

Pakistan Economy

Aug'24: CPI likely at 9.6%, first single-digit since Oct'21

26-Aug-2024

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Best Equity Advisor: 2021



Best Brokerage House: 2023
Corporate Finance House: 2023
Best Economic Research House: 2023
Best Equity Sales Person (Runner up): 2023



PAKISTAN
STOCK EXCHANGE
LIMITED
Top 25 Companies
(2019, 2018 & 2017)



Excellence Award
Leading Brokerage House for RDA 2021



Best Money Market Broker
(Islamic) 2021

CPI Preview

Aug'24: CPI likely at 9.6%, first single-digit since Oct '21

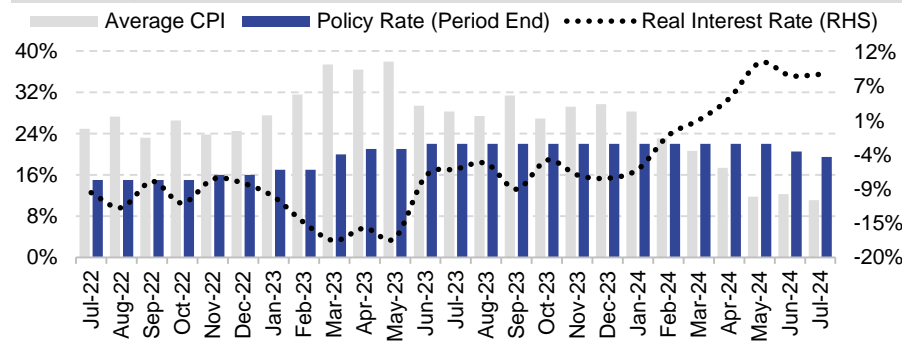
- We project that inflation for Aug'24 will decrease to 9.6% YoY, compared to 27.4% in Aug'23 and 11.1% in Jul'24. The last time inflation was at a similar level was in Oct'21, when it was 9.2%. With this, average inflation for FY25TD clocks-in at 10.73%.
- This trend of YoY disinflation continues due to a high base effect, stable parity and lower international commodity prices.
- Monthly projections however for Aug'24 suggest that inflation will rise by 0.4%. Key indices contributing to this trend include the food index, expected to increase by 1.1% MoM due to rising prices of chicken, eggs, onions, garlic and pulses. However, housing index is projected to decrease by 0.6% MoM, primarily due to reduced electricity charges resulting from FCA adjustment and the recent relief package by the PM provided for domestic consumers. Similarly, the transport index is anticipated to fall by 0.8% MoM, mainly due to the decrease in petroleum prices.
- The anticipated decline in inflation to a single-digit level is likely to result in widening of the real interest rate to ~10%. We anticipate that single-digit inflation will persist in the latter half of CY24, provided there are no external shocks. Such shocks could negatively affect our projections, including rises in international prices, significant fluctuations in PKR volatility, or a substantial increase in the trade deficit.

Exhibit: Consumer Price Index Aug'24

	Weight	Aug-24	Aug-23	YoY	Jul-24	MoM
CPI		262.3	239.3	9.6%	261.3	0.4%
Food	34.6%	279.7	274.0	2.1%	276.7	1.1%
Alcoholic Beverages, Tobacco	1.0%	388.0	359.5	7.9%	383.4	1.2%
Clothing & Footwear	8.6%	244.0	208.7	16.9%	243.8	0.1%
Housing	23.6%	238.9	193.9	23.3%	240.3	-0.6%
Household Equipment	4.1%	270.0	248.5	8.6%	269.8	0.1%
Health	2.8%	249.0	212.8	17.0%	248.5	0.2%
Transport	5.9%	310.1	300.7	3.1%	312.5	-0.8%
Communication	2.2%	134.2	119.1	12.6%	134.6	-0.3%
Recreation & Culture	1.6%	273.4	253.8	7.7%	270.5	1.1%
Education	3.8%	201.5	178.2	13.1%	199.7	0.9%
Restaurants & Hotels	6.9%	273.0	246.5	10.7%	269.3	1.4%
Miscellaneous	4.9%	288.3	261.5	10.2%	288.4	-0.1%

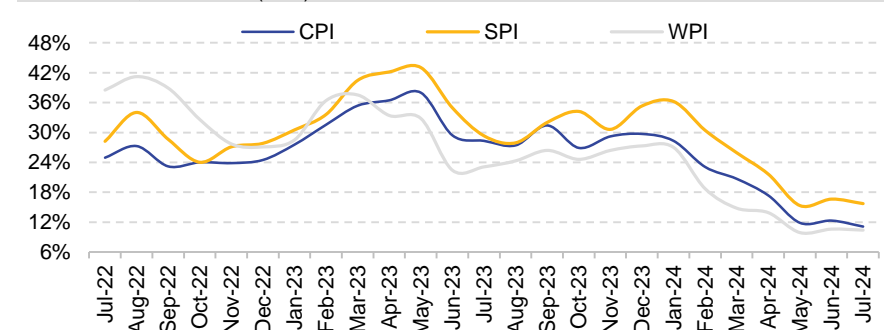
Source: PBS, AHL Research

Exhibit: CPI, DR & Real Interest Rate



Source (s): PBS, AHL Research

Exhibit: CPI, SPI & WPI (YoY)



Source (s): PBS, AHL Research

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