

# INFLATION PREVIEW (Jan-23)

NCPI inflation to clock in at 26.12% YoY as compared to 24.48 % YoY in the last month

Tuesday, 24 January, 2023

## National

YoY ▲ 26.1%  
MoM ▲ 1.7%

## Urban

YoY ▲ 23.6%  
MoM ▲ 1.7%

## Rural

YoY ▲ 29.8%  
MoM ▲ 1.7%

We expect the national CPI inflation (NCPI) for Jan-23 to clock around 26.12% YoY (1.7% MoM) as compared to 24.48% YoY (0.5% MoM) last month. Furthermore, urban CPI inflation (UCPI) (60% of NCPI) and rural CPI inflation (RCPI) (40% of NCPI) are expected to increase by 23.6% YoY (1.7% MoM) and 29.8% YoY (1.7% MoM) respectively as compared to 21.6% YoY (0.3% MoM) and 28.8% YoY (0.7% MoM) respectively in last month.

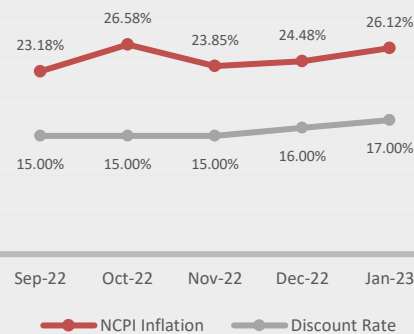
The surge in NCPI is caused mainly due to the increase in the food index which inflated by around 39.7% YoY during Jan-23. Particularly, increase in the prices of wheat flour (55.87% YoY), rice (65.61% YoY), meat (21.18% YoY), chicken (81.17% YoY), fresh milk (28.67% YoY), cooking oil (30.93% YoY), vegetable ghee (26.69% YoY) and fresh vegetables (18.33% YoY) contributed to the upsurge of food index. Other than food prices, an increase in the prices of motor fuel (43.49% YoY), cotton cloth (20.7% YoY), education (10.32% YoY), tea (65.42% YoY), house rent (4.83% YoY) and readymade food (33.97% YoY) also pushed the NCPI inflation towards the north. On the flip side, prices of Condiments & Spices, and sugar decreased by 0.27% YoY, and 0.41% YoY respectively.

Going forward, to deal with persisting inflationary pressures we expect the MPC to further push the policy rate at 18% to curb rising inflation in order to maintain financial stability. Furthermore, higher food prices are likely to keep average headline inflation elevated for FY23.

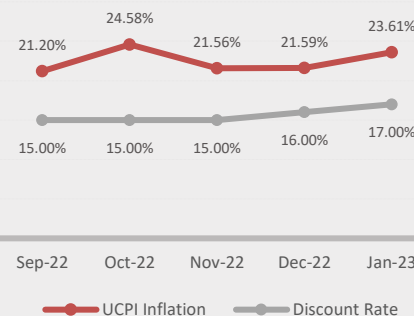
National	Weight	Jan-23	Urban	Weight	Jan-23	Rural	Weight	Jan-23
Food	35%	229	Food	30%	225	Food	41%	233
Utilities	24%	169	Utilities	27%	164	Utilities	18%	182
Clothing	9%	184	Clothing	8%	180	Clothing	9%	188
Restaurant	7%	202	Restaurant	7%	203	Restaurant	6%	199
Transport	6%	240	Transport	6%	240	Transport	6%	240
Misc.	5%	205	Education	5%	166	Misc.	5%	208
Furnishing	4%	202	Misc.	5%	203	Furnishing	4%	206
Education	4%	144	Furnishing	4%	199	Health	4%	195
Health	3%	190	Comm.	2%	114	Education	2%	156
Comm.	2%	109	Health	2%	184	Comm.	2%	107
Recreation	2%	185	Recreation	2%	180	Recreation	1%	194
Tobacco	1%	200	Tobacco	1%	213	Tobacco	1%	186
CPI		200	CPI		195	CPI		208

## Key Statistics

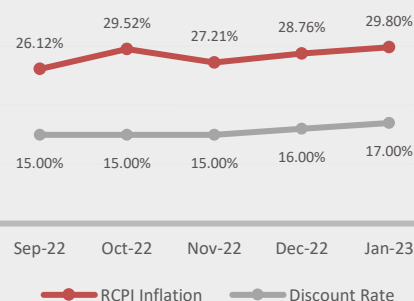
### National CPI vs Discount Rate



### Urban CPI vs Discount Rate



### Rural CPI vs Discount Rate



Sources: ACPL Research, PBS

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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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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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