

Jul'22 inflation estimated at 24.2%

- We estimate Jul'22 NCPI inflation to clock-in at 24.2%YoY/3.7%MoM (highest YoY inflation after Nov'08), compared to 21.3%YoY/6.3%MoM of Jun'22 and 8.4%YoY/1.3%MoM of Jul'21.
- We estimate Urban/Rural inflation for Jul'22 at 22.6%/26.5% on YoY basis and 3.7%/3.8% on MoM basis.
- The Urban/Rural NFNE inflation for Jul'22 is estimate to crawl further up to 11.9%/14% compared to 11.5%/13.6% last month.
- Food inflation is expected to further climb 3.9%MoM primarily led by increase in prices of wheat flour, rice, meat, fresh milk and products, eggs, oil and ghee, pulses vegetables including potatoes, onions and tomatoes, condiments and spices, and tea.
- On the other hand, prices of chicken, and fresh fruits came slightly down during the month.
- As result of further upward adjustment, we estimate electricity tariff to increase by ~10%MoM.
- House rent index is also expected to be increased by 1.5% in its quarter revision during the month.
- Further increase in prices of petrol and HSD is expected to push motor fuels in transport segment by ~25%.
- The recent decrease in prices of petrol and HSD would be reflected in inflation numbers for Aug'22.
- Going forward, in addition to continued pressure in food prices despite international Palm Oil prices coming down significantly, further increase in POL products prices (increase in PL to PKR50/liter, and resumption of GST), increase in electricity tariffs, and upward movement in NFNE inflation, our FY23 average inflation estimate is in excess of 21% and we do not see inflation coming off to single-digit no earlier than Jul'23 and that too would be due to high base effect.

Break-up of Jul'22E inflation numbers

	National CPI			Urban CPI			Rural CPI		
	W	MoM	YoY	W	MoM	YoY	W	MoM	YoY
General	100.0%	3.7%	24.2%	100.0%	3.7%	22.6%	100.0%	3.8%	26.5%
Food & Non-alcoholic Bev.	34.6%	3.9%	28.6%	30.4%	3.8%	27.2%	40.9%	4.1%	30.2%
Alcoholic Bev.& Tobacco	1.0%	8.6%	27.8%	0.9%	7.9%	27.6%	1.3%	9.6%	28.2%
Clothing & Footwear	8.6%	2.2%	15.8%	8.0%	2.2%	16.5%	9.5%	2.0%	15.0%
Housing, Water, and Energy	23.6%	3.1%	15.3%	27.0%	3.0%	13.1%	18.5%	3.1%	20.3%
Furnishing & Household	4.1%	0.7%	18.6%	4.1%	0.7%	17.3%	4.1%	0.7%	20.5%
Health	2.8%	0.7%	11.8%	2.3%	0.8%	11.4%	3.5%	0.7%	12.2%
Transport	5.9%	14.9%	79.1%	6.1%	15.1%	78.5%	5.6%	14.5%	80.2%
Communication	2.2%	0.8%	1.5%	2.4%	0.8%	1.5%	2.0%	0.7%	1.6%
Recreation & Culture	1.6%	0.8%	14.5%	1.7%	0.8%	13.3%	1.4%	0.8%	16.5%
Education	3.8%	0.8%	10.0%	4.9%	0.8%	11.0%	2.1%	0.8%	6.4%
Restaurants & Hotels	6.9%	0.7%	22.3%	7.4%	0.7%	21.6%	6.2%	0.7%	23.6%
Miscellaneous	4.9%	0.7%	16.1%	4.8%	0.8%	16.0%	5.0%	0.7%	16.3%

Source: PBS, Next Research

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Annexure

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