

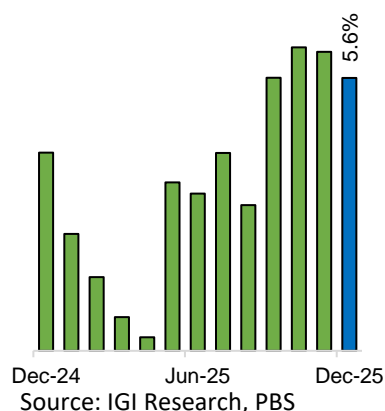
Day Break

Thursday, January 1, 2026

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Securities

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Exhibit: Monthly CPI trend



Inflation

Dec-25: CPI Prints +5.61%y/y Growth

- Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Dec-25, headline CPI registered a +5.61%y (down by 0.45%m) growth compared to previous month, +6.15%y (up by +0.40%m).
- Decline in monthly CPI reading was mainly led by lower food prices. However, core inflation picked up marginally to 7.4%y/y as Urban inflation outpaced growth in Rural. This brings average inflation for 6MFY26 to 5.1% compared to 7.3% in the similar period last year.
- Inflation declined in Dec-25 owing to lower food prices despite increase in electricity prices. Inflation is likely to remain higher during 2HFY26 and expected to normalize from FY27. Moreover, rise in oil prices and PKR depreciation remain key risk to our inflation outlook. We expect inflation to average between 6-7% for FY26.

Dec-25: Inflation prints +5.61%y/y, down by 0.45%m/m

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

Estimated For the month of: Dec, 2025

	Wt.	y/y	m/m	6MFY26	6MFY25	6MFY24
National	100.0%	5.6%	-0.4%	5.1%	7.3%	28.8%
Food	35%	3.2%	-2.2%	3.1%	0.7%	32.2%
Transport	6%	4.9%	-0.1%	4.5%	-0.6%	25.5%
Utility/Rent	24%	6.9%	0.7%	4.5%	16.5%	23.0%
Essentials	17%	6.8%	0.4%	7.9%	14.6%	17.9%
Disc.	18%	7.9%	0.7%	7.6%	9.4%	39.8%

Source: PBS, IGI Research

Analyst

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Food prices declined while electricity charges increased during Dec-25

Food index dropped by 2.2%m/m during Dec-25 owing to decline in prices of Tomatoes, Chicken, Rice, Pulses, Potatoes, Onions, Fresh Vegetables and Sugar over the previous month whereas prices of Wheat,

Eggs, Milk, Meat, Cooking Oil and Fresh Fruits have increased. Housing index inclined by +0.7%*m/m* mainly due to increase in electricity charges, solid fuel and liquid hydrocarbon prices.

Transport index down by 0.1%*m/m*

Transport index decreased by 0.1%*m/m* mainly due to slight decline in POL prices while transport service and motor vehicle cost increased.

Rural Inflation dropped sharply compared to Urban

Urban inflation declined by 0.40%*m/m* or up +5.77%*y/y* during the month of Dec-25, whereas rural inflation dropped by 0.6%*m/m* or up by +5.38%*y/y*.

SPI drops sharply in Dec-25

Other indices, Wholesale Price Index (WPI) registered a +0.57%*y/y* increase and down 0.9%*m/m* during Dec-25. Sensitive Price Index (SPI) recorded a +2.55%*y/y* growth and down by 0.80%*m/m* during the month of Dec-25 compared to +4.16%*y/y* increase in the preceding month.

Outlook

Inflation declined in Dec-25 owing to lower food prices despite increase in electricity prices. Inflation is likely to remain higher during 2HFY26 and expected to normalize from FY27. Moreover, rise in oil prices and PKR depreciation remain key risk to our inflation outlook. We expect inflation to average between 6-7% for FY26.

