

INFLATION PREVIEW (Mar-25)



NCPI inflation to clock in at 0.5% YoY in Mar-25 as compared to 1.5% YoY in the last month

Tuesday, 25 March, 2025

National		Urban		Rural	
YoY	▲ 0.5%	YoY	▲ 1.2%	YoY	▼ -0.6%
MoM	▲ 0.7%	MoM	▲ 0.8%	MoM	▲ 0.5%

We expect the national CPI inflation (NCPI) for Mar-25 to clock around 0.5% YoY (0.7% MoM) as compared to 1.5% YoY (-0.8% MoM) last month. Furthermore, urban CPI inflation (UCPI) (60% of NCPI) and rural CPI inflation (RCPI) (40% of NCPI) are expected to increase by 1.2% YoY (0.8% MoM) and -0.6% YoY (0.5% MoM) respectively as compared to 1.8% YoY (-0.7% MoM) and 1.1% YoY (-1.1% MoM) respectively in the last month.

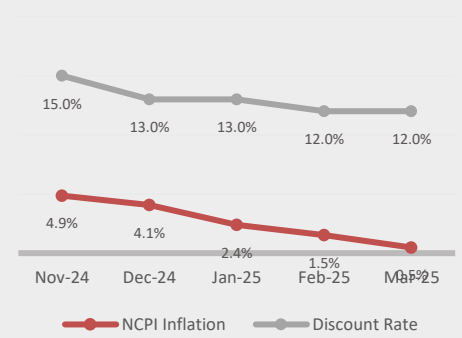
The surge in NCPI is caused mainly due to the increase in the food index which inflated by around during Mar-25. Particularly, increase in the prices of chicken (18.15% YoY), meat (15.68% YoY), fresh milk (10.83% YoY), cooking oil (11.48% YoY), and fresh fruit (35.27% YoY) and vegetable ghee (16.59% YoY) contributed to the upsurge of food index. Other than food prices, an increase in the prices of cotton cloth (17.07% YoY), house rent (4.94% YoY), readymade food (5.36% YoY), also pushed the NCPI inflation towards the north.

Looking ahead, the SBP is expected to adopt a cautious stance, as inflation appears to have bottomed out. Additionally, the high base effect, which has kept inflation low, is likely to fade in the coming months. Meanwhile, the cumulative 1000bps rate cut since June 2024 is still unfolding and will continue to influence economic conditions in the coming quarters. Given these factors, the SBP is likely to keep the policy rate unchanged in the upcoming MPC meeting on May 5. While a 100bps rate cut remains possible, external factors such as IMF reviews, the FY26 budget, and import pressures may push any monetary easing to the latter half of 2025.

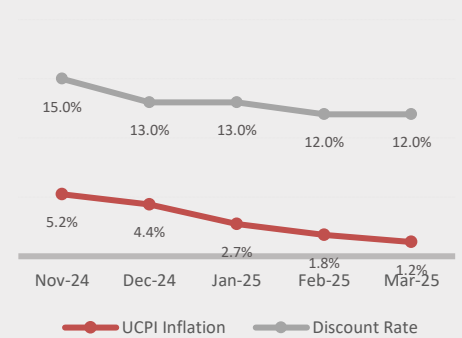
National	Weight	Mar-25	Urban	Weight	Mar-25	Rural	Weight	Mar-25
Food	35%	278	Food	30%	278	Food	41%	277
Utilities	24%	240	Utilities	27%	245	Utilities	18%	228
Clothing	9%	259	Clothing	8%	250	Clothing	9%	270
Restaurant	7%	284	Restaurant	7%	280	Restaurant	6%	292
Transport	6%	306	Transport	6%	300	Transport	6%	315
Misc.	5%	310	Education	5%	201	Misc.	5%	324
Furnishing	4%	275	Misc.	5%	300	Furnishing	4%	290
Education	4%	186	Furnishing	4%	265	Health	4%	267
Health	3%	269	Comm.	2%	138	Education	2%	226
Comm.	2%	135	Health	2%	271	Comm.	2%	129
Recreation	2%	278	Recreation	2%	261	Recreation	1%	310
Tobacco	1%	394	Tobacco	1%	415	Tobacco	1%	374
CPI		266	CPI		263	CPI		270

Key Statistics

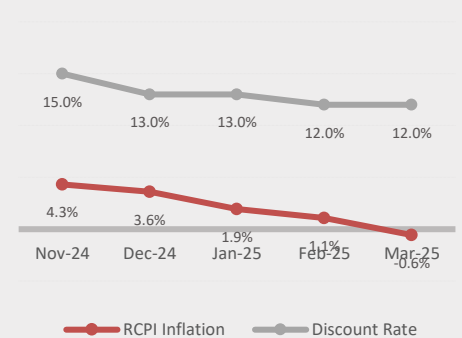
National CPI vs Discount Rate



Urban CPI vs Discount Rate



Rural CPI vs Discount Rate



Haroon Abdul Razzaq
 Phone: (+92) 42 38302028; Ext: 116
 Email: haroon@abbasiandcompany.com

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TP	Target Price	CAGR	Compound Annual Growth Rate	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	LDCP	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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SELL	Less than and equal to -5%

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Market Weight	Neutral
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RESEARCH DEPARTMENT

6 - Shadman, Lahore

Phone: (+92) 42 38302028; Ext 116, 117

Email: research@abbasiandcompany.com

web: www.abbasiandcompany.com

HEAD OFFICE

6 - Shadman, Lahore

Phone: (+92) 42 38302028

Email: info@abbasiandcompany.com

web: www.abbasiandcompany.com