

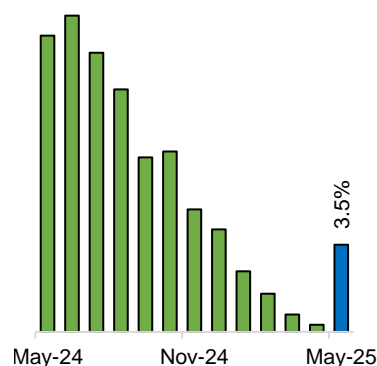
# Day Break

Monday, June 2, 2025

**IGI**  
Securities

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Exhibit: Monthly CPI trend



Source: IGI Research, PBS

## Inflation

### May-25: CPI Prints +3.46%y/y Growth

- Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of May-25, headline CPI registered a +3.46%y (down by 0.17%m) growth compared to previous month, +0.28%y (down by 0.84%m).
- Slowdown in monthly CPI reading was mainly led by lower food and electricity prices. On yearly basis, inflation picked up mainly due to higher food prices led by low base effect despite lower transport and electricity charges. As a result, 11MFY25 average inflation stands at 4.7% compared to 24.9% in the similar period last year.
- After continuing downward trajectory in Apr-25, inflation picked up during May-25 owing to low base effect. Rise in oil prices and new taxation measures in Budget 2025-26 remain key risk to inflation outlook. We expect inflation to average at 4.6% for FY25 while rising to 7-8% on average in FY26.

#### May-25: Inflation prints +3.46%y/y, down by 0.17%m/m

Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of May-25, headline CPI registered a +3.46%y (down by 0.17%m) growth compared to previous month, +0.28%y (down by 0.84%m). Slowdown in monthly CPI reading was mainly led by lower food and electricity prices. On yearly basis, inflation picked up mainly due to higher food prices led by low base effect despite lower transport and electricity charges. As a result, 11MFY25 average inflation stands at 4.7% compared to 24.9% in the similar period last year.

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

Estimated For the month of: May, 2025

	Wt.	y/y	m/m	11MFY25	11MFY24	11MFY23
National	100.0%	3.5%	-0.2%	4.7%	24.9%	29.01%
Food	35%	3.1%	-0.2%	-0.9%	23.9%	38.6%
Transport	6%	-2.5%	-0.2%	-1.0%	20.7%	53.2%
Utility/Rent	24%	-2.5%	-1.2%	8.4%	28.9%	14.3%
Essentials	17%	9.6%	0.7%	13.0%	17.9%	14.8%
Disc.	18%	8.3%	0.2%	8.8%	31.5%	32.7%

Source: PBS, IGI Research

#### Analyst

Abdullah Farhan  
[Abdullah.farhan@igi.com.pk](mailto:Abdullah.farhan@igi.com.pk)

### Decline in food and electricity prices led to lower inflation reading

Food index declined by 0.17% m/m during May-25 owing to decline in prices of Wheat Flour, Rice, Cooking Oil and Ghee, Pulse (Mash), Onions, Tomatoes and Tea prices have decreased over the previous month whereas prices of Eggs, Meat, Chicken, Milk, Pulses, Potatoes, Sugar, Fresh Vegetables and Fruits have increased. Housing index dropped by 1.2% m/m mainly due to decline in electricity charges owing to quarterly tariff adjustment.

### Transport index inched down by 0.2% m/m

Transport index declined by 0.2% m/m likely due to slight drop in POL prices despite increase in motor vehicle prices and transport service cost.

### Urban inflation higher compared to rural

Urban inflation inched up by +0.07% m/m or up +3.51% y/y during the month of May-25, whereas rural inflation declined by 0.53% m/m or up by +3.39% y/y.

### SPI drops further in May-25

Other indices, Wholesale Price Index (WPI) registered a +0.36% y/y growth and remained flat on monthly basis during May-25. Sensitive Price Index (SPI) recorded a 0.59% y/y decline and down by 1.0% m/m during the month of May-25 compared to 3.21% y/y decline in the preceding month.

