

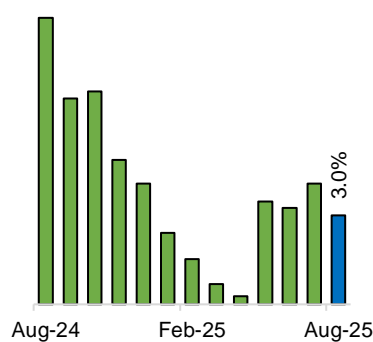
# Day Break

Tuesday, September 2, 2025

**IGI**  
Securities

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Exhibit: Monthly CPI trend



Source: IGI Research, PBS

## Inflation

### Aug-25: CPI Prints +3.0%y/y Growth

- Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Aug-25, headline CPI registered a +3.0%y (down by 0.65%m) growth compared to previous month, +4.06%y (up by 2.92%m).
- Decline in monthly CPI reading was mainly led by lower food, transport and electricity prices. On yearly basis, growth in inflation was mainly due to higher gas prices and low base effect. This brings average inflation for 2MFY26 to 3.5% compared to 10.4% in the similar period last year.
- After increasing in Jul-25, inflation dropped sharply during Aug-25 owing to lower food prices supported by decline in electricity prices. However, recent floods pose a significant risk to inflation outlook as food prices may rise sharply. Moreover, rise in oil prices and PKR depreciation remain key risk to our inflation outlook. We expect inflation to average between 5-6% for FY26.

### Aug-25: Inflation prints +3.0%y/y, down by 0.65m/m

Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Aug-25, headline CPI registered a +3.0%y (down by 0.65%m) growth compared to previous month, +4.06%y (up by 2.92%m). Decline in monthly CPI reading was mainly led by lower food, transport and electricity prices. On yearly basis, growth in inflation was mainly due to higher gas prices and low base effect. This brings average inflation for 2MFY26 to 3.5% compared to 10.4% in the similar period last year.

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

Estimated For the month of: Aug, 2025

	Wt.	y/y	m/m	2MFY26	2MFY25	2MFY24
National	100.0%	3.0%	-0.6%	3.5%	10.4%	27.83%
Food	35%	-1.8%	-1.2%	-0.4%	2.0%	39.0%
Transport	6%	2.5%	-1.0%	2.6%	7.7%	18.3%
Utility/Rent	24%	3.6%	-1.4%	3.6%	23.8%	8.5%
Essentials	17%	8.5%	0.5%	8.5%	16.8%	16.6%
Disc.	18%	7.3%	0.4%	7.5%	10.7%	43.3%

Source: PBS, IGI Research

## Analyst

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

Food index declined by 1.2%*m/m* during Aug-25 owing to decline in prices of Wheat, Cooking Oil, Fresh Fruits, Pulses, Potatoes, Fresh vegetables and Sugar over the previous month whereas prices of Eggs, Butter, Chicken, Milk, Rice, Onions, Tomatoes and Condiments/Spices have increased. Housing index declined by 1.4%*m/m* mainly due to drop in electricity charges.

### Transport index declined by 1.0%*m/m*

Transport index declined by 1.0%*m/m* likely due to lower POL prices along with decrease in motor vehicle prices and transport service cost.

### Urban inflation higher compared to rural

Urban inflation declined by 0.73%*m/m* or up +3.38%*y/y* during the month of Aug-25, whereas rural inflation dropped by 0.52%*m/m* or up by +2.43%*y/y*.

### SPI drops in Aug-25

Other indices, Wholesale Price Index (WPI) registered a 1.0%*y/y* decline and down 0.2%*m/m* during Aug-25. Sensitive Price Index (SPI) recorded a +2.63%*y/y* growth and up by +3.2%*m/m* during the month of Aug-25 compared to 0.9%*y/y* decline in the preceding month.

