

Pakistan Economy

Nov'24: CPI projected at 4.7% - Lowest since Apr'18

28-Nov-2024

Sana Tawfik

D: +92 21 38280283

UAN: +92 21 111 245 111, Ext: 248

F: +92 21 32420742

E: sana.tawfik@arifhabibltd.com



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



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



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



Best Investment Bank: '22



Best Brokerage House: '23



Top 25 Companies
('17-'19)



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



Excellence Award Leading
Brokerage House for RDA '21

CPI Preview

Nov'24: CPI projected at 4.7% - Lowest since Apr'18

- We project that inflation in Nov'24 will come down to 4.7% YoY (0.3% MoM) from last month's 7.2%. This will bring the average inflation rate for 5MFY25 to 7.9%, a significant decrease from 28.6% during the same period last year.
- This marks the lowest inflation reading since Apr'18 (3.96%).
- Food inflation is expected to remain slightly up (+0.1% MoM), transportation (+1.0% MoM) while housing index is likely to increase by 0.1% MoM.

- In Nov'24, food inflation is anticipated to rise by 0.1% MoM and 0.1% YoY. This increase is primarily attributed to a 0.2% MoM uptick in wheat flour prices, alongside significant price hikes in fish (7.5%), eggs (11.8%), cooking oil (2.1%), pulse moong (7.7%), and tomatoes (16.4%). Conversely, prices for chicken, bananas, and onions are expected to decline by 14.3%, 4.9%, and 3.6% MoM, respectively.
- The housing index is projected to inch up by 0.1% MoM. Meanwhile, the prices of LPG and firewood are expected to increase by 8.3% and 2.7% MoM, respectively. The electricity index, however, is expected to decline by 1.1% MoM, driven by a negative FCA of PKR 1.28/KWh for Sep'24, which will fall in Nov'24 bills. In comparison, the FCA for the previous month was PKR -0.86/KWh.
- The transport index is anticipated to increase by 1.0% MoM driven by higher petrol and diesel prices, though it remains down by 2.5% YoY.
- 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 Nov'24e

Item	Weight	Nov-24e	Nov-23a	YoY	Oct-24a	MoM
CPI	100.0%	265.0	253.2	4.7%	264.2	0.3%
Food	34.5%	283.1	283.0	0.1%	282.9	0.1%
Housing	23.7%	239.5	222.7	7.5%	239.3	0.1%
Clothing and footwear	8.6%	247.0	220.4	12.1%	246.8	0.1%
Restaurants and hotels	6.9%	280.0	258.3	8.4%	276.9	1.1%
Transport	5.9%	302.6	310.3	-2.5%	299.6	1.0%
Miscellaneous	4.9%	298.1	267.2	11.6%	298.5	-0.1%
Household equipment	4.1%	273.1	258.0	5.8%	271.1	0.7%
Education	3.8%	204.2	185.6	10.0%	202.2	1.0%
Health	2.8%	257.9	232.3	11.0%	256.5	0.5%
Communication	2.2%	135.1	120.2	12.4%	134.9	0.2%
Recreation and culture	1.6%	278.2	256.1	8.6%	274.5	1.3%
Tobacco	1.0%	389.9	362.9	7.5%	385.4	1.2%

Source (s): PBS, AHL Research

Analyst Certification and Disclaimer

Analyst Certification: The research analyst(s) is (are) principally responsible for preparation of this report. The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject security (ies) or sector (or economy), and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. In addition, we currently do not have any interest (financial or otherwise) in the subject security (ies). Furthermore, compensation of the Analyst(s) is not determined nor based on any other service(s) that AHL is offering. Analyst(s) are not subject to the supervision or control of any employee of AHL's non-research departments, and no personal engaged in providing non-research services have any influence or control over the compensatory evaluation of the Analyst(s).

Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Dec 2025 for Target Price. In addition, return excludes all type of taxes. For more details, kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between 0% and +15% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than 0% from last closing of market price(s)

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks: The following risks may potentially impact our valuations of subject security (ies);

- Market risk
- Interest Rate Risk
- Exchange Rate (Currency) Risk

Disclaimer: This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.