

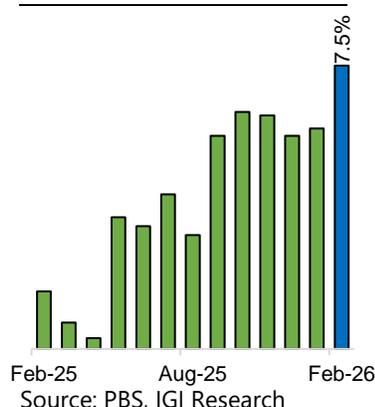
# Day Break

Thursday, February 26, 2026

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Securities

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**Exhibit:** Headline inflation during the month of Feb-26 likely to post +7.5%y/y growth



## Inflation

### Feb-26: CPI Likely to Print +7.5%y/y Growth

- For Feb-26, we estimate national CPI to clock in at +7.46%y/y growth compared to the previous month's +5.80%y/y. On a monthly scale, Feb-26 is estimated to show a +0.72%m/m growth compared to 0.39%m/m increase in Jan-26.
- CPI is expected to increase on monthly basis likely owing to higher electricity charges and POL prices and stand above its last 12-month average increase of +0.48%m/m. On yearly basis, CPI is likely to increase in Feb-26 owing to low base effect, higher electricity and gas prices. As a result, average inflation for 8MFY26 is likely to stand at 5.5% compared to 6.0% in the same period last year.
- Going forward, inflation is likely to remain elevated till Jun-26 owing to low base effect before normalizing within SBP's target range of 5-7% in FY27. Rise in global oil and commodity prices, uncertainty over tariffs and PKR depreciation remain key risk to our inflation outlook.

We preview Feb-26 National CPI estimates.

#### Monthly Inflation to Clock in at +7.5%y/y

For Feb-26, we estimate national CPI to clock in at +7.46%y/y growth compared to the previous month's +5.80%y/y. On a monthly scale, Feb-26 is estimated to show a +0.72%m/m growth compared to 0.39%m/m increase in Jan-26. CPI is expected to increase on monthly basis likely owing to higher electricity charges and POL prices and stand above its last 12-month average increase of +0.48%m/m. On yearly basis, CPI is likely to increase in Feb-26 owing to low base effect, higher electricity and gas prices. As a result, average inflation for 8MFY26 is likely to stand at 5.5% compared to 6.0% in the same 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%	7.5%	0.7%	5.5%	6.0%	28.0%
Food	35%	6.1%	-0.6%	3.6%	-0.4%	29.6%
Transport	6%	5.2%	2.8%	4.4%	-0.5%	24.3%
Housing	24%	10.3%	2.5%	5.6%	12.5%	26.6%
Essentials	17%	6.7%	0.4%	7.6%	14.0%	18.2%
Disc.	18%	8.2%	0.7%	7.7%	9.1%	37.2%

Source: PBS, IGI Research

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#### Food prices to inch down during Feb-26

Monthly Sensitive Price Index (SPI), which is a proxy index for volatile food prices, suggests prices are likely to decline by 0.6%m/m. During the

month of Feb-26, key food items including Eggs, Wheat Flour, Rice, Ghee, Cooking Oil Pulses (Masoor), Potatoes and Sugar declined over the previous month whereas prices of Chicken, Meat, Onions, Tomatoes and Pulses (Mash, Gram and Moong) have increased.

### Housing Index to increase by +2.5% m/m during Feb-26

Moreover, housing index is likely to increase by +2.5% m/m owing to higher electricity charges against +1.1% m/m increase in the month of Jan-26. Gas prices remained unchanged during the month.

### Transport index to rise during Feb-26

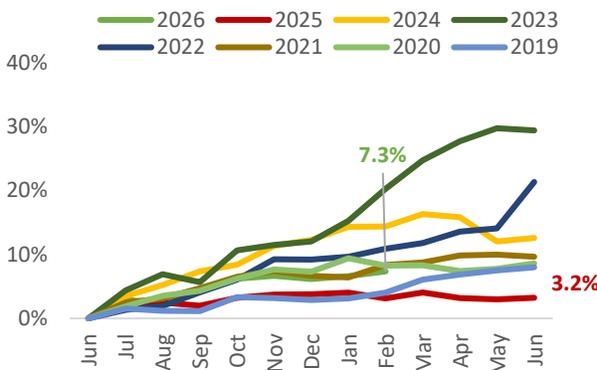
For the month of Feb-26, the transport index is likely to increase by 2.8% m/m as POL prices increased during the month especially HSD. Prices of major motor vehicle manufacturers remained relatively unchanged during the month.

### Outlook

Going forward, inflation is likely to remain elevated till Jun-26 owing to low base effect before normalizing within SBP's target range of 5-7% in FY27. Rise in global oil and commodity prices, uncertainty over tariffs and PKR depreciation remain key risk to our inflation outlook.

#### Exhibit: Rebased CPI trend

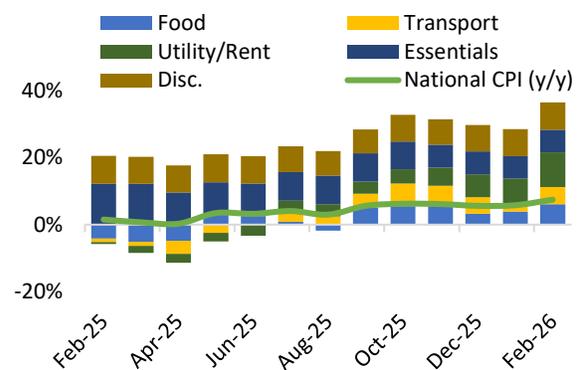
Headline inflation rebased to Jun-25, is estimated to surge by +7.3% during the month of Feb-26 compared to +3.1% recorded last year same month.



Source: PBS, S&P Global, IGI Research

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

Housing and Transport index to lift monthly CPI reading



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