

Pakistan Economy

Jul'25e: CPI likely at 3.14%

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REP-300

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CPI Preview

Jul'25e: CPI likely at 3.14%

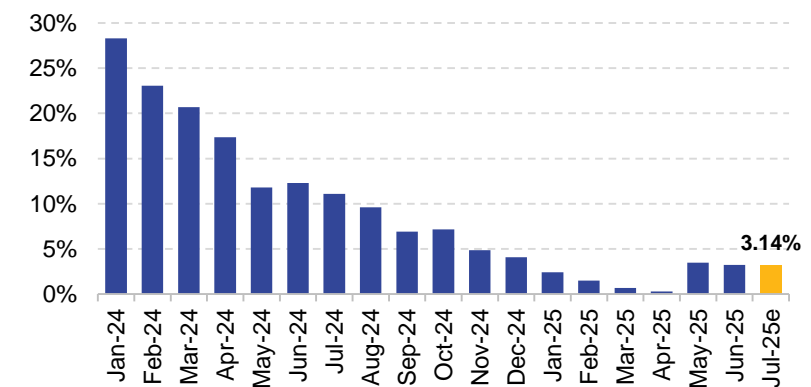
- We expect headline inflation to clock in at 3.14% in Jul'25, representing a slight decline from the 3.23% YoY inflation rate reported in Jun'25.
- Compared to the same period last year, a significant decrease in headline inflation is anticipated. In Jul'24, the inflation rate stood at 11.09% YoY.
- Core inflation (NFNE) continues to exhibit persistence, with Jul'25 projections indicating an 8.1% YoY increase.
- Despite the YoY decline, monthly inflationary pressures are projected to persist in Jul'25, with an expected increase of 2.0% MoM, driven by increases in the food, housing, and transport indices.
- Food inflation is projected to rise by 1.6% MoM, led by higher prices of Chicken, Tomatoes, Onions and Potatoes.
- The housing index is expected to increase by 4.4% MoM, mainly due to recent increase in fixed gas charges by 50% for both protected and non-protected domestic users. However, the electricity charges are anticipated to decline by 1.9% MoM. This stems from a negative Fuel Cost Adjustment (FCA) of PKR 0.50/KWh in May'25 (applicable in Jul'25), compared to a positive FCA of PKR 0.93/KWh in Apr'25 (applicable in Jun'25).
- Transport index is anticipated to increase by 4.9% MoM, following an upward revision of petroleum product prices.
- The moderation in YoY inflation is largely attributed to the high base effect and easing food prices. However, risks to the outlook persist, including PKR depreciation and a rise in food and domestic petroleum prices. Sustained stability in these factors will be key to maintaining a favorable inflation trajectory.

Exhibit: Consumer Price Index Jul'25

Item	Weight	Jul-25	Jul-24	YoY	Jun-25	MoM
CPI	100.0%	269.5	261.3	3.1%	264.2	2.0%
Food	34.5%	275.4	276.7	-0.5%	271.1	1.6%
Housing	23.7%	242.4	240.3	0.9%	232.3	4.4%
Clothing and footwear	8.6%	265.0	243.8	8.7%	263.3	0.6%
Restaurants and hotels	6.9%	291.3	269.3	8.2%	288.9	0.8%
Transport	5.9%	325.4	312.5	4.1%	310.1	4.9%
Miscellaneous	4.9%	329.1	288.4	14.1%	328.4	0.2%
Household equipment	4.1%	279.7	269.8	3.7%	278.2	0.5%
Education	3.8%	221.2	199.7	10.7%	219.7	0.7%
Health	2.8%	276.3	248.5	11.2%	274.3	0.8%
Communication	2.2%	136.2	134.6	1.2%	135.2	0.8%
Recreation and culture	1.6%	268.5	270.5	-0.7%	266.2	0.9%
Tobacco	1.0%	396.6	383.4	3.4%	396.7	0.0%

Source (s): PBS, AHL Research

Exhibit: CPI likely at 3.14%



Source (s): PBS, AHL Research

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