

Economy

Exhibit: Annual and monthly trend in NCPI since Oct-21

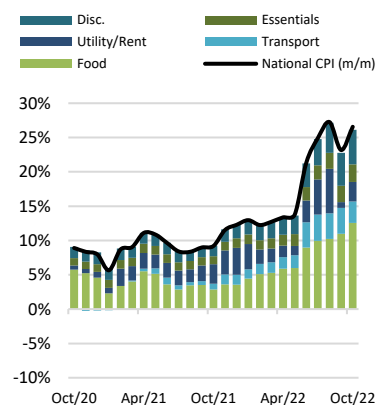
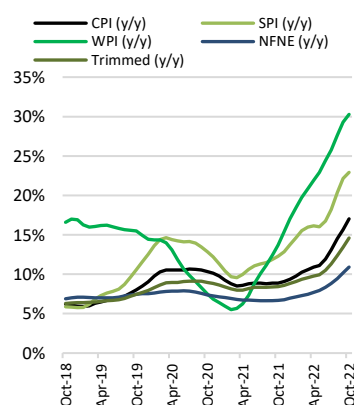


Exhibit: Core and headline inflation trend (6 months MA)



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Inflation

Oct-22: CPI up +26.6%Y/Y on Higher Food and Electricity Prices

- For the month of Oct-22, Inflation numbers released by Pakistan Bureau of Statistics (PBS), national headline inflation registered a +26.6%y (up by 4.7%m/m) growth compared to previous month, +23.2% (-1.1%m/m). This takes 4mFY23 average to +25.5% compared to +8.7% last year same period.
- During the month, food prices jumped by +5.8m/m to register a +36.2%y/y growth. This takes 4mFY23 average increase to +31.6%y/y compared to +9.2%y/y last year. For the month of Oct-22, domestic motor gasoline (MOGAS) prices dropped by -4.2m/m compared to last month amid drop in international oil prices and favorable exchange rate. As a result of drop in POL prices, overall transport index declined by 1.81m/m.
- Henceforth we expect inflation is likely to remain above 20% y/y throughout FY23. However some respite may come on account of Nov-22, high base effect, declining global food and oil prices.

We review Consumer Price Index (CPI) growth numbers for the month of Oct-22.

Oct-22 Inflation Prints a +26.6%y growth

For the month of Oct-22, Inflation numbers released by Pakistan Bureau of Statistics (PBS), national headline inflation registered a +26.6%y (up by 4.7%m/m) growth compared to previous month, +23.2% (-1.1%m/m). This takes 4mFY23 average to +25.5% compared to +8.7% last year same period.

Urban and Rural inflation rose by +4.5% to +24.6%y/y and by +5m/m to +29.5%y/y, respectively. Other core indices, Wholesale Price Index (WPI) registered a +32.6%y/y and -0.5m/m growth respectively, and Sensitive Price Index (SPI) recorded a +24%y/y and -1.5m/m basis in Oct-22.

Exhibit: National Consumer Price Index (CPI) for the month of Oct-22.

	Wt.%	Oct-22	m/m	y/y	4MFY23	y/y
National	100%	194	4.7%	26.6%	188	25.5%
Food and Non-alcoholic Bev.	35%	221	5.6%	36.3%	206	31.6%
Alch. Beverages & Tobacco	1%	196	1.8%	34.6%	187	28.9%
Cloths/ Footwear	9%	178	1.0%	18.3%	176	17.0%
HWEGF	24%	167	10.9%	11.9%	168	16.1%
Household Equipment	4%	187	2.9%	27.6%	179	23.6%
Health	3%	182	2.8%	16.2%	176	13.3%
Transport	6%	245	-1.8%	53.4%	246	61.3%
Comm.	2%	112	0.4%	1.6%	111	1.3%
Recreation & Culture	2%	164	1.9%	23.6%	157	20.9%
Education	4%	163	1.0%	10.9%	161	10.2%
Restaurants & Hotels	7%	193	2.5%	30.4%	186	27.9%
Misc.	5%	194	0.9%	22.4%	188	20.6%

Source: PBS, IGI Research

Food Prices inched by +5.6m/m; 4MFY23 31.6%y/y

During the month, food prices jumped by +5.8m/m to register a +36.2%y/y growth. This takes 4mFY23 average increase to +31.6%y/y compared to +9.2%y/y last year. Key food items including Onions, Tomatoes, Fresh Fruits, Tea, Wheat Flour, and Fresh Vegetables have recorded a significant increase over previous month.

