

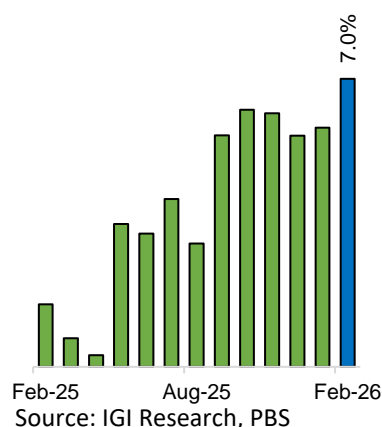
# Day Break

Monday, March 2, 2026



SERVING YOU SINCE 1994

Exhibit: Monthly CPI trend



## Inflation

### Feb-26: CPI Prints +7.0%y/y Growth

- Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Feb-26, headline CPI registered a +6.98%y (up by +0.27%m) growth compared to previous month, +5.80%y (up by +0.39%m).
- Increase in monthly CPI reading was mainly led by increase in electricity charges and low base effect. However, core inflation remained at similar level of 7.6%y/y as Rural inflation outpaced growth in Urban. This brings average inflation for 8MFY26 to 5.46% compared to 5.85% in the similar period last year.
- Inflation picked up in Feb-26 mainly due to increase in electricity prices and low base effect despite lower food and transport prices. Inflation is likely to pick up further during 2HFY26 and expected to normalize from FY27. However, rise in oil prices and PKR depreciation amid rising geopolitical tensions remain key risk to our inflation outlook.

### Feb-26: Inflation prints +7.0%y/y, up by 0.27%m/m

Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Feb-26, headline CPI registered a +6.98%y (up by +0.27%m) growth compared to previous month, +5.80%y (up by +0.39%m). Increase in monthly CPI reading was mainly led by increase in electricity charges and low base effect. However, core inflation remained at similar level of 7.6%y/y as Rural inflation outpaced growth in Urban. This brings average inflation for 8MFY26 to 5.46% compared to 5.85% in the similar period last year.

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

Estimated For the month of: Feb, 2026

|              | Wt.    | y/y  | m/m   | 8MFY26 | 8MFY25 | 8MFY24 |
|--------------|--------|------|-------|--------|--------|--------|
| National     | 100.0% | 7.0% | 0.3%  | 5.4%   | 5.9%   | 28.0%  |
| Food         | 35%    | 5.8% | -0.9% | 3.5%   | -0.4%  | 29.6%  |
| Transport    | 6%     | 0.4% | -1.9% | 3.8%   | -0.5%  | 24.3%  |
| Utility/Rent | 24%    | 9.7% | 1.9%  | 5.5%   | 12.5%  | 26.6%  |
| Essentials   | 17%    | 6.6% | 0.3%  | 7.6%   | 14.0%  | 18.2%  |
| Disc.        | 18%    | 8.7% | 1.2%  | 7.8%   | 9.1%   | 37.2%  |

Source: PBS, IGI Research

### Analyst

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### Food prices declined while housing index increased during Feb-26

Food index declined by 0.85%m/m during Feb-26 owing to decrease in prices of Chicken, Wheat, Eggs, Cooking oil, Vegetable Ghee, Pulse (masoor), Potatoes, Onions, Fresh Vegetables and Sugar over the previous

month whereas prices of Meat, Milk, Fresh Fruits, Pulses (Moong, Mash, Gram), Tomatoes and Beverages have increased. Housing index increased by +1.86%/m/m mainly due to increase in electricity charges and solid fuel prices.

#### Transport index down by 1.89%/m/m

Transport index decreased by 1.89%/m/m mainly due to decline in transport services despite increase in motor fuel prices as MS and HSD prices increased over the previous month.

#### Rural inflation picked up sharply compared to Urban

Urban inflation inched up by 0.27%/m/m or up +6.79%/y/y during the month of Feb-26, whereas rural inflation increased by +0.28%/m/m or up by +7.27%/y/y.

#### SPI drops further in Jan-26

Other indices, Wholesale Price Index (WPI) registered a +1.05%/y/y increase and up +0.7%/m/m during Feb-26. Sensitive Price Index (SPI) recorded a +4.80%/y/y growth and down by 0.1%/m/m during the month of Feb-26 compared to +3.3%/y/y increase in the preceding month.

