

INFLATION PREVIEW (Jun-24)

NCPI inflation to clock in at 12.5% YoY as compared to 11.8% YoY in the last month



Tuesday, 25 June, 2024

National		Urban		Rural	
YoY	▲ 12.5%	YoY	▲ 14.9%	YoY	▲ 9.2%
MoM	▲ 0.4%	MoM	▲ 0.6%	MoM	▲ 0.2%

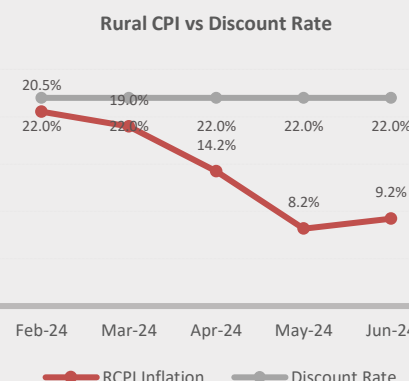
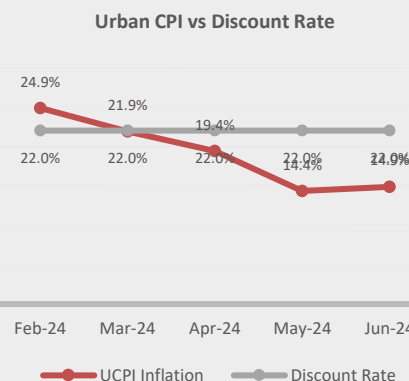
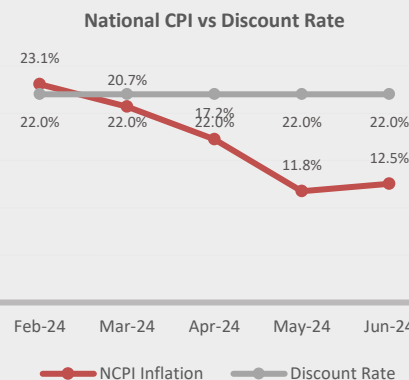
We expect the national CPI inflation (NCPI) for Jun-24 to clock around 12.5% YoY (0.4% MoM) as compared to 11.8% YoY (-3.2% MoM) last month. Furthermore, urban CPI inflation (UCPI) (60% of NCPI) and rural CPI inflation (RCPI) (40% of NCPI) are expected to increase by 14.9% YoY (0.6% MoM) and 9.2% YoY (0.2% MoM) respectively as compared to 14.4% YoY (-2.8% MoM) and 8.2% YoY (-3.7% 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 1.70% YoY during Jun-24. Particularly, increase in the prices of meat (20.62% YoY), fresh milk (6.15% YoY), contributed to the upsurge of food index. Other than food prices, an increase in the prices of motor fuel (3.48% YoY), cotton cloth (23.49% YoY), transport (8.63% YoY), house rent (5.80% YoY), readymade food (8.13% YoY), also pushed the NCPI inflation towards the north.

Looking ahead, the high base effect is projected to cause a further decline in inflation. However, inflation is expected to increase in the short run due to the various tax impositions outlined in the Budget 2024-25. These tax measures are likely to put upward pressure on prices, affecting both consumer goods and services, and could lead to higher costs for businesses and consumers alike. Additionally, the policy rate recently saw a reduction of 150 basis points, a move aimed at stimulating economic activity. We anticipate a further decrease of 200-300 basis points by the end of calendar year 2024.

National	Weight	Jun-24	Urban	Weight	Jun-24	Rural	Weight	Jun-24
Food	35%	264	Food	30%	262	Food	41%	267
Utilities	24%	241	Utilities	27%	248	Utilities	18%	226
Clothing	9%	241	Clothing	8%	233	Clothing	9%	251
Restaurant	7%	268	Restaurant	7%	266	Restaurant	6%	272
Transport	6%	309	Transport	6%	304	Transport	6%	319
Misc.	5%	283	Education	5%	194	Misc.	5%	292
Furnishing	4%	269	Misc.	5%	276	Furnishing	4%	284
Education	4%	186	Furnishing	4%	259	Health	4%	239
Health	3%	241	Comm.	2%	138	Education	2%	215
Comm.	2%	134	Health	2%	243	Comm.	2%	128
Recreation	2%	262	Recreation	2%	251	Recreation	1%	283
Tobacco	1%	371	Tobacco	1%	392	Tobacco	1%	351
CPI		256	CPI		253	CPI		260

Key Statistics



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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

VALUATION METHODOLOGY

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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HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

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Market Weight	Neutral
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