

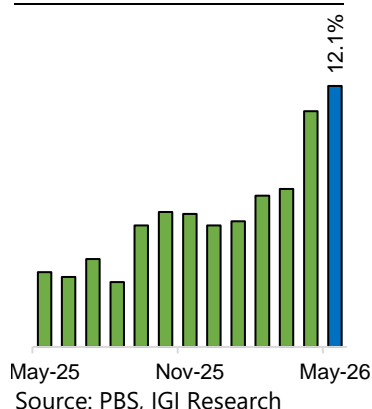
Day Break

Monday, May 25, 2026

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Securities

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Exhibit: Headline inflation during the month of May-26 likely to post +12.1%/y growth



Inflation

May-26: CPI Likely to Print +12.1%/y Growth

- For May-26, we estimate national CPI to clock in at +12.06%/y growth compared to the previous month's +10.89%/y. On a monthly scale, May-26 is estimated to show a +0.88%/m growth compared to +2.48%/m increase in Apr-26.
- CPI is expected to increase on monthly basis likely owing to higher POL and food prices and stand close to its last 12-month average increase of +0.87%/m. As a result, average inflation for 11MFY26 is likely to stand at 6.7% compared to 4.7% in the same period last year.
- Going forward, inflation is likely to remain elevated as global oil prices remain higher due to Middle East Conflict. Prolonged increase in oil prices and supply disruption along with PKR depreciation may also indirectly impact inflation. Thus inflation outlook remains uncertain and high risk. Inflation could push beyond SBP's target range of 5-7% and remain elevated at least till Sep-26.

We preview May-26 National CPI estimates.

Monthly Inflation to Clock in at +12.1%/y

For May-26, we estimate national CPI to clock in at +12.06%/y growth compared to the previous month's +10.89%/y. On a monthly scale, May-26 is estimated to show a +0.88%/m growth compared to +2.48%/m increase in Apr-26. CPI is expected to increase on monthly basis likely owing to higher POL and food prices and stand close to its last 12-month average increase of +0.87%/m. On yearly basis, CPI is likely to increase in May-26 owing to higher electricity, POL and gas prices along with low base effect. As a result, average inflation for 11MFY26 is likely to stand at 6.7% compared to 4.7% in the same period last year.

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

Estimated For the month of: May, 2026

	Wt.	y/y	m/m	11MFY26	11MFY25	11MFY24
National	100.0%	12.1%	0.9%	6.7%	4.7%	24.9%
Food	35%	8.8%	0.9%	4.4%	-0.9%	23.9%
Transport	6%	37.1%	5.4%	10.0%	-1.0%	20.7%
Housing	24%	17.5%	-0.7%	8.2%	8.4%	28.9%
Essentials	17%	6.6%	0.9%	7.3%	13.0%	17.9%
Disc.	18%	8.1%	0.7%	7.9%	8.8%	31.5%

Source: PBS, IGI Research

Analyst

Abdullah Farhan
Abdullah.farhan@igi.com.pk

Food prices to increase during May-26

Monthly Sensitive Price Index (SPI), which is a proxy index for volatile food prices, suggests prices are likely to increase by +0.93%/m. During the month of May-26, key food items including Wheat flour, Milk, Meat, Cooking Oil and Potatoes increased over the previous month whereas prices of Chicken, Eggs, Pulses (Mash, Masoor, Gram and Moong), Tomatoes and Onions have declined.

Housing Index to drop by 0.7%/m/m during May-26

Moreover, housing index is likely to increase by 0.7%/m/m owing to lower electricity charges against +2.4%/m/m increase in the month of Apr-26. Gas prices remained unchanged during the month.

Transport index to rise further during May-26

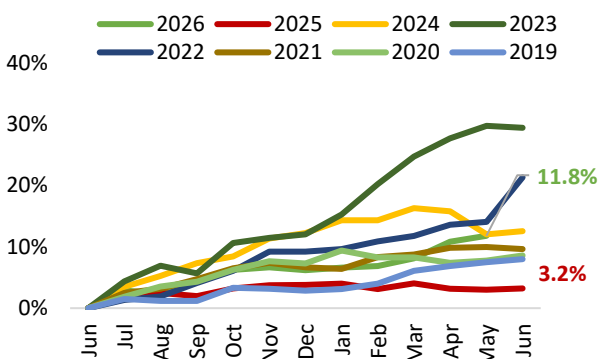
For the month of May-26, the transport index is likely to increase by +5.4%/m/m as POL prices increased owing to Middle East conflict. Prices of major motor vehicle manufacturers remained relatively unchanged during the month.

Outlook

Going forward, inflation is likely to remain elevated as global oil prices remain higher due to Middle East Conflict. Prolonged increase in oil prices and supply disruption along with PKR depreciation may also indirectly impact inflation. Thus inflation outlook remains uncertain and high risk. Inflation could push beyond SBP's target range of 5-7% and remain elevated at least till Sep-26.

Exhibit: Rebased CPI trend

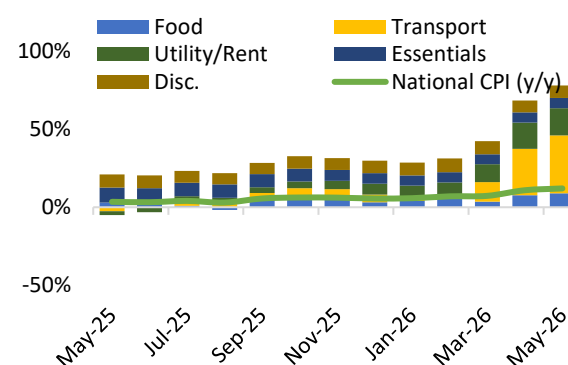
Headline inflation rebased to Jun-25, is estimated to surge by +11.8% during the month of May-26 compared to +3.2% recorded last year same month.



Source: PBS, S&P Global, IGI Research

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

Food and Transport index to lift monthly CPI reading



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IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111 234 234 Ext: 826	faraz.naqvi@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Syed Muzammil Hasan Rizvi	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	muzammil.rizvi@igi.com.pk
Sufyan Siddiqui	Database Officer	Tel: (+92-21) 111-234-234 Ext: 888	sufyan.siddiqui@igi.com.pk

IGI Finex Securities Limited

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Corporate member of Pakistan Mercantile Exchange Limited

Website: www.igisecurities.com.pk

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600

UAN: (+92-21) 111-444-001

Fax: (+92-21) 35309169, 35301780

Lahore Office

Shop # G-009, Ground Floor,
Packages Mall

Tel: (+92-42) 38303560-69

Fax: (+92-42) 38303559

Islamabad Office

3rd Floor, Kamran Centre,
Block- B, Jinnah Avenue, Blue Area

Tel: (+92-51) 2604861-2, 2604864, 2273439

Fax: (+92-51) 2273861

Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The
Regency International 949, The Mall
Faisalabad

Tel: (+92-41) 2540843-45

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road

Tel: (+92-68) 5871652-3

Fax: (+92-68) 5871651

Multan Office

Mezzanine Floor, Abdali Tower,
Abdali Road

Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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