Exhibit: National Core-inflation measures												
	Dec-25	Nov-25	Oct-25	Sep-25	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25	Feb-25	Jan-25
CPI	5.6	6.2	6.2	5.6	3.0	4.1	3.2	3.5	0.3	0.7	1.5	2.4
SPI	2.6	4.2	4.8	4.5	2.6	-0.9	-1.9	-0.6	-3.2	-2.3	-0.2	0.7
WPI	0.6	1.1	1.1	0.6	-1.0	-0.5	0.6	0.4	-2.2	-1.6	-0.7	0.6
NFNE	7.4	7.2	7.9	7.3	7.3	7.4	7.6	7.9	8.0	9.0	8.8	8.8
Trimmed	5.7	5.7	6.3	6.0	4.0	5.0	4.9	4.8	3.6	4.8	4.8	5.4

Source: PBS, IGI Research

Exhibit: Historical CPI Trend

Headline inflation declines amid lower food prices

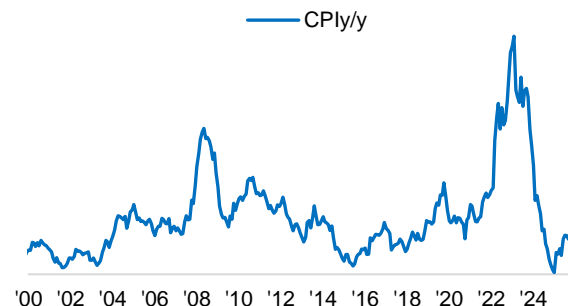
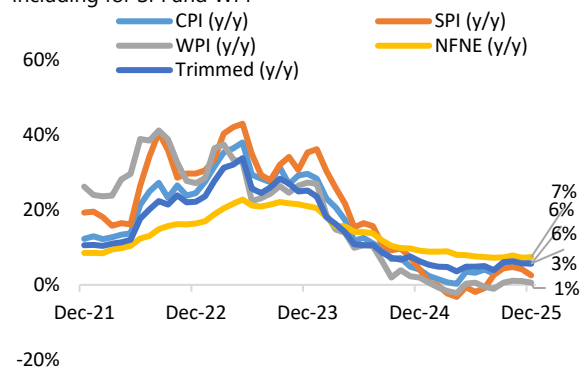


Exhibit: Major Price Indices

All major indices have depicted a slight pickup in growth including for SPI and WPI



Source: PBS, SBP, IGI Research

Exhibit: CPI rebased to June

CPI rebased to June shows rise in inflation

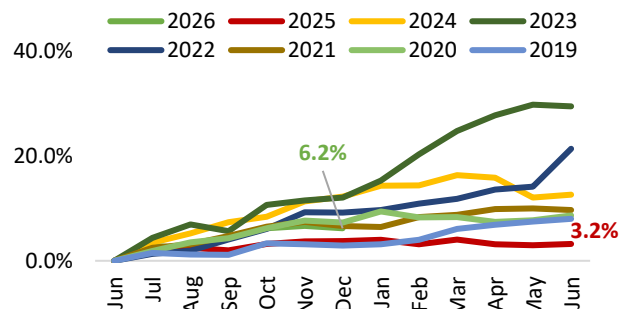
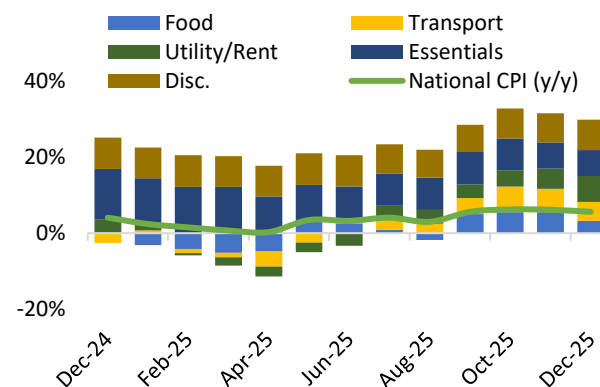


Exhibit: Percentage point impact of each group on headline figure

Lower food prices led to overall decline in inflation



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