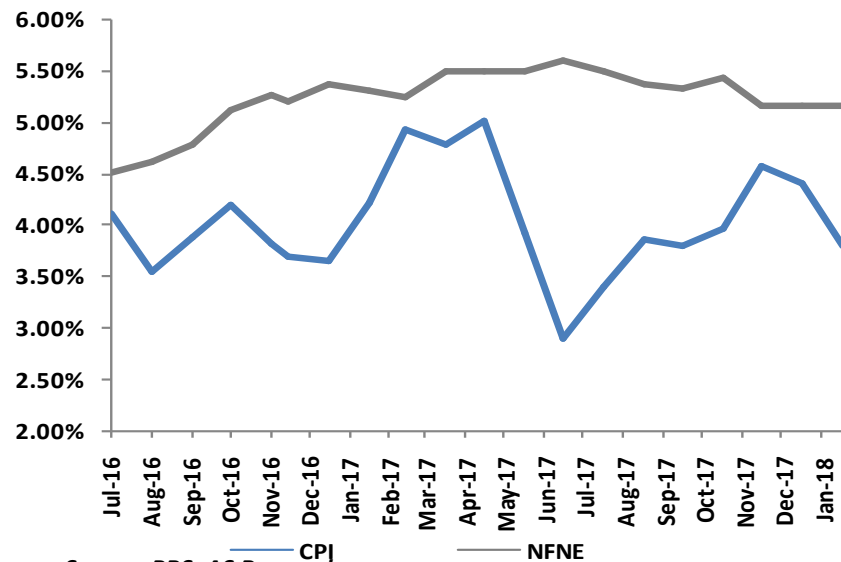


Groups	Index Weight	Mar'17 Index	Mar'18E Index	YoY
General	100%	213.32	219.53	2.9%
Food	34.83%	226.16	228.28	0.9%
Beverages	1.41%	380.92	313.40	-17.7%
Clothing & Footwear	7.57%	234.46	245.58	4.7%
Housing	29.41%	194.44	202.66	4.2%
Household Equipment	4.20%	224.59	234.01	4.2%
Health	2.18%	211.21	220.58	4.4%
Transport	7.20%	175.69	187.32	6.6%
Communication	3.21%	132.69	133.28	0.4%
Recreation and culture	2.02%	197.14	198.61	0.7%
Education	3.94%	233.98	262.35	12.1%
Restaurants and hotels	1.23%	271.02	287.21	6.0%
Misc. goods and services	2.75%	242.19	255.21	5.4%

Source: PBS, AS Research



Source: PBS, AS Research

- We expect general inflation to increase by 2.9% YoY in Mar'18 as compared to 3.8% increase in Feb'18. Increase in inflation is driven from Food, Housing, Clothing and Education indexes which are expected to up by 0.9%, 4.2%, 4.7% and 12% respectively. We expect 9MFY18E inflation to arrive at 3.7% YoY.

- On MoM basis we expect the negative growth of 0.02% in Mar'18 due to decline in Food Index (expected to decline by 0.4% MoM) as pulses, vegetables and eggs prices plummet during the month of March.

- We estimate Non Food index to increase by 4.9% YoY in Mar'18 (0.2% in MoM) as Education, Health, Housing and Clothing show the increase in prices. Core inflation (NFNE) is expected to remain at 5.1% in Mar'18 as compared to 5.2% in Feb'18.

- Recent depreciation of PKR against USD, higher oil prices and upcoming Ramadan season may fuel up the inflation in coming months. We expect FY18E inflation to be in the range of 4.2% to 4.5% .

- On monetary policy front we expect SBP to further inch up policy rate by 25bps in upcoming monetary policy owing to further increase in inflation as mentioned above, pressure on external account and increased in policy rate by other countries central bank.

- **Disclaimer**

Disclaimer: This document is prepared for information purposes only. The information and data on which this report is based are obtained from sources which we believe to be reliable but we do not guarantee that it is accurate or complete. This document does not take account of the investment and trading objectives, financial situation and particular needs of clients, who should seek further professional advice or rely upon their own judgment and acumen before making any investment / trading decision.

- **Analyst Certification**

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- **Valuation Methodology**

To arrive at period end target price, Abbasi Securities uses different valuation methodologies:

- Comparable Method (P/E, P/B etc.)
- Discounted Cash flow Method
- Equity and Asset based valuation

- **Rating**

- BUY Total return more than 20% from last closing of market price
- HOLD Total return is in between 10% and 20% from last closing of market price
- REDUCE Total return is less than 10% from last closing market price



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