CHASE SECURITIES

Pre-Monetary Policy Survey

October 2026

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Market Expectations

Ahead of the October MPC decision, Chase Securities polled market participants to gauge expectations on:

- **Expected policy-rate action and its magnitude**
- **PKR/USD parity outlook by June 2027**
- **October 2026 CPI expectation & its key drivers**
- **Whether FY-27 inflation has peaked, and when**
- **Full-year FY-27 average CPI inflation**

A total of 31 participants provided their insights (14–23 October 2026).

Responses form a repeated cross-section; changes versus September (n = 22) describe shifts in the distribution of market expectations rather than revisions by the same respondents.

68%

of participants expect a hike

32%

of participants expect no change

10.2%

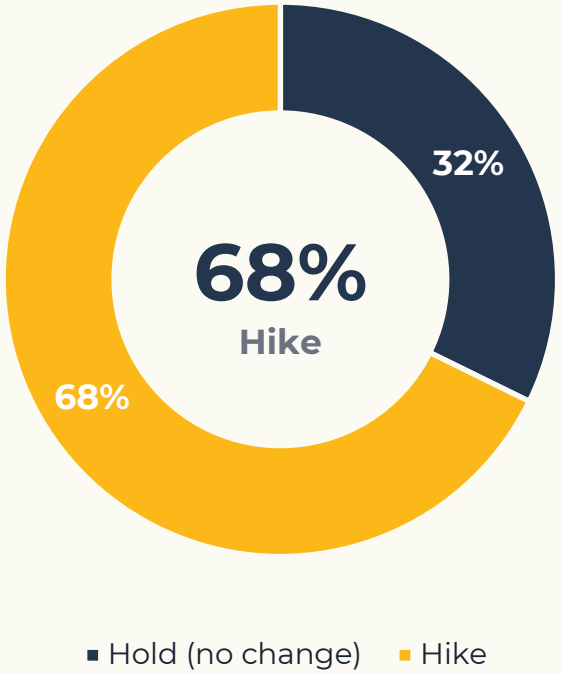
The median of participant expectations for October CPI (YoY).

10.0%

The median expectation for FY-27 average CPI inflation.

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Expected Policy-Rate Decision



68%

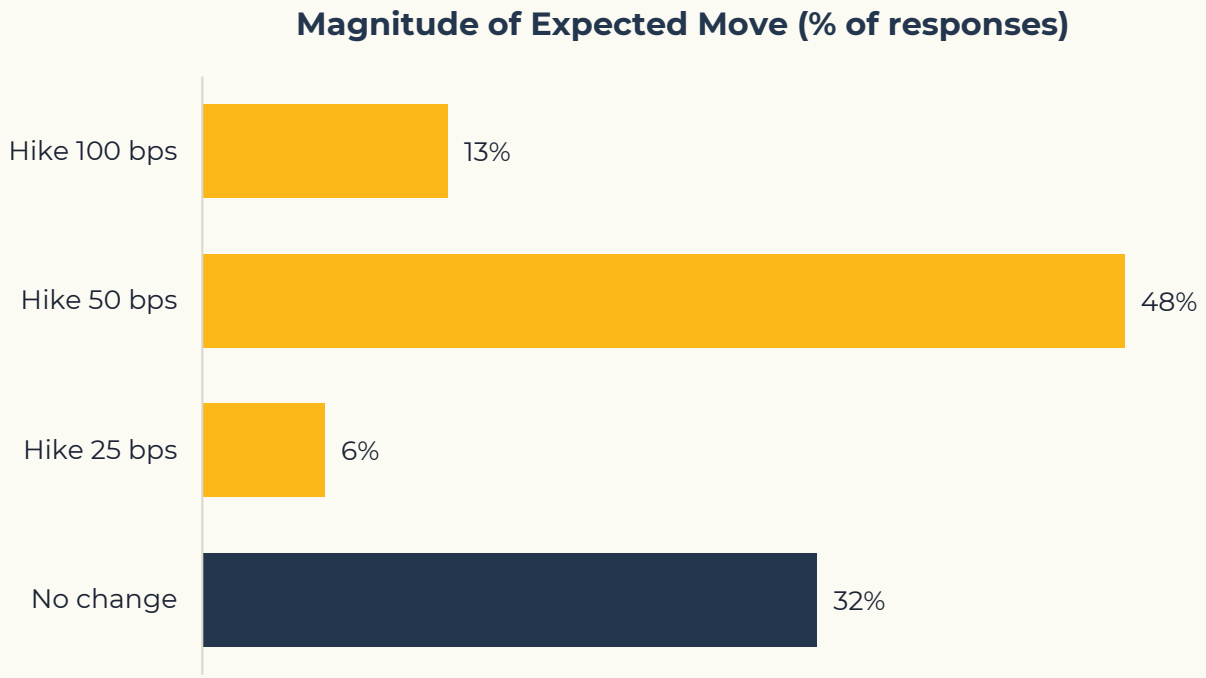
expect a hike at the October MPC

- 21 of 31 respondents anticipate tightening; none expect easing
- Hold expectations fell to 32% from 64% in September
- The September MPC held the policy rate at 11.5%, in line with the prior survey's modal expectation

Expectations have shifted decisively toward tightening: the hike share has more than doubled since September (32% to 68%) and the easing tail has disappeared.