### Outlook

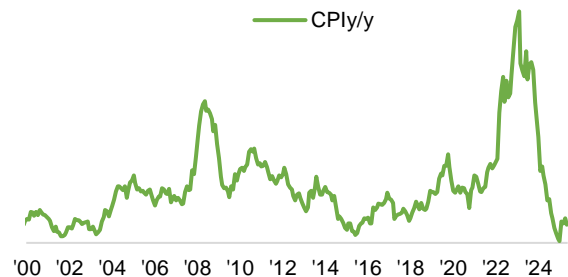
After increasing in Jul-25, inflation dropped sharply during Aug-25 owing to lower food prices supported by decline in electricity prices. However, recent floods pose a significant risk to inflation outlook as food prices may rise sharply. Moreover, rise in oil prices and PKR depreciation remain key risk to our inflation outlook. We expect inflation to average between 5-6% for FY26.

Exhibit: National Core-inflation measures												
	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24	Sep-24
CPI	3.0	4.1	3.2	3.5	0.3	0.7	1.5	2.4	4.1	4.9	7.2	6.9
SPI	2.6	-0.9	-1.9	-0.6	-3.2	-2.3	-0.2	0.7	4.2	7.3	9.7	9.2
WPI	-1.0	-0.5	0.6	0.4	-2.2	-1.6	-0.7	0.6	1.9	2.3	3.9	2.0
NFNE	7.3	7.4	7.6	7.9	8.0	9.0	8.8	8.8	9.1	9.7	9.8	10.4
Trimmed	4.0	5.0	4.9	4.8	3.6	4.8	4.8	5.4	6.3	7.6	6.7	7.2

Source: PBS, IGI Research

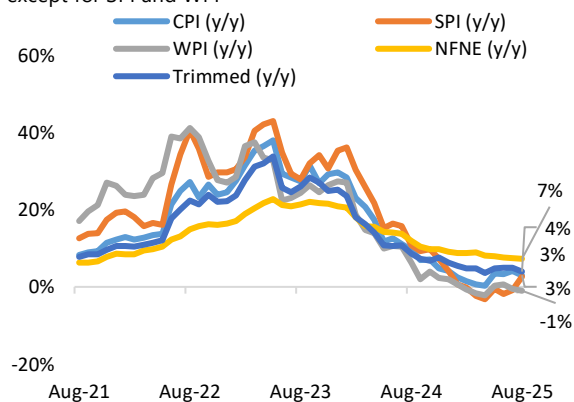
### Exhibit: Historical CPI Trend

Headline inflation drops amid lower food prices



### Exhibit: Major Price Indices

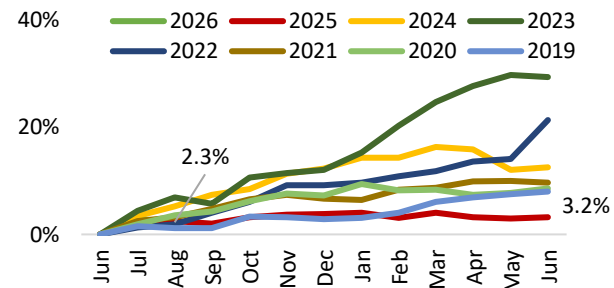
All major indices have depicted a slowdown in growth except for SPI and WPI



Source: PBS, SBP, IGI Research

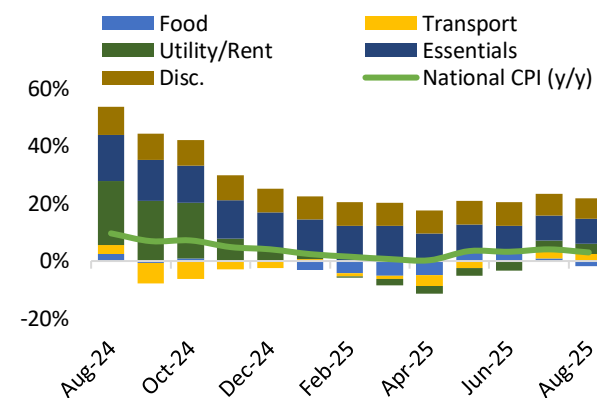
### Exhibit: CPI rebased to June

CPI rebased to June shows decline in inflation



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

Lower food prices led to overall decline in inflation



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