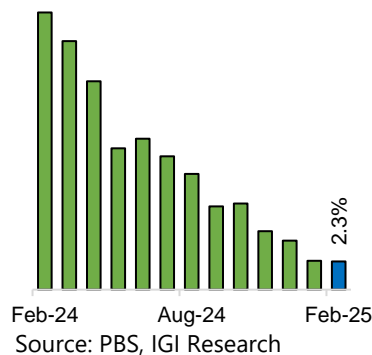


**Exhibit:** Headline inflation during the month of Feb-25 likely to post +2.3%/y growth



## Inflation

### Feb-25: CPI Likely to Print +2.3%/y Growth

- For Feb-25, we estimate national CPI to clock in at +2.3%/y growth compared to the previous month's +2.4%/y. On a monthly scale, Feb-25 is estimated to show a 0.02%/m decline compared to increase of +0.2%/m in Jan-25.
- CPI is likely to slowdown further in Feb-25 owing to decline food prices and lower electricity charges despite slight increase in transport index. As a result, 8MFY25 average inflation is likely to stand at 6.1% compared to 28.0% in the same period last year.
- Lower CPI reading has been supported by high base effect, subdued food prices and lower electricity charges. Going forward, inflation is likely to remain in single digits in coming months due to high base effect and slowdown in food prices before rising again by end of FY25 owing to low base effect. Rise in global oil and commodity prices and PKR depreciation remain key risk to our inflation outlook.

We preview Feb-25 National CPI estimates.

#### Monthly Inflation to Clock in at +2.3%/y

For Feb-25, we estimate national CPI to clock in at +2.3%/y growth compared to the previous month's +2.4%/y. On a monthly scale, Feb-25 is estimated to show a 0.02%/m decline compared to increase of +0.2%/m in Jan-25. Decline in CPI is expected on monthly basis compared to its last 12-month average increase of +0.2%/m. CPI is likely to slowdown further in Feb-25 owing to decline food prices and lower electricity charges despite slight increase in transport index. As a result, 8MFY25 average inflation is likely to stand at 6.1% compared to 28.0% in the same period last year.

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

Estimated For the month of: Feb, 2025

	Wt.	y/y	m/m	8MFY25	8MFY24	8MFY23
National	100.0%	2.3%	0.0%	6.1%	28.0%	26.17%
Food	35%	-2.1%	-0.6%	-0.1%	29.6%	35.1%
Transport	6%	-0.5%	0.9%	-0.4%	24.3%	52.6%
Housing	24%	-0.5%	-0.3%	12.5%	26.6%	12.9%
Essentials	17%	12.4%	0.5%	14.0%	18.2%	14.0%
Disc.	18%	8.3%	0.6%	9.1%	37.2%	27.5%

Source: PBS, IGI Research

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### Food prices dropped further during Feb-25

Monthly Sensitive Price Index (SPI), which is a proxy index for volatile food prices, suggests prices are likely to drop by 0.6% m/m. During the month of Feb-24, key food items including Rice, Meat, Cooking Oil, and Sugar prices have increased over the previous month whereas prices of Wheat, Chicken, Eggs, Tomatoes, Potatoes, Onions and Pulses have declined.

### Housing Index to inch down by 0.3% m/m Feb-25

Moreover, housing index is likely to drop slightly by 0.3% m/m on account of lower electricity prices owing to negative FCA for Dec-24 (reflecting in Feb-25 bills), which stood at PKR 1.23/Kwh against PKR 0.76/Kwh adjustment in Nov-24 (reflected in Jan-25 bills).

### Increase in Diesel price to lift Transport index during Feb-25

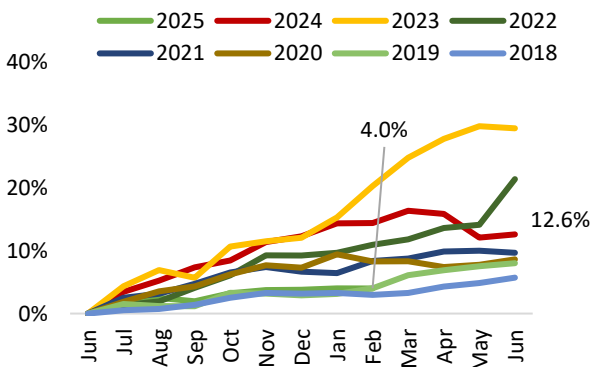
For the month of Feb-25, the transport index is likely to increase by +0.9% m/m as petrol and diesel prices increased. Prices of major motor vehicle manufacturers remained relatively unchanged during the month.

### Outlook

Lower CPI reading has been supported by high base effect, subdued food prices and lower electricity charges. Going forward, inflation is likely to remain in single digits in coming months due to high base effect and slowdown in food prices before rising again by end of FY25 owing to low base effect. Rise in global oil and commodity prices and PKR depreciation remain key risk to our inflation outlook.

#### Exhibit: Rebased CPI trend

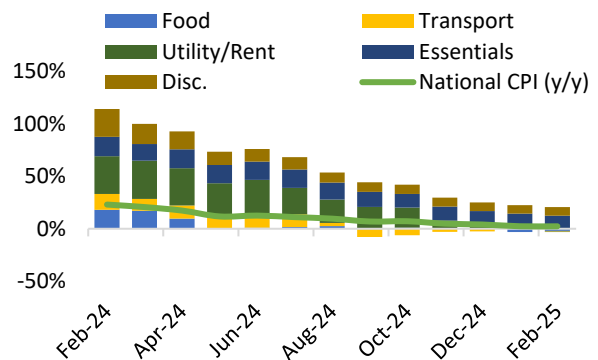
Headline inflation rebased to Jun-24, is estimated to surge by +4.0% during the month of Feb-25 compared to +14.4% recorded last year same month.



Source: PBS, S&P Global, IGI Research

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

Food and housing indexes to keep monthly CPI growth subdued



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