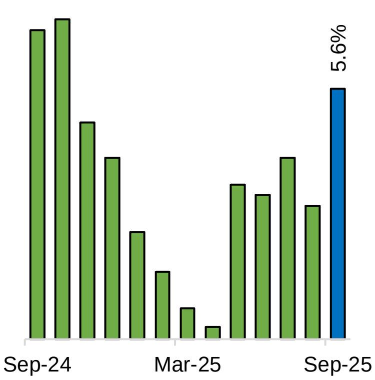
Day Break

Thursday, October 2, 2025

Exhibit: Monthly CPI trend



Source: IGI Research, PBS

Inflation

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

- Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Sep-25, headline CPI registered a +5.6%y (up by +2.01%m) growth compared to previous month, +2.99%y (down 0.65%m).
- Increase in monthly CPI reading was mainly led by higher food prices due to floods despite decline in transport and electricity prices. On yearly basis, growth in inflation was mainly due to low base effect. This brings average inflation for 3MFY26 to 4.2% compared to 9.2% in the similar period last year.
- After declining in Aug-25, inflation picked up sharply during Sep-25 owing to higher food prices due to floods despite decline in electricity and transport prices. Recent floods are likely to temporarily push flood food inflation higher and is expected to normalize in the coming months. Moreover, rise in oil prices and PKR depreciation remain key risk to our inflation outlook. We expect inflation to average between 5-6% for FY26.

Sep-25: Inflation prints +5.6%y/y, up by +2.01%m/m

Recent inflation data released by Pakistan Bureau of Statistics (PBS), shows for the month of Sep-25, headline CPI registered a +5.6%y (up by +2.01%m) growth compared to previous month, +2.99%y (down by 0.65%m). Increase in monthly CPI reading was mainly led by higher food prices due to floods despite decline in transport and electricity prices. On yearly basis, growth in inflation was mainly due to low base effect. This brings average inflation for 3MFY26 to 4.2% compared to 9.2% in the similar period last year.

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

Estimated For the month of: Sep, 2025

	Wt.	y/y	m/m	3MFY26	3MFY25	3MFY24
National	**100.0%**	**5.6%**	**2.0%**	4.2%	9.2%	29.03%
Food	35%	5.0%	5.5%	1.4%	1.1%	37.0%
Transport	6%	4.2%	-0.3%	3.1%	2.7%	22.6%
Utility/Rent	24%	3.7%	-0.6%	3.6%	22.8%	15.6%
Essentials	17%	8.4%	0.4%	8.5%	16.0%	17.1%
Disc.	18%	7.2%	0.8%	7.4%	10.1%	42.5%

Source: PBS, IGI Research

Analyst

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Food prices increased while decline electricity prices keep overall inflation in check

Food index increased by +5.5%m/m during Sep-25 owing to increase in prices of Wheat, Rice, Meat, Milk, Eggs, Fresh Fruits, Onions, Potatoes, Tomatoes and Sugar over the previous month whereas prices of Pulses and Chicken have declined. Housing index declined by 0.6%m/m mainly due to drop in electricity charges.

Transport index declined by 0.3%m/m

Transport index declined by 0.3%m/m likely due to stable POL prices along with decrease in transport service cost.

Rural inflation outpaced Urban

Urban inflation increased by +1.50%m/m or up +5.49%y/y during the month of Sep-25, whereas rural inflation inclined by +2.76%m/m or up by +5.78%y/y.

SPI drops in Sep-25

Other indices, Wholesale Price Index (WPI) registered a +0.59%y/y increase and up +0.5%m/m during Sep-25. Sensitive Price Index (SPI) recorded a +4.47%y/y growth and up by +2.0%m/m during the month of Sep-25 compared to +2.63%y/y increase in the preceding month.

Outlook

After declining in Aug-25, inflation picked up sharply during Sep-25 owing to higher food prices due to floods despite decline in electricity and transport prices. Recent floods are likely to temporarily push flood food inflation higher and is expected to normalize in the coming months. Moreover, rise in oil prices and PKR depreciation remain key risk to our inflation outlook. We expect inflation to average between 5-6% for FY26.

