

INFLATION PREVIEW (Jun-25)

NCPI inflation to clock in at 3.1% YoY in Jun-25 as compared to 3.5% YoY in the last month

Tuesday, 24 June, 2025

National

YoY ▲ 3.1%
MoM ▲ 0.1%

Urban

YoY ▲ 3.0%
MoM ▲ 0.1%

Rural

YoY ▲ 3.2%
MoM ▲ 0.1%

We expect the national CPI inflation (NCPI) for Jun-25 to clock around 3.1% YoY (0.1% MoM) as compared to 3.5% YoY (-1.4% MoM) last month. Furthermore, urban CPI inflation (UCPI) (60% of NCPI) and rural CPI inflation (RCPI) (40% of NCPI) are expected to increase by 3.0% YoY (0.1% MoM) and 3.2% YoY (0.1% MoM) respectively as compared to 3.5% YoY (0.1% MoM) and 3.4% YoY (-3.6% MoM) respectively in the last month.

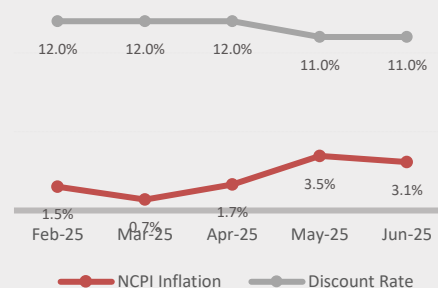
The surge in NCPI is caused mainly due to the increase in the food index which inflated by around 4.83% YoY during Jun-25. Particularly, increase in the prices of rice (1.66% YoY), chicken (5.49% YoY), meat (11.20% YoY), fresh milk (9.36% YoY), cooking oil (8.43% YoY), and fresh fruit (29.85% YoY) and vegetable ghee (12.20% YoY) contributed to the upsurge of food index. Other than food prices, an increase in the prices of cotton cloth (8.27% YoY), transport (0.83% YoY), house rent (4.92% YoY), readymade food (8.46% 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 recent 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 expected to remain unchanged in the next MPC meeting.

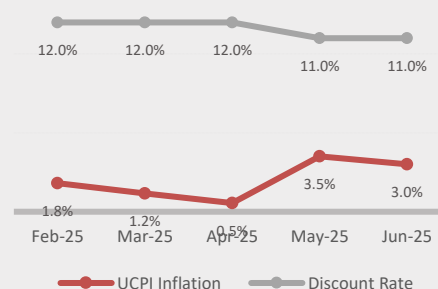
National	Weight	Jun-25	Urban	Weight	Jun-25	Rural	Weight	Jun-25
Food	35%	265	Food	30%	275	Food	41%	271
Utilities	24%	229	Utilities	27%	235	Utilities	18%	216
Clothing	9%	263	Clothing	8%	255	Clothing	9%	273
Restaurant	7%	288	Restaurant	7%	283	Restaurant	6%	295
Transport	6%	311	Transport	6%	306	Transport	6%	320
Misc.	5%	326	Education	5%	212	Misc.	5%	341
Furnishing	4%	278	Misc.	5%	316	Furnishing	4%	294
Education	4%	186	Furnishing	4%	268	Health	4%	270
Health	3%	272	Comm.	2%	138	Education	2%	243
Comm.	2%	135	Health	2%	274	Comm.	2%	129
Recreation	2%	266	Recreation	2%	251	Recreation	1%	295
Tobacco	1%	396	Tobacco	1%	419	Tobacco	1%	373
CPI		264	CPI		261	CPI		268

Key Statistics

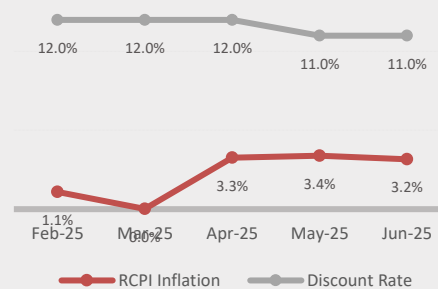
National CPI vs Discount Rate



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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To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

Sector Rating	Sector Outlook
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Market Weight	Neutral
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