

## Foundation Alert

### Economy: November inflation came in at 23.8% YoY

#### Event

- Pakistan Bureau of Statistics released November 2022 National CPI which came in at 0.8/23.8% on MoM/YoY basis.

#### Impact

- National CPI came in at 0.8/23.8% on MoM/YoY in November 2022 as compared to 4.7/26.6% on MoM/YoY in October 2022.
- Urban CPI changed by 0.4/21.6% on MoM/YoY and Rural CPI changed by 1.3/27.2% on MoM/YoY during November 2022.
- Clothing and Footwear (weight in CPI 8.60%) contributed most to inflation with impact of 0.2% MoM driven by increase in Woolen Readymade Garments and Household Textiles.
- Among other heads, notable increase was observed in Housing, Water, Electricity, Gas and Fuel (weight in CPI 23.6%) with impact 0.1% MoM.
- Furnishing & Household Equipment Maintenance index (weight of 4.10%) also increased with impact of 0.1% MoM.
- Urban Core-Inflation (non-food, non-energy) clocked in at 0.8/14.6% on MoM/YoY basis. Whereas, Rural Core Inflation clocked in at 2.1/18.5% on MoM/YoY basis in November 2022.
- Average NCPI during 5MFY23 clocked in at 25.1% YoY vs 9.3% YoY in 5MFY22.

#### Outlook

- (1) Elevated food inflation amid record floods and high int'l food prices, (2) high fuel and energy prices along with their 2nd round effects amid elevated international petroleum prices given Ukraine war and (3) lagged effects of sharp Rupee depreciation would propel avg. FY23 inflation to ~23.3% YoY. However, likely recession in advanced economies would moderate commodity and oil prices which would exert downward pressure on inflation.

**Fig 1: November 2022 - National CPI**

Group	Weight	% MoM	% YoY	Impact % MoM	Impact % YoY
General	100.0%	0.76	23.84	0.76	23.84
Food & Non-alcoholic Bev	34.58%	0.07	31.16	0.03	11.49
Non-perishable Food items	29.60%	1.15	29.32	0.37	9.11
Perishable Food items	4.99%	-4.95	41.06	-0.35	2.37
Alcoholic Bev. & Tobacco	1.02%	1.14	35.90	0.01	0.34
Clothing & Footwear	8.60%	2.15	18.58	0.17	1.55
Housing, Water, Electricity, Gas & Fuels	23.63%	0.55	9.89	0.11	2.25
Furnishing & Household Equip. Maint	4.10%	2.83	29.10	0.11	1.12
Health	2.79%	1.94	17.10	0.05	0.48
Transport	5.91%	-0.07	44.22	-0.01	2.81
Communication	2.21%	0.05	1.63	0.00	0.03
Recreation & Culture	1.59%	1.95	25.55	0.03	0.34
Education	3.79%	0.36	11.07	0.01	0.39
Restaurant & Hotels	6.92%	1.94	28.37	0.13	1.90
Miscellaneous	4.87%	2.32	22.97	0.11	1.14

Source: PBS, Foundation Research, December 2022

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If	
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Expected return from -10% to +10%	Neutral.
Expected return <-10%	Underperform.