Exhibit: National Core-inflation measures

	Sep-25	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25	Feb-25	Jan-25	Dec-24	Nov-24	Oct-24
CPI	**5.6**	**3.0**	**4.1**	**3.2**	**3.5**	**0.3**	**0.7**	**1.5**	**2.4**	**4.1**	**4.9**	**7.2**
SPI	4.5	2.6	-0.9	-1.9	-0.6	-3.2	-2.3	-0.2	0.7	4.2	7.3	9.7
WPI	0.6	-1.0	-0.5	0.6	0.4	-2.2	-1.6	-0.7	0.6	1.9	2.3	3.9
NFNE	7.3	7.3	7.4	7.6	7.9	8.0	9.0	8.8	8.8	9.1	9.7	9.8
Trimmed	6.0	4.0	5.0	4.9	4.8	3.6	4.8	4.8	5.4	6.3	7.6	6.7

Source: PBS, IGI Research

Exhibit: Historical CPI Trend

Headline inflation drops amid lower food prices

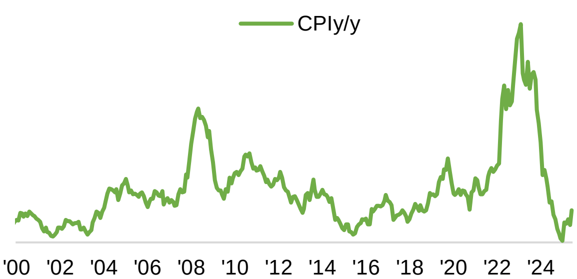


Exhibit: CPI rebased to June

CPI rebased to June shows decline in inflation

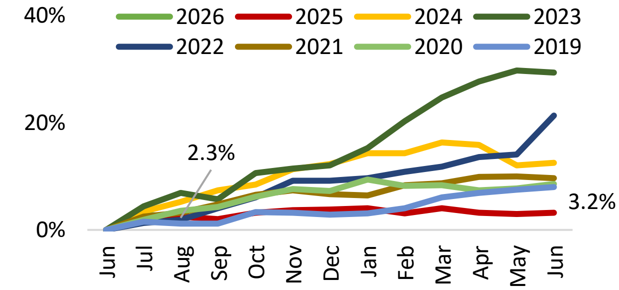
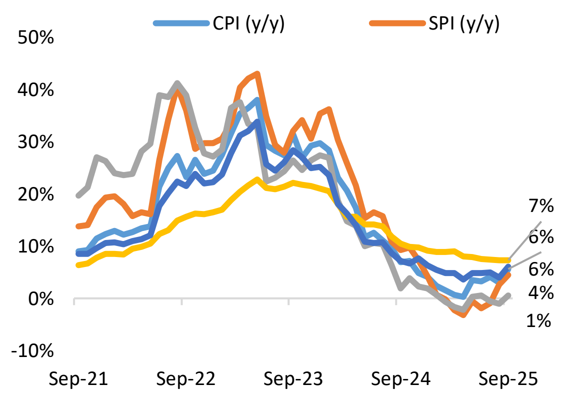


Exhibit: Major Price Indices

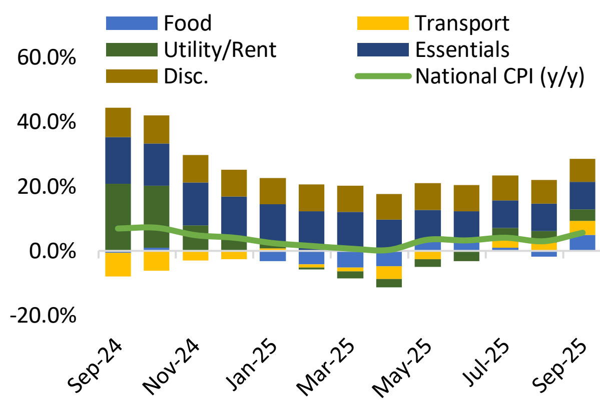
All major indices have depicted a slowdown in growth except for SPI and WPI



Source: PBS, SBP, IGI Research

Exhibit: Percentage point impact of each group on headline figure

Lower food prices led to overall decline in inflation



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