

Pakistan Economy

Oct'24: CPI projected at 6.3% - Lowest since Jan'21

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EUROMONEY

Best for Research: '24
Best for Diversity & Inclusion: '24
Best Investment Bank: '23

ASIAMONEY

Best Securities House: '23
Best Investment Bank: '23

 **CFA Society
Pakistan**

Best Brokerage House: '23 – '21
Best Corporate Finance House: '23 - '13
Best Economic Research House: : '23 – '21
Best Research Analyst: '22 – '20

FinanceAsia

Best Investment Bank: '22

 **INTERNATIONAL
FINANCE**

Best Brokerage House: '23


PAKISTAN
STOCK EXCHANGE
LIMITED

Top 25 Companies
(17-'19)


ASSET ASIAN AWARDS
TRIPLE A

Best Gender Equality Bond: '24
Best Equity Advisor: '21


CENTRAL
DEPOSITORY
COMPANY

Excellence Award Leading
Brokerage House for RDA '21

CPI Preview

Oct'24: CPI projected at 6.3% - Lowest since Jan'21

- **We project that inflation in Oct'24 will reach 6.3% YoY (0.5% MoM). This will bring the average inflation rate for 4MFY25 to 8.50%, a significant decrease from 28.48% during the same period last year.**
- **This marks the lowest inflation reading since Jan'21 (5.70%).**
- **The decline in inflation is attributed to a decrease in food inflation (-0.3% YoY) and a drop in the transport index (-7.9%).**
- In Oct'24, food inflation is expected to rise by 1.0% MoM while showing a YoY decrease of 0.3%. The surge in food inflation is primarily driven by a 4.8% MoM increase in wheat flour prices, coupled with rises in the prices of chicken, onions, and tomatoes, which have increased by 5.4%, 8.0%, and 16.7% MoM, respectively. On the contrary, prices for potatoes, bananas and pulse mash are projected to decrease by 1.1%, 6.5% and 3.6% MoM, respectively.
- The housing index is projected to rise by 1.3% MoM, fueled by increased house rents and elevated electricity tariffs for consumers utilizing up to 200 units. To recall, the federal government had postponed the tariff increase for these consumers until Sep'24. However, the FCA for Aug'24, which will be reflected in Oct'24 bills, was recorded at PKR -0.58/unit, compared to PKR -0.37/unit last month (Sep'24) while the QTA remains unchanged at PKR 1.74 per unit.
- The transport index is expected to decline by 2.4% MoM (-7.9% YoY), attributed to the fall in petrol and diesel prices.
- We expect disinflation to persist in the upcoming months, primarily due to a high base effect. Additionally, if global commodity and energy prices remain subdued while the PKR remains stable, it will further support our outlook for disinflation.

Exhibit: Consumer Price Index Oct'24e

Item	Weight	Oct-24e	Oct-23	YoY	Sep-24	MoM
CPI	100.0%	262.3	246.7	6.3%	261.0	0.5%
Food	34.5%	279.5	280.3	-0.3%	276.9	1.0%
Housing	23.7%	238.5	200.7	18.8%	235.5	1.3%
Clothing and footwear	8.6%	245.6	215.3	14.0%	246.1	-0.2%
Restaurants and hotels	6.9%	277.6	256.5	8.2%	275.6	0.7%
Transport	5.9%	297.0	322.3	-7.9%	304.3	-2.4%
Miscellaneous	4.9%	294.2	263.0	11.9%	295.0	-0.3%
Household equipment	4.1%	269.6	255.9	5.4%	269.4	0.1%
Education	3.8%	202.8	183.7	10.4%	201.8	0.5%
Health	2.8%	253.9	228.4	11.1%	252.7	0.5%
Communication	2.2%	134.6	120.1	12.1%	134.8	-0.2%
Recreation and culture	1.6%	277.0	255.8	8.3%	273.8	1.2%
Tobacco	1.0%	389.3	362.2	7.5%	385.2	1.1%

Source: PBS, AHL Research

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- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
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