

INFLATION PREVIEW (Jul-25)

NCPI inflation to clock in at 2.7% YoY in Jul-25 as compared to 3.2% YoY in the last month

Tuesday, 22 July, 2025



National			Urban			Rural		
YoY	▲	2.7%	YoY	▲	2.6%	YoY	▲	2.8%
MoM	▲	1.5%	MoM	▲	1.6%	MoM	▲	1.5%

We expect the national CPI inflation (NCPI) for Jul-25 to clock around 2.7% YoY (1.5% MoM) as compared to 3.2% YoY (0.2% MoM) last month. Furthermore, urban CPI inflation (UCPI) (60% of NCPI) and rural CPI inflation (RCPI) (40% of NCPI) are expected to increase by 2.6% YoY (1.6% MoM) and 2.8% YoY (1.5% MoM) respectively as compared to 3.0% YoY (0.1% MoM) and 3.6% YoY (0.5% MoM) respectively in the last month.

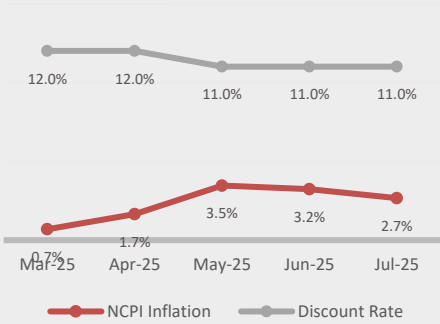
The surge in NCPI is caused mainly due to the increase in the food index which inflated by around 1.58% YoY during Jul-25. Particularly, increase in the prices of rice (2.64% YoY), chicken (12.27% YoY), meat (10.90% YoY), fresh milk (4.29% YoY), cooking oil (7.13% YoY), and fresh fruit (13.33% YoY) and vegetable ghee (12.25% YoY) contributed to the upsurge of food index. Other than food prices, an increase in the prices of motor fuel (3.36% YoY), cotton cloth (6.66% YoY), transport (3.43% YoY), house rent (3.91% YoY), readymade food (8.12% YoY), also pushed the NCPI inflation towards the north.

Looking ahead, the SBP is likely to adopt a cautious stance, with inflation having likely bottomed out and the high base effect expected to fade. The State Bank of Pakistan (SBP) maintained the policy rate at 11% in its last MPC meeting. Since June 2024, the rate has been reduced by a total of 1,100 basis points, down from its peak of 22%. The MPC flagged potential global supply chain disruptions and uncertainty in commodity prices as key risks. Given these factors, the policy rate is likely to remain unchanged in the MPC meeting expected at month-end.

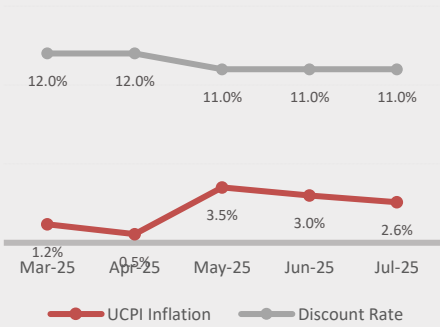
National	Weight	Jul-25	Urban	Weight	Jul-25	Rural	Weight	Jul-25
Food	35%	279	Food	30%	280	Food	41%	278
Utilities	24%	234	Utilities	27%	240	Utilities	18%	221
Clothing	9%	263	Clothing	8%	255	Clothing	9%	274
Restaurant	7%	290	Restaurant	7%	285	Restaurant	6%	300
Transport	6%	323	Transport	6%	318	Transport	6%	332
Misc.	5%	328	Education	5%	212	Misc.	5%	344
Furnishing	4%	279	Misc.	5%	318	Furnishing	4%	295
Education	4%	186	Furnishing	4%	268	Health	4%	272
Health	3%	274	Comm.	2%	139	Education	2%	245
Comm.	2%	135	Health	2%	276	Comm.	2%	129
Recreation	2%	266	Recreation	2%	250	Recreation	1%	296
Tobacco	1%	398	Tobacco	1%	420	Tobacco	1%	375
CPI		268	CPI		265	CPI		273

Key Statistics

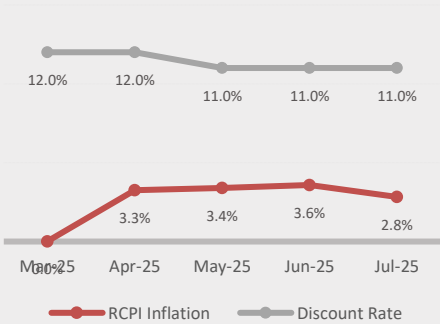
National CPI vs Discount Rate



Urban CPI vs Discount Rate



Rural CPI vs Discount Rate



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TP	Target Price	CAGR	Compound Annual Growth Rate	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	LDCP	Last Day Closing Price

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- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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