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Magnitude of the Expected Movement



+50 bps

the median and modal expected move

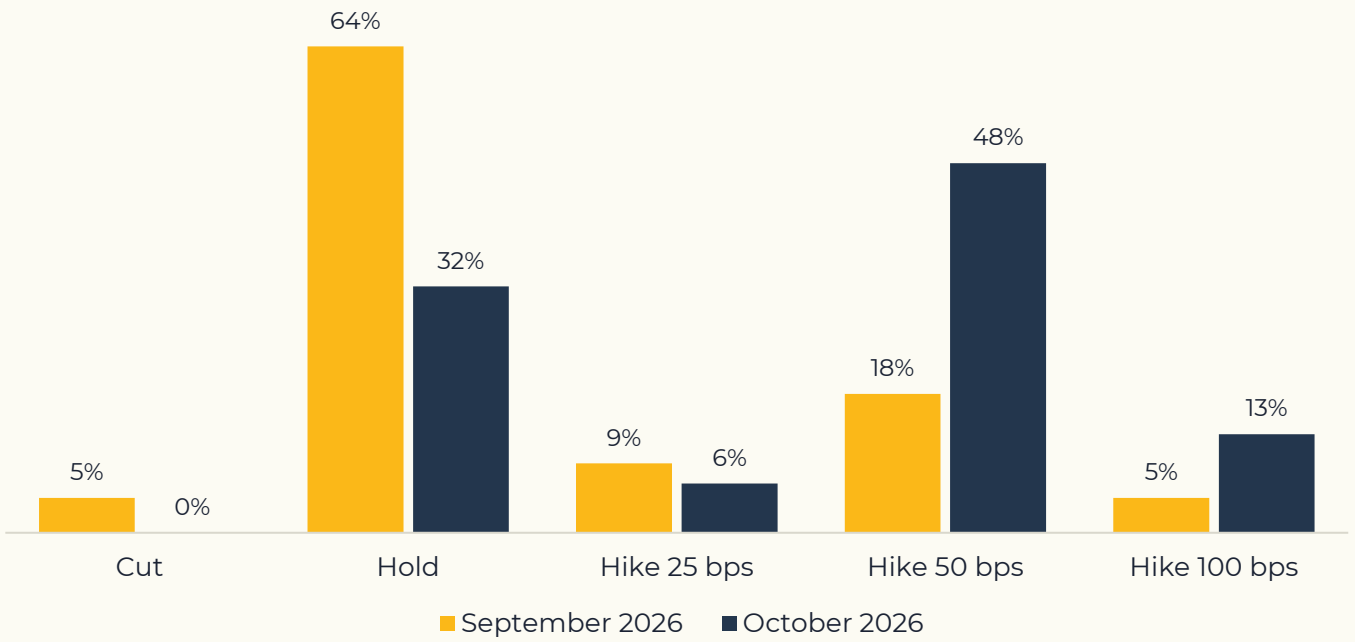
- 15 of 21 hike calls (71%) specify 50 bps
- Conditional on a hike, the mean expected move is +57 bps
- Unconditional expected change: +39 bps (Sep: +11 bps)

The distribution is centred on a 50-bps increase, while 13% anticipate a 100 bps rise in benchmark policy rate.

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Shift in Policy Expectations: Sep vs. Oct

Distribution of Expected Policy Move (% of responses)