#### Outlook

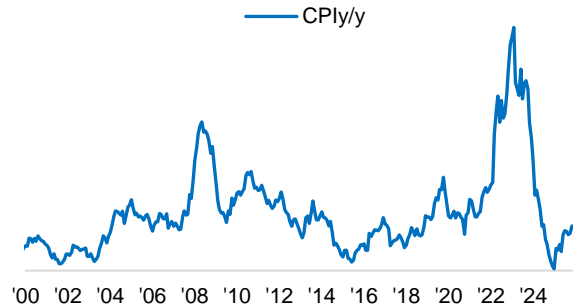
Inflation picked up in Feb-26 mainly due to increase in electricity prices and low base effect despite lower food and transport prices. Inflation is likely to pick up further during 2HFY26 and expected to normalize from FY27. However, rise in oil prices and PKR depreciation amid rising geopolitical tensions remain key risk to our inflation outlook. We expect inflation to average between 6-7% for FY26.

| Exhibit: National Core-inflation measures |        |        |        |        |        |        |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|   | Feb-26 | Jan-26 | Dec-25 | Nov-25 | Oct-25 | Sep-25 | Aug-25 | Jul-25 | Jun-25 | May-25 | Apr-25 | Mar-25 |
| CPI                                       | 7.0    | 5.8    | 5.6    | 6.2    | 6.2    | 5.6    | 3.0    | 4.1    | 3.2    | 3.5    | 0.3    | 0.7    |
| SPI                                       | 4.8    | 3.3    | 2.6    | 4.2    | 4.8    | 4.5    | 2.6    | -0.9   | -1.9   | -0.6   | -3.2   | -2.3   |
| WPI                                       | 1.0    | 0.2    | 0.6    | 1.1    | 1.1    | 0.6    | -1.0   | -0.5   | 0.6    | 0.4    | -2.2   | -1.6   |
| NFNE                                      | 7.6    | 7.6    | 7.4    | 7.2    | 7.9    | 7.3    | 7.3    | 7.4    | 7.6    | 7.9    | 8.0    | 9.0    |
| Trimmed                                   | 5.3    | 5.1    | 5.7    | 5.7    | 6.3    | 6.0    | 4.0    | 5.0    | 4.9    | 4.8    | 3.6    | 4.8    |

Source: PBS, IGI Research

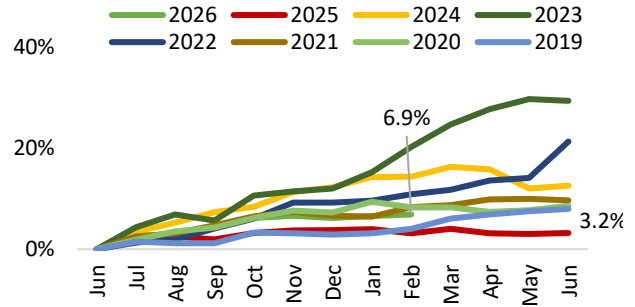
**Exhibit: Historical CPI Trend**

Headline inflation picks up amid higher house rent



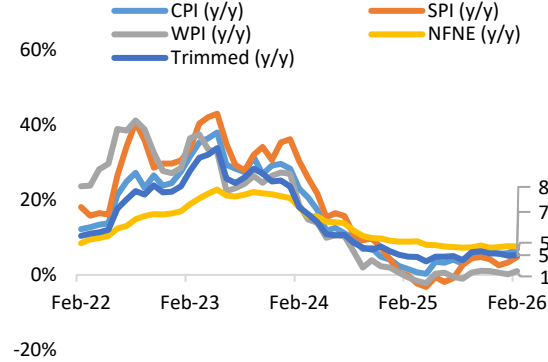
**Exhibit: CPI rebased to June**

CPI rebased to June shows rise in inflation



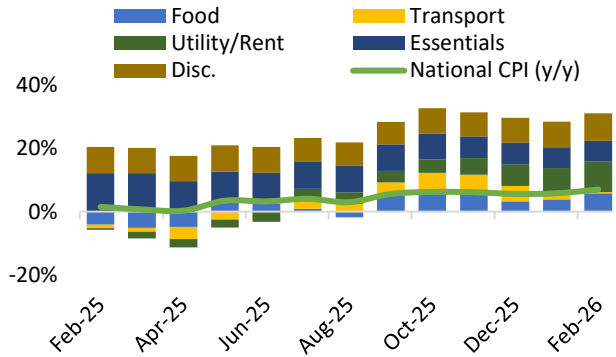
**Exhibit: Major Price Indices**

All major indices have depicted a slight pickup in growth including for SPI and WPI



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

Higher electricity charges and low base effect keeps inflation higher



Source: PBS, SBP, IGI Research

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