### Outlook

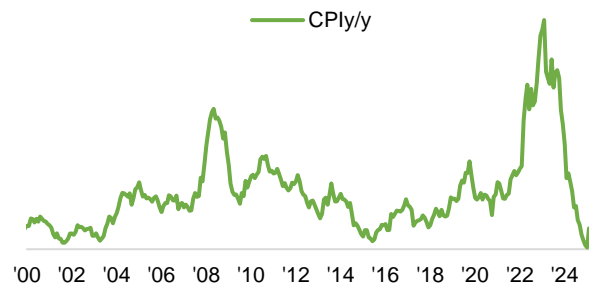
After continuing downward trajectory in Apr-25, inflation picked up during May-25 owing to low base effect. Rise in oil prices and new taxation measures in Budget 2025-26 remain key risk to inflation outlook. We expect inflation to average at 4.6% for FY25 while rising to 7-8% on average in FY26.

Exhibit: National Core-inflation measures												
	May-25	Apr-25	Mar-25	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24	Aug-24	Jul-24	Jun-24
CPI	3.5	0.3	0.7	1.5	2.4	4.1	4.9	7.2	6.9	9.6	11.1	12.6
SPI	-0.6	-3.2	-2.3	-0.2	0.7	4.2	7.3	9.7	9.2	10.9	15.7	16.4
WPI	0.4	-2.2	-1.6	-0.7	0.6	1.9	2.3	3.9	2.0	6.3	10.4	10.6
NFNE	7.9	8.0	9.0	8.8	8.8	9.1	9.7	9.8	10.4	11.9	13.8	14.1
Trimmed	4.8	3.6	4.8	4.8	5.4	6.3	7.6	6.7	7.2	8.6	10.7	10.6

Source: PBS, IGI Research

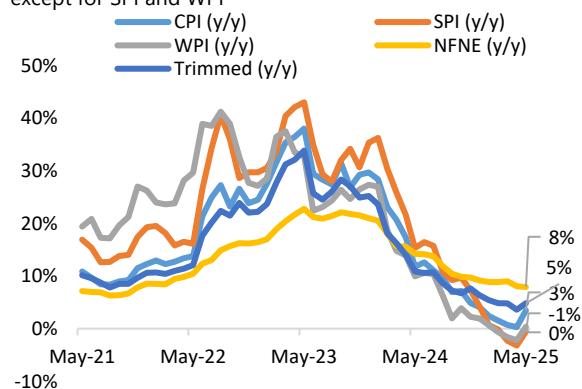
### Exhibit: Historical CPI Trend

Headline inflation picks up as low base kicks in



### Exhibit: Major Price Indices

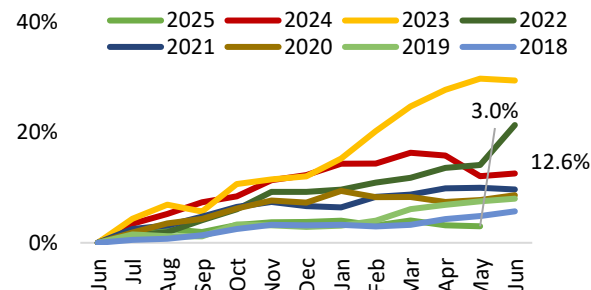
All major indices have depicted a slowdown in growth except for SPI and WPI



Source: PBS, SBP, IGI Research

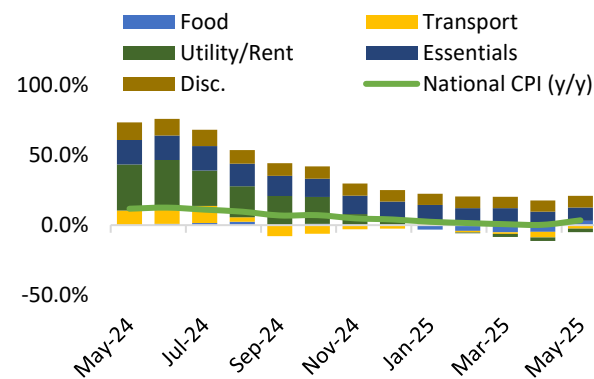
### Exhibit: CPI rebased to June

CPI rebased to June shows decline in inflation



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

Food and electricity prices have been driving the overall decline in inflation index recently



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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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## 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
Laraib Nisar	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	laraib.nisar@igi.com.pk

### IGI Finex Securities Limited

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Corporate member of Pakistan Mercantile Exchange Limited

Website: [www.igisecurities.com.pk](http://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 | (+92-21) 111-234-234  
Fax: (+92-21) 35309169, 35301780

### Lahore Office

Shop # G-009, Ground Floor,  
Packages Mall  
Tel: (+92-42) 38303560-69  
Fax: (+92-42) 38303559

### Islamabad Office

3<sup>rd</sup> 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

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