

Day Break

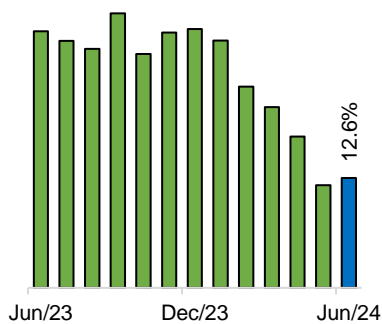
Thursday, June 27, 2024

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Exhibit: Headline inflation during the month of Jun-24 to tick up to 12.6%/y



Source: PBS, IGI Research

Inflation

Jun-24: CPI Likely to Print +12.6%/y Growth

- For Jun-24, we estimate national CPI to clock in at +12.6%/y growth compared to the previous month's +11.8%/y. On a monthly scale, Jun-24 is estimated to show a +0.5%/m/m incline compared to 3.2%/m/m decrease in May-24.
- After declining in May-24, CPI is likely to increase in Jun-24 owing to low base effect and increase in food/electricity prices. Increase in CPI on monthly basis is likely to be driven by higher food prices and electricity charges. Average inflation for FY24 is likely to stand at 23.9% compared to 29.0% in the same period last year.
- Going forward, CPI is likely to continue its downward trajectory in coming months due to high base effect. Food prices are likely to continue to ease going forward. However, new tax measures imposed in Budget 2025 are likely to slowdown pace of decline in CPI. Furthermore, rise in international oil prices and any further adjustments in energy prices remain key risk to inflation outlook.

We preview Jun-24 National CPI estimates.

Monthly Inflation to Clock in at +12.6%/y

For Jun-24, we estimate national CPI to clock in at +12.6%/y growth compared to the previous month's +11.8%/y. On a monthly scale, Jun-24 is estimated to show a +0.5%/m/m incline compared to 3.2%/m/m decrease in May-24. CPI is expected to increase on monthly basis compared to its last 12-month average increase of +0.9%/m/m. After declining in May-24, CPI is likely to increase in Jun-24 owing to low base effect and increase in food/electricity prices. Increase in CPI on monthly basis is likely to be driven by higher food prices and electricity charges. Average inflation for FY24 is likely to stand at 23.9% compared to 29.0% in the same period last year.

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

Estimated For the month of: Jun, 2024

	Wt.	y/y	m/m	FY24	FY23	FY22
National	100.0%	12.6%	0.5%	23.9%	29.0%	12.10%
Food	35%	1.2%	0.4%	22.0%	38.7%	13.4%
Transport	6%	10.7%	-1.9%	19.9%	50.5%	23.9%
Housing	24%	34.8%	1.1%	29.4%	14.1%	10.8%
Essentials	17%	17.1%	0.5%	17.8%	15.0%	8.2%
Disc.	18%	12.2%	0.8%	29.9%	33.7%	11.2%

Source: PBS, IGI Research

Analyst

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Food prices and Housing index increased during Jun-24

Monthly Sensitive Price Index (SPI), which is a proxy index for volatile food prices, suggests prices are likely to increase by +0.4%/m basis. During the month of Jun-24, key food items including Wheat Flour, Rice, Eggs, and Sugar have declined over the previous month whereas prices of Meat, Chicken, Milk and Fresh Vegetables have increased. Moreover, housing index is likely to increase by +1.1%/m likely owing to higher FCA adjustment.

Decline in POL price to drag Transport index during Jun-24

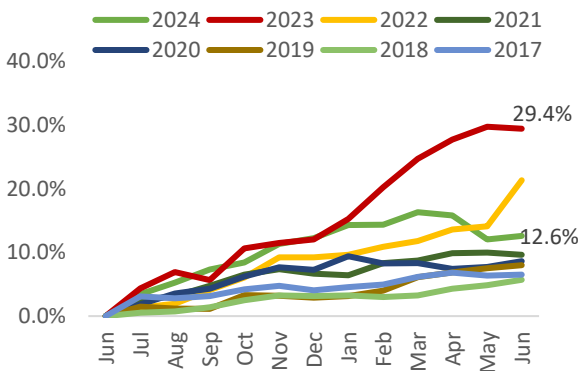
For the month of Jun-24, the transport index is likely to drop by ~1.9%/m as fuel prices declined. Prices of certain motor vehicle manufacturers remained relatively unchanged during the month.

Outlook

Going forward, CPI is likely to continue its downward trajectory in coming months due to high base effect. Food prices are likely to continue to ease going forward. However, new tax measures imposed in Budget 2025 are likely to slowdown pace of decline in CPI. Furthermore, rise in international oil prices and any further adjustments in energy prices remain key risk to inflation outlook.

Exhibit: Rebased CPI trend

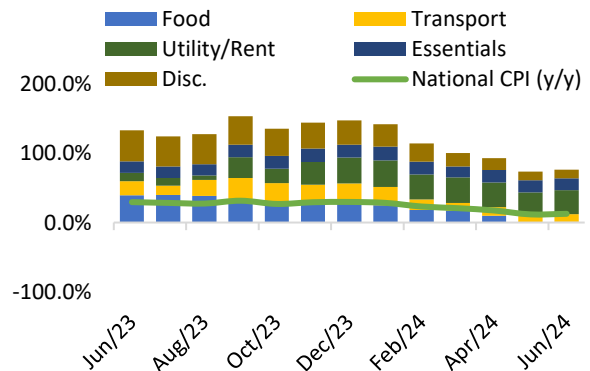
Headline inflation rebased to July-23, is estimated to surge by +12.6% during the month of Jun-24 compared to +29.4% recorded last year same month.



Source: PBS, S&P Global, IGI Research

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

Food and housing indexes to drive this month's decline in CPI



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