

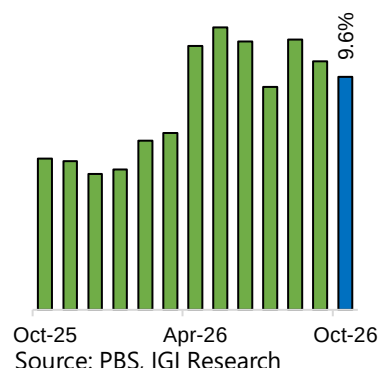
Day Break

Friday, October 30, 2026

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Exhibit: Headline inflation during the month of Oct-26 likely to post +9.6%y/y growth



Inflation

Oct-26: CPI Likely to Print +9.6%y/y Growth

- For Oct-26, we estimate national CPI to clock in at +9.61%y/y growth compared to the previous month's +10.26%y/y. On a monthly scale, Oct-26 inflation is estimated to depict a +1.09%m/m growth compared to +1.27%m/m increase in Sep-26.
- CPI is expected to increase on monthly basis likely owing to higher food, electricity and house rent adjustment despite lower POL prices and stand above to its last 12-month average increase of +0.82%m/m. This bring average inflation for 4MFY27 to 10.1% against 4.8% in the similar period last year.
- Going forward, inflation is likely to increase slightly in Nov-26 owing to high base effect however outlook remains uncertain owing to volatility in international oil prices amid tensions in Middle East Conflict. Despite uncertainty regarding oil prices, inflation is likely to pick up from Dec-26 onwards before dropping again in to single digit from Apr-27 barring any substantial external shocks.

We preview Oct-26 National CPI estimates.

Monthly Inflation to Clock in at +9.6%y/y

For Oct-26, we estimate national CPI to clock in at +9.61%y/y growth compared to the previous month's +10.26%y/y. On a monthly scale, Oct-26 inflation is estimated to depict a +1.09%m/m growth compared to +1.27%m/m increase in Sep-26. CPI is expected to increase on monthly basis likely owing to higher food, electricity and house rent adjustment despite lower POL prices and stand above to its last 12-month average increase of +0.82%m/m. On yearly basis, CPI is likely to increase in Oct-26 owing to higher gas, electricity and POL prices. This bring average inflation for 4MFY27 to 10.1% against 4.8% in the similar period last year.

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

Estimated For the month of: Oct, 2026

	Wt.	y/y	m/m	4MFY27	4MFY26	4MFY25
National	100.0%	9.6%	1.1%	10.1%	4.8%	8.7%
Food	35%	6.7%	1.3%	9.9%	2.4%	1.1%
Transport	6%	23.4%	-2.3%	21.5%	4.0%	0.5%
Housing	24%	13.8%	2.8%	10.6%	4.0%	21.9%
Essentials	17%	9.0%	0.5%	9.0%	8.4%	15.3%
Disc.	18%	6.3%	0.6%	6.9%	7.5%	9.8%

Source: PBS, IGI Research

Analyst

Abdullah Farhan
Abdullah.farhan@igi.com.pk

Food prices to increase during Oct-26

Monthly Sensitive Price Index (SPI), which is a proxy index for volatile food prices, suggests prices are likely to increase by +1.3%/m. During the month of Oct-26, key food items including Wheat flour, Chicken, Meat, Eggs, Cooking oil and Vegetable ghee, Milk and Pulses (Masoor, Mash, Gram) increased over the previous month whereas prices of Tomatoes, Onions, Potatoes, Sugar, Rice and Pulse (Moong) have declined.

Housing Index to increase by +2.8%/m during Oct-26

Moreover, housing index is likely to increase by +2.8%/m against +3.0%/m growth during the month of Sep-26 amid higher electricity and LPG prices during the month. Gas prices remained unchanged during the month.

Transport index to decline during Oct-26

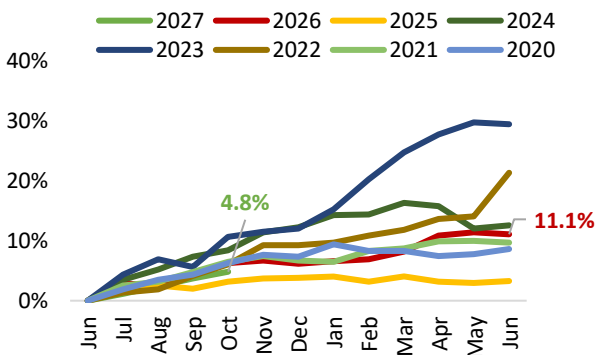
For the month of Oct-26, the transport index is likely to decline by 2.3%/m as POL prices declined on average owing to decline in product prices despite escalation of tensions in Middle East. Prices of major motor vehicle manufacturers remained relatively unchanged during the month.

Outlook

Going forward, inflation is likely to increase slightly in Nov-26 owing to high base effect however outlook remains uncertain owing to volatility in international oil prices amid tensions in Middle East Conflict. Despite uncertainty regarding oil prices, inflation is likely to pick up from Dec-26 onwards before dropping again in to single digit from Apr-27 barring any substantial external shocks.

Exhibit: Rebased CPI trend

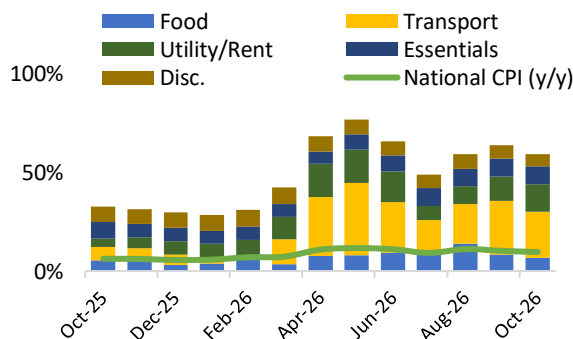
Headline inflation rebased to Jun-26, is estimated to surge by +4.8% during the month of Oct-26 compared to +6.2% recorded last year same month.



Source: PBS, IGI Research

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

Increase in Food and housing index likely to keep CPI elevated in Oct-26 despite high base effect



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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
Saher Hussain	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 974	saher.hussain@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

LSE Plaza
Office No.1A at North Mezzanine Floor of the LSE
Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.
Tel: (+92-42) 38303565

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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