



Adam Usman Securities (Pvt.) Limited

TREC Holder – Pakistan Stock Exchange Ltd.

Member – Pakistan Mercantile Exchange Ltd.

For more detail about stock market & account opening

Please contact: Cell 0305-2385445 or dial Landline: 0213-2470551

Wednesday, February 28, 2024

Pakistan Economy | Inflation Preview | 2024

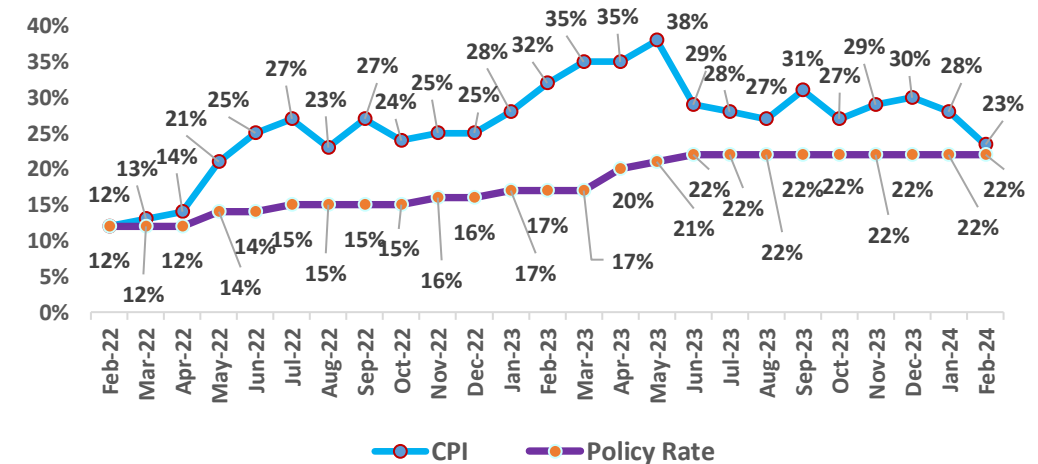
Feb -2024 Consumer Price Index Estimated at 23.4%



Inflation Estimated at 23.4% for the Feb-2024:

- Feb'24, we forecast Consumer Price Index (CPI) pace to slow down by 23.4%, YoY, lower than Jan'24's 27.92% and also lower than that an year ago at 27.6%.
- In contrast to average CPI of 28.7% during 7MFY24. The steep decline is majorly in part to a higher inflation base from SPLY (Feb'23 CPI: 31.5% YoY and 4.3% MoM, alongside cooling down of major food commodities during the month.
- On a MoM basis, Feb'24 is expected to experience a decrease of 32bps in CPI, following a 0.7% increase in the previous month. The avg monthly increase for the 1HFY24 is estimated at 1.5%.
- The steep decline is majorly in part to a higher inflation base from SPLY (Feb'23 CPI: 31.5%/4.3% YoY/MoM) alongside cooling down of major food commodities during the month. To note, we estimate the Food and beverages index to decline by 1.24% MoM, primarily due to a sharp decline in the prices of the following items on a monthly basis: i) Eggs (↓33.5% MoM), ii) Tomatoes (↓27.5% MoM), iii) Onions (↓8.02% MoM) and iv) Potatoes (↓5.51% MoM).
- Looking forward in FY24, the YoY inflation figures are expected to exhibit a significant downward trend due to the high base effect from the previous year. It is projected to reach its lowest point in May'24, with an average estimated inflation rate of 22.0% for FY24, revised from the IMF's initial estimate of 24%.

| Weight | Feb-24 | Feb-23 | YoY % | Jan-24 | MoM% |
|--------------------------------------|--------|--------|-------|--------|-------|
| National - Actual | 260.7 | 211.3 | 23.4% | 259 | 0.7% |
| Food and Non-Alcoholic Beverages | 286.2 | 241.3 | 18.6% | 287.69 | -0.5% |
| Alcoholic Beverages, Tobacco | 365.1 | 219.4 | 66.4% | 364.72 | 0.1% |
| Clothing & Footwear | 223.4 | 186.7 | 19.7% | 223.07 | 0.1% |
| Housing, Water, Elec., Gas and other | 242.6 | 176.8 | 37.2% | 235.15 | 3.2% |
| Health | 234.5 | 197.3 | 18.9% | 236.07 | -0.7% |
| Transport | 310.6 | 271.2 | 14.5% | 307.98 | 0.9% |
| Communication | 134.7 | 114.4 | 17.7% | 120.36 | 11.9% |
| Recreation & Culture | 256.4 | 199.7 | 28.4% | 256.65 | -0.1% |
| Education | 186.2 | 164.8 | 13.0% | 186.74 | -0.3% |
| Restaurants & Hotels | 265.5 | 215.8 | 23.0% | 261.71 | 1.4% |
| Misc. Goods & Services | 272.5 | 221.4 | 23.1% | 272.06 | 0.2% |





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To arrive at period end target price, Adam Usman Securities Limited uses different valuation methodologies:

Comparable Method (P/E, P/B, Justified P/B & P/E etc.)

Discounted Cash flow Method

Equity and Asset based valuation

Rating

| | |
|--------|--|
| BUY | Total return more than 15% from last closing of market price |
| HOLD | Total return is in between 10% and 15% from last closing of market price |
| REDUCE | Total return is less than 10% from last closing market price |