Exhibit: National CPI Food components Heat Map

	Wt %	Oct-22	Sep-22	Aug-22	Jul-22	Jun-22	May-22	Apr-22	Mar-22	Feb-22	Jan-22	Dec-21	Nov-21	Oct-21
Food	34.6	36.3	31.7	29.5	28.8	25.9	17.3	17.0	15.3	14.7	12.8	10.3	10.5	8.3
Non-Perishable Food	29.6	30.6	28.8	28.9	28.1	24.4	15.9	15.0	13.3	12.1	13.8	14.2	13.6	12.3
Perishable Food	5.0	70.8	50.3	33.9	32.9	36.3	26.4	29.6	30.1	34.9	6.4	-10.2	-3.6	-10.8

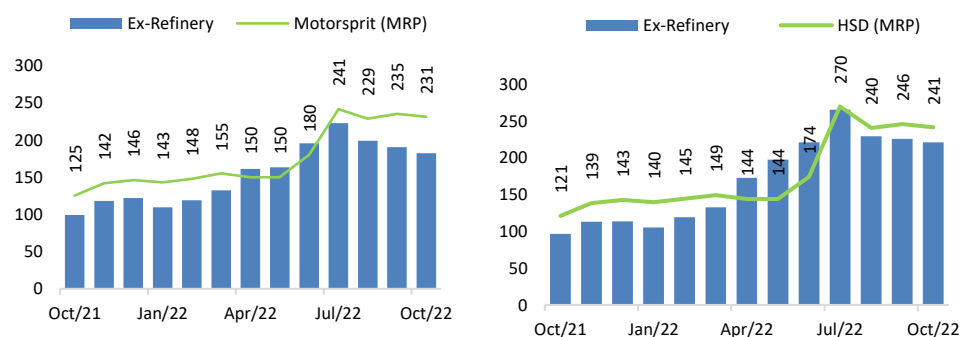
Transport Index fell by -1.8m/m due to decline in MOGAS prices

For the month of Oct-22, domestic motor gasoline (MOGAS) prices dropped by -4.2m/m compared to last month amid drop in international oil prices and favorable exchange rate. As a result of drop in POL prices, overall transport index declined by 1.81m/m.

Exhibit: Ex-Refinery and Motor Spirit (MRP) Historical Trend

Mogas prices after touching a high of PKR 241/ltr are down to PKR 231/ltr in Oct-22

Exhibit: Ex-Refinery and HSD (MRP) Historical Trend



Source: IGI Research, OGRA, Refinery

Housing & Utility Index jumped by +10.9m/m

During the month, electricity charges increased by 89m/m. This large increase in electricity charges can be explained due to the absence of reversal of FPA this month around. To recall the government announced FPA charge for the month of Aug-22 which was later reversed for the month of Sep-22 ([link](#)). Moreover the base tariff also increased by PKR 0.9/kwh (PKR 3.5/kwh in Sep-22 and PKR 3.5/kwh in Aug-22) during the month.

In addition, quarterly adjustment in house rent index increased by +1.2m/m.

The cumulative effect of increase in electricity charge and house rent index pushed overall Housing & Utility index by 10.9m/m or 11.9%y/y. Given its 24% weightage in overall national CPI basket, total impact is about 2.6% percentage points of the total CPI monthly increase of 4.7m/m.

Outlook:

Looking ahead, administrative gas price is still on cards and core prices keep on trending high. Key concerns remain on energy prices particularly with approaching winter season. Henceforth we expect inflation is likely to remain above 20% y/y throughout FY23. However some respite may come on account of Nov-22, high base effect, declining global food and oil prices.

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