

## Economy: Jul-25 NCPI expected at 2.9% YoY

The NCPI is expected to clock in at 2.9% YoY in Jul-25. On a monthly basis, the inflation in Jul-25 is projected to stand at 1.8% MoM. The base effect is melting away, signalling a comeback to a normalized inflation trend. The SBP estimates an inflation outlook in the range of 5-7% for FY26. Core inflation (NFNE) continues to remain sticky, with Jul-25 representing an increase of 7.8% YoY.

### Uptick Expected in Food Segment

The food inflation is expected to increase by 2.2% MoM, driven by rising prices of chicken (up 37% MoM), onions (up 19% MoM), tomatoes (up 9% MoM), potatoes (up 11% MoM) and sugar (up 6% MoM). The prices of these items have likely increased due to supply chain disruptions caused by excessive monsoon rains.

### Upward Trend Anticipated in Transportation and Housing Indices

The transport index is estimated to grow by 1.9% YoY. On a monthly basis, the index is projected to rise by 2.7% MoM, due to an upward trend in fuel prices (up 4.6% MoM) owing to carbon levy and geopolitical tensions in the Middle East.

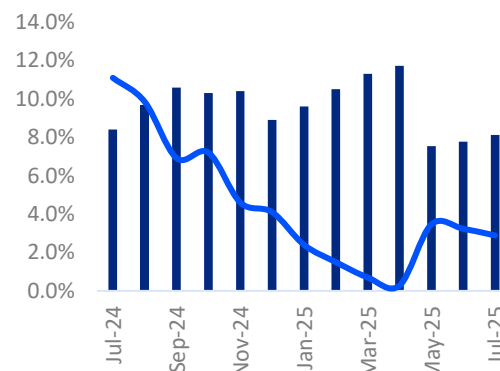
In addition, the housing index is also anticipated to increase by 2.8% MoM. This growth is primarily attributed to an increase in fixed gas charges by 50% for both protected and nonprotected consumers, along with a 1.25% MoM upward adjustment in house rent.

### Future Outlook

The State Bank of Pakistan (SBP) is set to conduct its MPC meeting on 30<sup>th</sup> July 2025. As per our previous anticipation, the SBP took a cautious stance and maintained its policy rate at 11% due to heightened geopolitical tensions and anticipation of price pressures amid budgetary measures.

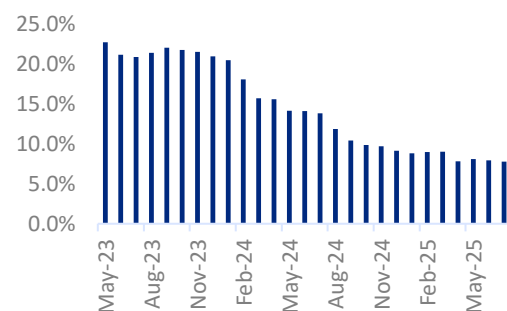
With geopolitical tensions easing and limited inflationary pressures from Budget 2026, we expect the SBP to abandon its cautious stance and resume measured monetary easing, with a 50bps rate cut likely in the upcoming MPC meeting. All in all, there has been a cumulative rate cut of 1100bps from an all-time high of 22% in Jun-24.

### NCPI & Real Interest rate



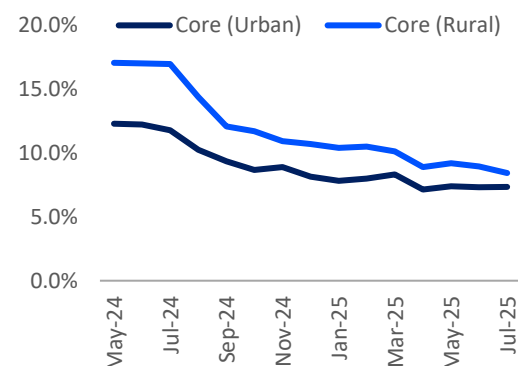
Source: PBS, Akseer Research

### NFNE (YoY)



Source: PBS, Akseer Research

### Urban and Rural Core (YoY)



Source: PBS, Akseer Research

### Jul-25 MoM National CPI Breakdown

Segments	Weight in CPI	MoM	Cont. to MoM CPI
Food & Non-Alcoholic Beverages	34.58%	2.19%	0.78%
Housing, Water, Electricity, Gas & Fuel	23.63%	2.82%	0.59%
Clothing & Footwear	8.60%	0.01%	0.00%
Restaurants & Hotels	6.92%	0.75%	0.06%
Transport	5.91%	2.72%	0.19%
Others	20.36%	4.75%	0.14%
<b>MoM Change in CPI</b>			<b>1.76%</b>
<b>YoY Change in CPI</b>			<b>2.9%</b>

Source: PBS, Akseer Research

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