

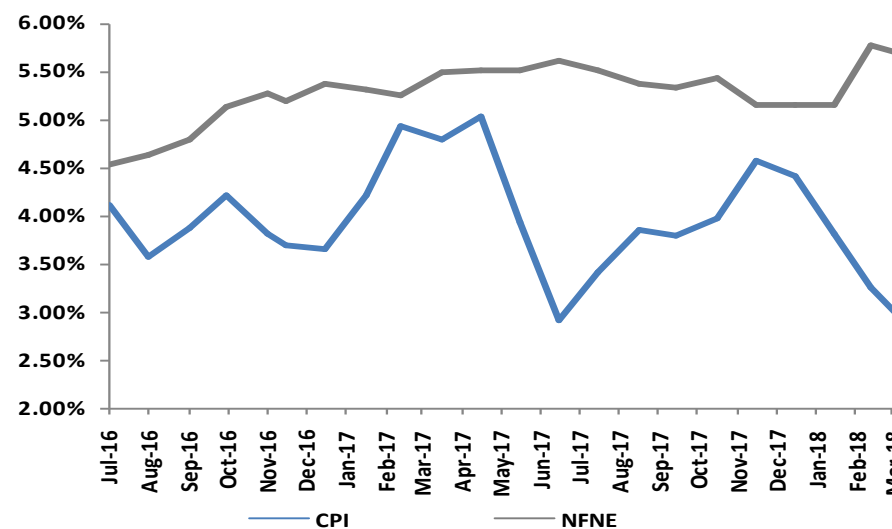
- We expect CPI inflation for the month of Apr'18 to arrive at 2.81% YoY as compared to 3.25% in Mar'18. Despite increase in Education (10.4% YoY), Clothing (8.1% YoY) and Housing (4.1% YoY) indexes, overall CPI to remain soft due to high base effect (comprises of higher food and revision in education indexes in April last year)
- On monthly basis we expect CPI to clock in at 0.96% in Apr'18 as compared to 0.30% in Mar'18, due to quarterly revision in housing rent and increase in food and clothing indexes
- Moreover Non Food index is expected to increase by 5.2% YoY in Apr'18 (0.9% in MoM) as Education, Health, Housing and Clothing witness increase in prices. Core inflation (NFNE) is expected to remain at 5.6% in Apr'18 as compared to 5.8% in Mar'18
- We expect inflation to pick up in coming months due to lag impact of PKR depreciation, higher oil prices and increase in food prices due to upcoming Ramadan season. We expect FY18E inflation to be in the range of 4% to 4.3%

Fig.1 CPI Index YoY

Groups	Index Weight	Apr'17 Index	Apr'18E Index	YoY
General	100%	216.30	222.37	2.8%
Food	34.83%	230.25	230.78	0.2%
Beverages and Tobacco	1.41%	382.78	319.09	-16.6%
Clothing & Footwear	7.57%	235.61	254.78	8.1%
Housing	29.41%	196.62	204.61	4.1%
Household Equipment	4.20%	224.95	237.36	5.5%
Health	2.18%	212.43	221.26	4.2%
Transport	7.20%	176.33	185.39	5.1%
Communication	3.21%	132.87	133.37	0.4%
Recreation and culture	2.02%	196.02	201.19	2.6%
Education	3.94%	249.20	275.17	10.4%
Restaurants and hotels	1.23%	275.88	287.84	4.3%
Misc. goods and services	2.75%	244.71	256.35	4.8%

Source: PBS, AS Research

Fig.2 CPI vs NFNE



Source: PBS, AS Research

Research Department

021-111-555-275

research@abbasisecurities.com

- **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**

The author(s) of this report hereby certifies(y) that this report accurately reflects his/their own independent opinions and views as of the time this report went into publication and that no part of his/their compensation was, is or will be affected by the recommendation(s) in this report. The research analyst or any of his/their close relatives do not have a financial interest in the securities of the subject company aggregating more than 1% of the value of the company and the research analyst or their close relatives have neither served as a director/officer in the past 3 years nor received any compensation from the subject company in the past 12 months. The Research analyst or his/their close relatives have not traded in the subject security in the past 7 days and will not trade for 5 days post publication of the report.

- **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



Contact us:
Email: research@abbasisecurities.com
Website: www.abbasisecurities.com
Telephone: 111-555-275

