

# INFLATION PREVIEW (Sep-24)



NCPI inflation to clock in at 7.8% YoY as compared to 9.3% YoY in the last month

Monday, 30 September, 2024

National		Urban		Rural	
YoY	▲ 7.8%	YoY	▲ 10.3%	YoY	▲ 4.3%
MoM	▲ 0.3%	MoM	▲ 0.4%	MoM	▲ 0.2%

We expect the national CPI inflation (NCPI) for Sep-24 to clock around 7.8% YoY (0.3% MoM) as compared to 9.6% YoY (0.4% MoM) last month. Furthermore, urban CPI inflation (UCPI) (60% of NCPI) and rural CPI inflation (RCPI) (40% of NCPI) are expected to increase by 10.3% YoY (0.4% MoM) and 4.3% YoY (0.2% MoM) respectively as compared to 11.7% YoY (0.3% MoM) and 6.7% YoY (0.5% MoM) respectively in the last month.

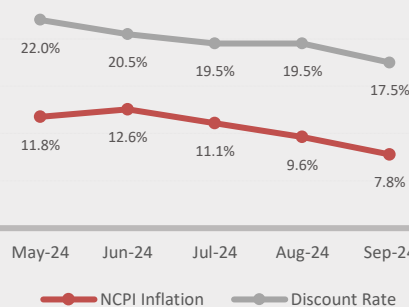
The surge in NCPI is caused mainly due to the increase in the food index which inflated by around 3.24% YoY during Sep-24. Particularly, increase in the prices of chicken (22.32% YoY), meat (19.57% YoY), fresh milk (8.48% YoY), and fresh fruit (10.34% YoY) contributed to the upsurge of food index. Other than food prices, an increase in the prices of cotton cloth (19.52% YoY), house rent (5.38% YoY), readymade food (5.13% YoY), also pushed the NCPI inflation towards the north.

Going forward, we anticipate a gradual decline in inflation as Pakistan enters the 37-month IMF program. With the external account expected to remain fully funded, this will enhance currency stability, providing support in controlling inflationary pressures. The central bank has already reduced the policy rate by 450bps, and we foresee further rate cuts in the upcoming Monetary Policy Committee meeting. Additionally, a decline in international oil prices, which constitutes a significant portion of our import bill, will help reduce inflation further. However, the successful implementation of ongoing reforms and prudent fiscal management remain critical for ensuring long-term economic stability.

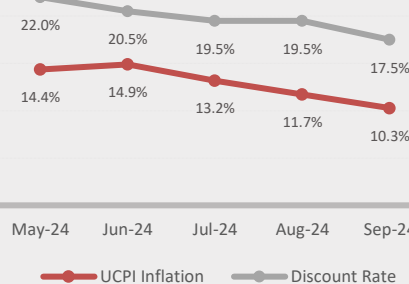
National	Weight	Sep-24	Urban	Weight	Sep-24	Rural	Weight	Sep-24
Food	35%	282	Food	30%	283	Food	41%	282
Utilities	24%	239	Utilities	27%	245	Utilities	18%	226
Clothing	9%	245	Clothing	8%	237	Clothing	9%	256
Restaurant	7%	275	Restaurant	7%	271	Restaurant	6%	282
Transport	6%	299	Transport	6%	295	Transport	6%	307
Misc.	5%	292	Education	5%	195	Misc.	5%	303
Furnishing	4%	270	Misc.	5%	284	Furnishing	4%	286
Education	4%	186	Furnishing	4%	260	Health	4%	247
Health	3%	251	Comm.	2%	138	Education	2%	220
Comm.	2%	135	Health	2%	254	Comm.	2%	128
Recreation	2%	274	Recreation	2%	260	Recreation	1%	300
Tobacco	1%	383	Tobacco	1%	407	Tobacco	1%	360
CPI		263	CPI		260	CPI		267

## Key Statistics

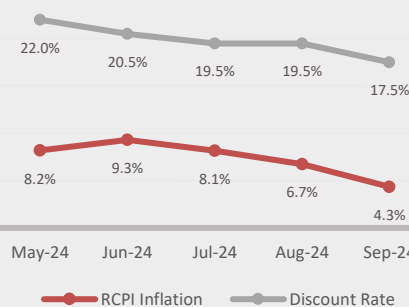
National CPI vs Discount Rate



Urban CPI vs Discount Rate



Rural CPI vs Discount Rate



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

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

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