

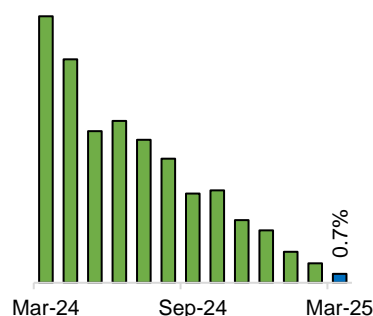
Day Break

Friday, April 4, 2025

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Securities

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Exhibit: Monthly CPI trend



Source: IGI Research, PBS

Inflation

Mar-25: CPI Prints +0.69%y/y Growth; Lowest in 6 Decades

- Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Mar-25, headline CPI registered a +0.69%y (up by +0.89%y) growth compared to previous month, +1.52%y (down 0.84%y).
- Slowdown in monthly CPI reading was mainly led by lower transport and electricity prices. On yearly basis, inflation slowed down mainly due to lower food prices and high base effect. As a result, 9MFY25 average inflation stands at 5.4% compared to 27.2% in the similar period last year.
- After posting a substantial decline in Mar-25 mainly due to lower electricity cost and transport prices, inflation is expected to rise pick up in substantially from May-25 onwards owing to low base effect. Potential adjustment in energy prices and any further indirect taxes to meet revenue requirement along with rise in oil prices remain key risk to inflation outlook. We expect inflation to average between 6-7% for FY25.

Mar-25: Inflation prints +0.69%y/y, up by +0.89%y/m

Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Mar-25, headline CPI registered a +0.69%y (up by +0.89%y) growth compared to previous month, +1.52%y (down 0.84%y). Slowdown in monthly CPI reading was mainly led by lower transport and electricity prices. On yearly basis, inflation slowed down mainly due to lower food prices and high base effect. As a result, 9MFY25 average inflation stands at 5.4% compared to 27.2% in the similar period last year.

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

Estimated For the month of: March, 2025

	Wt.	y/y	m/m	9MFY25	9MFY24	9MFY23
National	100.0%	0.7%	0.9%	5.4%	27.2%	27.19%
Food	35%	-5.1%	1.9%	-0.9%	28.2%	36.5%
Transport	6%	-1.2%	-0.3%	-0.5%	22.8%	52.8%
Utility/Rent	24%	-2.2%	-0.1%	10.9%	27.7%	13.4%
Essentials	17%	12.2%	1.1%	13.8%	17.9%	14.3%
Disc.	18%	8.1%	0.5%	9.0%	35.2%	29.3%

Source: PBS, IGI Research

Analyst

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Increase in food price partially offset by drop in utility prices

Food index increased by +1.9%*m/m* during Mar-25 owing to decline in prices of Chicken, Eggs, Meat, Tomatoes, Wheat flour, Pulse Moong, Sugar and Fresh Fruit prices have increased over the previous month whereas prices of Pulses (Masoor, Gram and Mash), Cooking Oil, Tea, Onions, Potatoes and Rice have declined. Housing index dropped by 0.1%*m/m* mainly due to decline in electricity charges. Electricity charges were down likely due to negative FCA of PKR 2.12/Kwh for Jan-25 (reflected in Mar-25 electricity bills).

Transport index inched down by 0.3%*m/m*

Transport index declined by 0.3%*m/m* mainly due to drop in POL product prices and transport services. Prices of Motor Vehicles remained relatively unchanged during the month.

Urban inflation continues to outpace rural

Urban inflation increased by +0.78%*m/m* to +1.16%*y/y* during the month of Mar-25, whereas rural inflation inclined by +1.05%*m/m* to +0.02%*y/y*.

SPI drops further in Mar-25

Other indices, Wholesale Price Index (WPI) registered a 1.6%*y/y* decline while up +0.3%*m/m* during Mar-25. Sensitive Price Index (SPI) recorded a 2.31%*y/y* decline and down by 0.1%*m/m* during the month of Mar-25 compared to 0.17%*y/y* decline in the preceding month.

