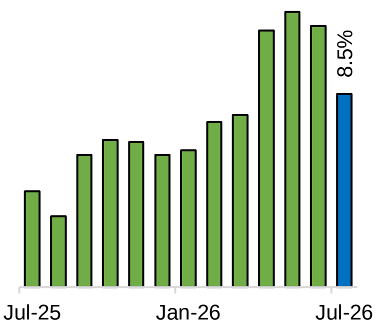
Day Break

Friday, July 31, 2026

Exhibit: Headline inflation during the month of Jul-26 likely to post +8.5%y/y growth



Source: PBS, IGI Research

Inflation

Jul-26: CPI Likely to Print +8.5%y/y Growth

- For Jul-26, we estimate national CPI to clock in at +8.49%y/y growth compared to the previous month's +11.07%y/y. On a monthly scale, Jul-26 is estimated to depict a +0.52%m/m growth compared to 0.29%m/m decline in Jun-26.
- CPI is expected to increase on monthly basis likely owing to higher food prices despite lower POL prices and stand below its last 12-month average increase of +0.89%m/m. On yearly basis, CPI is likely to increase in Jul-26 owing to higher POL prices.
- 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 Jul-26 National CPI estimates.

Monthly Inflation to Clock in at +8.5%y/y

For Jul-26, we estimate national CPI to clock in at +8.49%y/y growth compared to the previous month's +11.07%y/y. On a monthly scale, Jul-26 is estimated to depict a +0.52%m/m growth compared to 0.29%m/m decline in Jun-26. CPI is expected to increase on monthly basis likely owing to higher food prices despite lower POL prices and stand below its last 12-month average increase of +0.89%m/m. On yearly basis, CPI is likely to increase in Jul-26 owing to higher POL prices.

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

Estimated For the month of: Jul, 2026

	Wt.	y/y	m/m	1MFY27	1MFY26	1MFY25
National	**100.0%**	**8.5%**	**0.5%**	8.5%	4.1%	11.1%
Food	35%	9.3%	2.9%	9.3%	0.9%	1.6%
Transport	6%	10.3%	-9.2%	10.3%	2.7%	12.2%
Housing	24%	7.6%	-0.2%	7.6%	3.6%	25.3%
Essentials	17%	8.5%	0.6%	8.5%	8.5%	17.5%
Disc.	18%	7.4%	0.9%	7.4%	7.6%	11.6%

Source: PBS, IGI Research

Analyst

Abdullah Farhan
Abdullah.farhan@igi.com.pk

Food prices continue to rise during Jul-26

Monthly Sensitive Price Index (SPI), which is a proxy index for volatile food prices, suggests prices are likely to increase by +2.9%m/m. During the month of Jul-26, key food items including Wheat flour, Chicken, Milk, Eggs, Potatoes, Onion, Tomatoes and Tea increased over the previous month whereas prices of Pulses and Sugar have declined.

Housing Index to drop by 0.2%m/m during Jul-26

Moreover, housing index is likely to decline by 0.2%m/m against 0.4%m/m decline during the month of Jun-26 amid lower electricity prices despite quarterly house rent adjustment. Gas prices remained unchanged during the month.

Transport index to decline during Jul-26

For the month of Jul-26, the transport index is likely to decline by 9.2%m/m as POL prices dropped owing to ease in Middle East conflict. Prices of major motor vehicle manufacturers remained relatively unchanged during the month except increase in prices for HEV post Budget 2027.

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 +0.52% during the month of Jul-26 compared to +2.9% recorded last year same month.

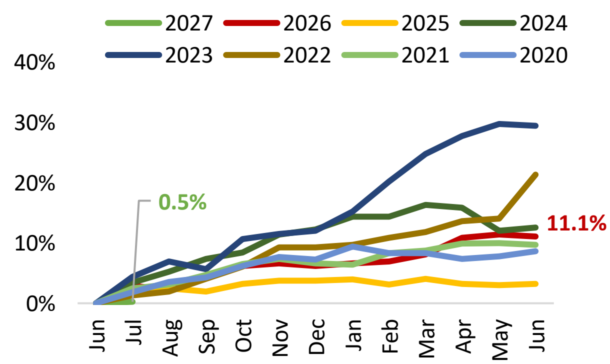
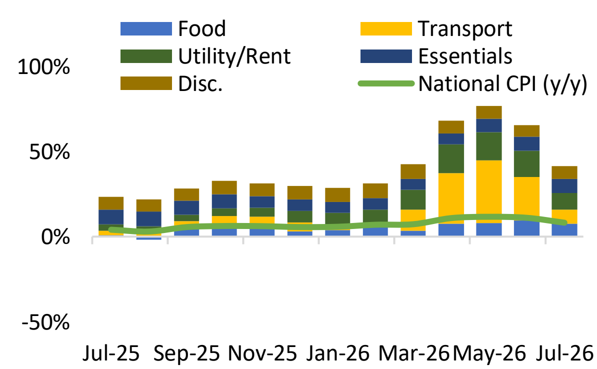


Exhibit: Percentage point impact of each group on the headline figure

Decline in Transport index likely to keep CPI reading in check



Source: PBS, S&P Global, IGI Research

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IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009

Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111 234 234 Ext: 826	faraz.naqvi@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
Syed Muzammil Hasan Rizvi	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	muzammil.rizvi@igi.com.pk
Sufyan Siddiqui	Database Officer	Tel: (+92-21) 111-234-234 Ext: 888	sufyan.siddiqui@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
Fax: (+92-21) 35309169, 35301780

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

LSE Plaza
Office No.1A at North Mezzanine Floor of the LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.
Tel: (+92-42) 38303565

Islamabad Office
3rd Floor, Kamran Centre,
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