Day Break

Tuesday, August 25, 2026

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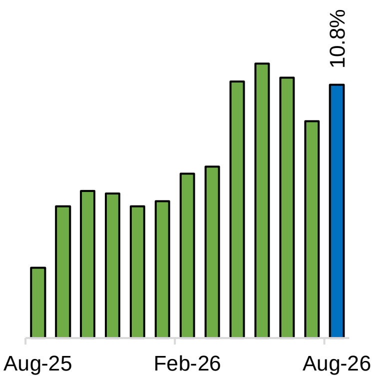
Exhibit: Headline inflation during the month of Aug-26 likely to post +10.8%y/y growth



Source: PBS, IGI Research

Inflation

Aug-26: CPI Likely to Print +10.8%y/y Growth

- For Aug-26, we estimate national CPI to clock in at +10.76%y/y growth compared to the previous month's +9.20%y/y. On a monthly scale, Aug-26 is estimated to depict a +0.77%m/m growth compared to +1.19%m/m increase in Jul-26.
- CPI is expected to increase on monthly basis likely owing to higher food and POL prices despite lower electricity prices and stand close to its last 12-month average increase of +0.74%m/m. This bring average inflation for 2MFY27 to 10.0% against 3.5% in the similar period last year.
- Going forward, inflation is likely to ease slightly in coming month owing to high base effect however outlook remains uncertain owing to volatility in international oil prices amid tensions in Middle East Conflict. Despite uncertainty regarding oil prices, inflation is likely to drop further from Sep-26 onwards and remain in single digit barring any substantial external shocks.

We preview Aug-26 National CPI estimates.

Monthly Inflation to Clock in at +10.8%y/y

For Aug-26, we estimate national CPI to clock in at +10.76%y/y growth compared to the previous month's +9.20%y/y. On a monthly scale, Aug-26 is estimated to depict a +0.77%m/m growth compared to +1.19%m/m increase in Jul-26. CPI is expected to increase on monthly basis likely owing to higher food and POL prices despite lower electricity prices and stand close to its last 12-month average increase of +0.74%m/m. On yearly basis, CPI is likely to increase in Aug-26 owing to higher Food and POL prices. This bring average inflation for 2MFY27 to 10.0% against 3.5% in the similar period last year.

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

Estimated For the month of: Aug, 2026

	Wt.	y/y	m/m	2MFY27	2MFY26	2MFY25
National	**100.0%**	**10.8%**	**0.8%**	10.0%	3.5%	10.4%
Food	35%	13.0%	0.9%	11.8%	-0.4%	2.0%
Transport	6%	24.5%	7.1%	19.8%	2.6%	7.7%
Housing	24%	7.3%	-1.2%	7.2%	3.6%	23.8%
Essentials	17%	9.2%	0.5%	9.2%	8.5%	16.8%
Disc.	18%	7.1%	0.5%	7.0%	7.5%	10.7%

Source: PBS, IGI Research

Analyst

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Food prices continue to rise during Aug-26

Monthly Sensitive Price Index (SPI), which is a proxy index for volatile food prices, suggests prices are likely to increase by +0.9%m/m. During the month of Aug-26, key food items including Wheat flour, Meat, Milk, Eggs, Cooking oil and Vegetable ghee, Potatoes, Onion, Tea and Pulse Gram increased over the previous month whereas prices of Tomatoes, Chicken, Sugar and Pulses (Moong and Mash) have declined.

Housing Index to drop by 1.2%m/m during Aug-26

Moreover, housing index is likely to decline by 1.2%m/m against 0.6%m/m decline during the month of Jul-26 amid lower electricity prices. Gas prices remained unchanged during the month as Government has not yet notified bi-annual price adjustment.

Transport index to increase during Aug-26

For the month of Aug-26, the transport index is likely to increase by +7.1%m/m as POL prices increased on average owing to uncertainty regarding Middle East conflict and flow of oil through Strait of Hormuz. Prices of major motor vehicle manufacturers remained relatively unchanged during the month.

Outlook

Going forward, inflation is likely to ease slightly in coming month owing to high base effect however outlook remains uncertain owing to volatility in international oil prices amid tensions in Middle East Conflict. Despite uncertainty regarding oil prices, inflation is likely to drop further from Sep-26 onwards and remain in single digit barring any substantial external shocks.

Exhibit: Rebased CPI trend

Headline inflation rebased to Jun-26, is estimated to surge by +2.0% during the month of Aug-26 compared to +2.3% recorded last year same month.

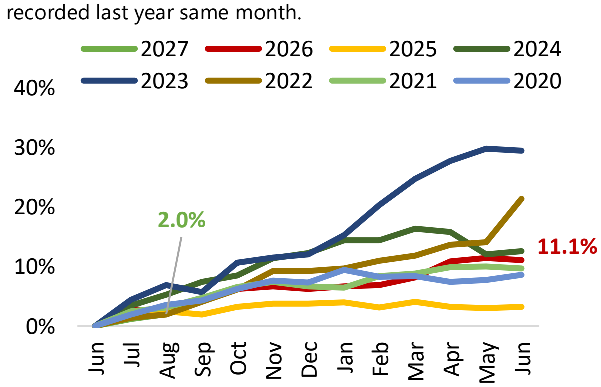
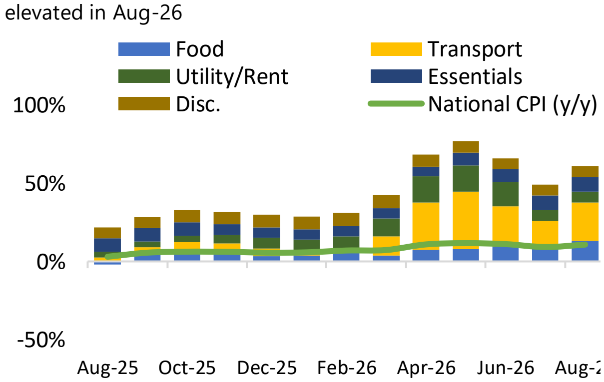


Exhibit: Percentage point impact of each group on the headline figure

Increase in Transport and food index likely to keep CPI elevated in Aug-26



Source: PBS, S&P Global, IGI Research

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