Outlook

After posting a substantial decline in Mar-25 mainly due to lower electricity cost and transport prices, inflation is expected to rise pick up in substantially from May-25 onwards owing to low base effect. Potential adjustment in energy prices and any further indirect taxes to meet revenue requirement along with rise in oil prices remain key risk to inflation outlook. We expect inflation to average between 6-7% for FY25.

Exhibit: National Core-inflation measures

	Mar-25	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24	Aug-24	Jul-24	Jun-24	May-24	Apr-24
CPI	0.7	1.5	2.4	4.1	4.9	7.2	6.9	9.6	11.1	12.6	11.8	17.3
SPI	-2.3	-0.2	0.7	4.2	7.3	9.7	9.2	10.9	15.7	16.4	15.3	21.6
WPI	-1.6	-0.7	0.6	1.9	2.3	3.9	2.0	6.3	10.4	10.6	9.9	13.9
NFNE	9.0	8.8	8.8	9.1	9.7	9.8	10.4	11.9	13.8	14.1	14.2	15.6
Trimmed	4.8	4.8	5.4	6.3	7.6	6.7	7.2	8.6	10.7	10.6	10.8	14.0

Source: PBS, IGI Research

Exhibit: Historical CPI Trend

Headline inflation breaks decades old record

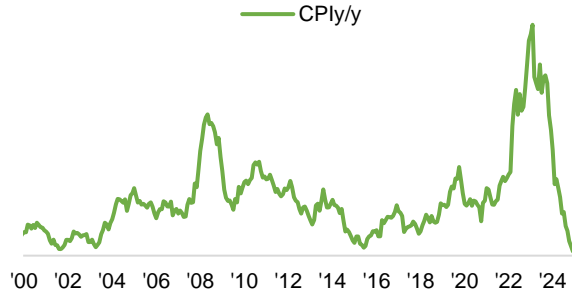


Exhibit: CPI rebased to June

CPI rebased to June shows decline in inflation

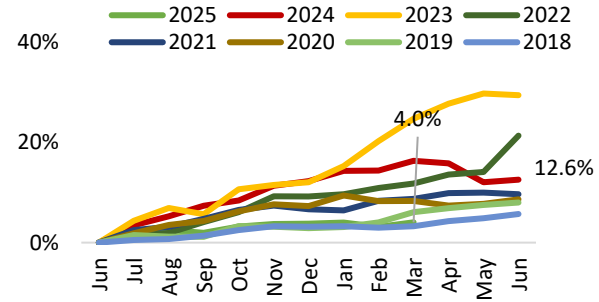


Exhibit: Major Price Indices

All major indices have depicted a slowdown in growth except for SPI and WPI

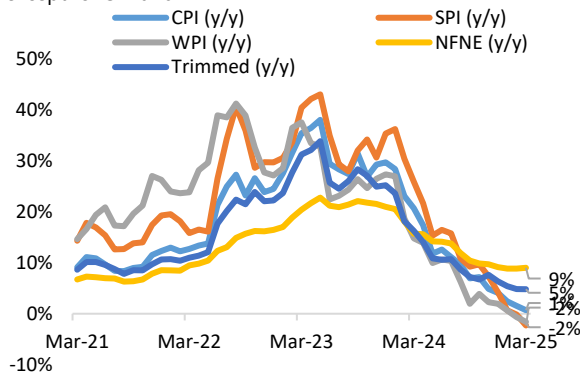
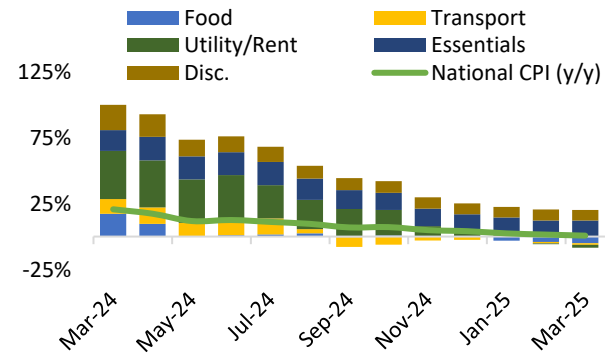


Exhibit: Percentage point impact of each group on headline figure

Food items have been driving the overall decline in inflation index recently



Source: PBS, SBP, IGI Research

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