

Economy: Apr-25 NCPI expected at 0.2% YoY

The headline CPI is expected to ease further in Apr-25, clocking in at 0.2% YoY, continuing the declining inflation trend. This represents the lowest inflation reading for the past six decades, largely attributable to notable reductions in food and housing segments amid lower electricity prices and post-Ramzan factor. Moderate demand and stable PKR/USD parity have kept price levels moderate since the beginning of 2024, with a cumulative price increase of a mere 3.3% since Dec'23. Average inflation during 10MFY25 is now expected to settle at 4.8%, significantly lower than 26.2% recorded in the same period last year (10MFY24).

Food segment to drive the disinflationary trend

The food inflation is expected to decrease by 3.2% month-on-month (MoM), driven by falling prices of wheat, eggs, chicken, onions, pulses, and tomatoes. The reduction in their prices can be attributed to improved supply conditions and softer demand following the conclusion of Ramzan.

Softening trend in housing inflation with minor offsets

The housing, water, electricity, and gas segment is expected to register a decline of approximately 0.4% MoM in April 2025, primarily due to a reduction in electricity prices. The negative Quarterly Tariff Adjustment (QTA) of PKR 1.9 contributed to a reduction in electricity prices during the month. Nonetheless, the quarterly house rent adjustment is expected to partially mitigate the broader decline in the housing sub-index.

Outlook

We anticipate that the State Bank of Pakistan (SBP) may opt to reduce the policy rate by 50 basis points in its upcoming Monetary Policy Committee (MPC) meeting scheduled for May 2025. This view is supported by a combination of favorable factors like inflationary trends and a strong external account performance.

On the external front, the economy recorded a current account surplus of USD 1.2 bn in March 2025, with expectation of balanced external account for the remainder year — signaling reduced pressure on the rupee. However, escalating tensions with India may act against our case for a cut in policy rate in the upcoming monetary policy.

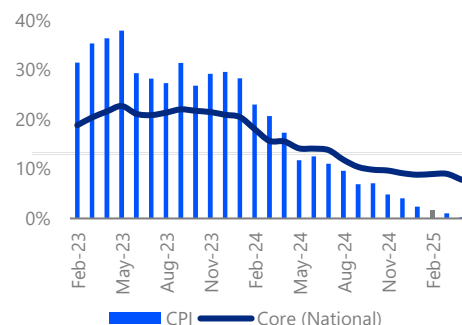
Moreover, average inflation for FY25 seems to be within the SBP's medium-term target range of 5–7% so inflationary pressure appears to be under control.

Apr-25 MoM National CPI Breakdown

Segments	Weight in CPI	MoM	Cont. to MoM CPI
Food & Non-Alcoholic Beverages	34.58%	-3.2%	-1.16%
Housing, Water, Electricity, Gas & Fuel	23.63%	-0.4%	-0.09%
Clothing & Footwear	8.60%	1.15%	0.10%
Restaurants & Hotels	6.92%	0.75%	0.06%
Transport	5.91%	0.16%	0.01%
Others	20.36%	5.09%	0.14%
MoM Change in CPI			-0.93%
YoY Change in CPI			0.2%

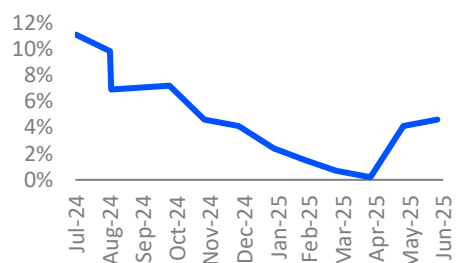
Source: PBS, Akseer Research

NCPI expected lowest in two decades



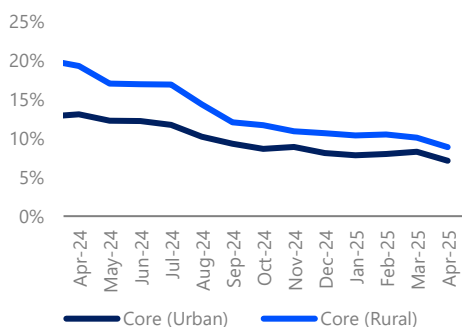
Source: PBS, Akseer Research

NCPI expectation for FY25 (YoY)



Source: PBS, Akseer Research

Urban and Rural Core (YoY)



Source: PBS, Akseer Research

Disclaimer

This report has been prepared and marketed jointly by Akseer Research (Pvt) Limited and Alpha Capital (Pvt) Limited, hereinafter referred jointly as "JV" and is provided for information purposes only. Under no circumstances this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, the JV and/or any of their officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professionals who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and the JV accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of the JV's Research Department and do not necessarily reflect those of the JV or its directors. Akseer Research and Alpha Capital as firms may have business relationships, including investment--banking relationships, with the companies referred to in this report. The JV or any of their officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the companies mentioned in this report, may have a financial interest in the securities of these companies to an amount exceeding 1% of the value of the securities of these companies, may serve or may have served in the past as a director or officer of these companies, may have received compensation from these companies for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from these companies for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the companies mentioned in this report.

All rights reserved by the JV. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of the JV. Action could be taken for unauthorized reproduction, distribution or publication.

Valuation Methodology

To arrive at our 12-months Price Target, the JV uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology.

Ratings Criteria

JV employs a three-tier ratings system to rate a stock, as mentioned below, which is based upon the level of expected return for a specific stock. The rating is based on the following with time horizon of 12-months.

Rating	Expected Total Return
Buy	Greater than or equal to +15%
Hold	Between -5% and +15%
Sell	Less than or equal to -5%

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

Research Dissemination Policy

The JV endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc.

Analyst Certification

The research analyst, denoted by 'AC' on the cover of this report, has also been involved in the preparation of this report, and is a member of JV's Equity Research Team. The analyst certifies that (1) the views expressed in this report accurately reflect his/her personal views and (2) no part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Contact Details



Akseer Research (Pvt) Limited
1st Floor, Shaheen Chambers, KCHS block 7 & 8,
off. Shahrah-e-Faisal
T: +92-21-34320359 -60
E: info@akseerresearch.com



Alpha Capital (Pvt) Limited
3rd Floor, Shaheen Chambers, A-4 Central Commercial Area,
KCH Society, Block 7 & 8, Near Virtual University, Karachi
T: +92-21-38694242
E: info@alphacapital.com.pk



www.jamapunji.pk