5	29.7	29.7	28.6
WPI	26.4	24.3	23.1	22.4	32.8	33.4	37.5	36.5	28.5	27.1	27.7	32.6
NFNE	22.1	21.4	20.9	21.2	22.8	21.7	20.4	18.9	17.0	16.4	16.2	16.2
Trimmed	28.3	26.0	24.5	25.7	33.8	32.1	31.2	27.7	23.7	22.2	22.0	23.9

Important Disclaimer and Disclosures

Research Analyst(s) Certification: The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

Disclaimer: The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution.

Rating system: IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

Recommendation Rating System

Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)

Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)

Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

Risk: Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

Basic Definitions and Terminologies used: **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2023 IGI Finex Securities Limited

Contact Details

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	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	Deputy Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Aariz Raza	Analyst	Tel: (+92-21) 111-234-234 Ext: 810	Aariz.raza@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |

Corporate member of Pakistan Mercantile Exchange Limited

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

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
 Stock Exchange Road, Karachi.
 Tel: (+92-21) 32429613-4, 32462651-2
 Fax: (+92-21) 32429607

Lahore Office

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

Faisalabad Office

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

Multan Office

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

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

Rahim Yar Khan Office

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

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2023 IGI Finex Securities Limited