+28 bps

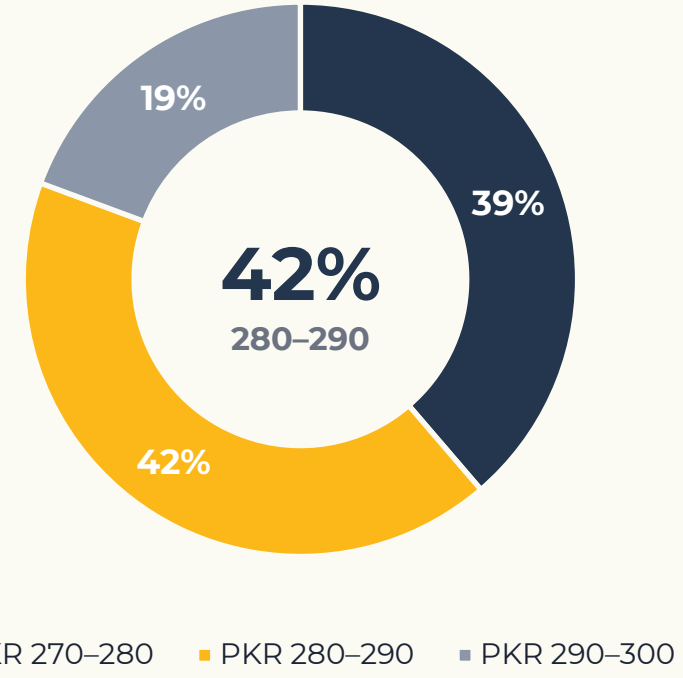
Hawkish shift in mean expected move

- Mean survey expectation: +39 bps (Oct) vs. +11 bps (Sep)
- Hike share up 36 pp; hold share down 31 pp
- Forward-looking real policy rate of 1.5 pp (11.5% less the 10.0% FY-27 median)

The hawkish repricing occurred even though September CPI printed below the survey median (10.26% vs. 11.0%).

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PKR/USD Parity by June 2027



280–290

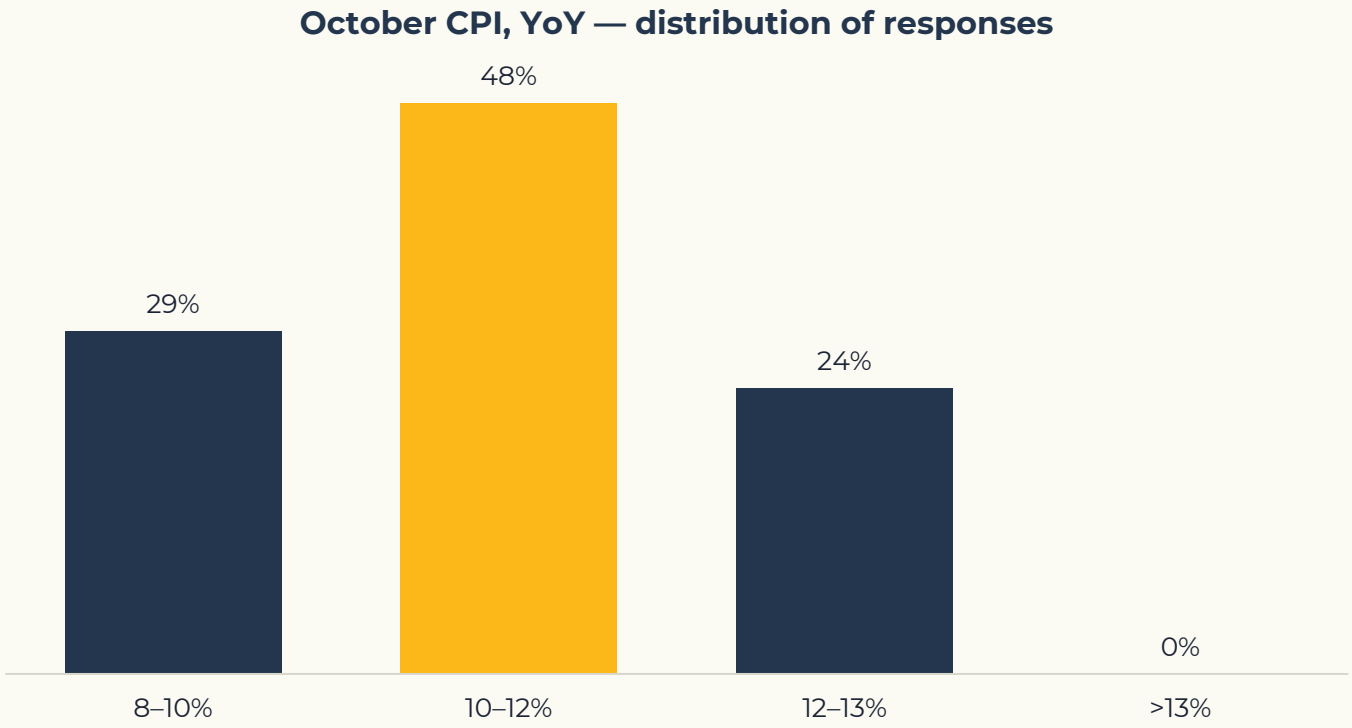
the modal parity band by June 2027

- 81% of responses fall within PKR 270–290/USD
- Midpoint-implied mean: PKR 283/USD (Sep: 285)
- All responses lie within PKR 270–300/USD (Sep: PKR 270–305)

Exchange-rate expectations point to a gradual, managed depreciation path; the distribution has tightened around PKR 280–290/USD and its upper tail has thinned relative to September.

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October CPI Inflation (YoY)



10.2%

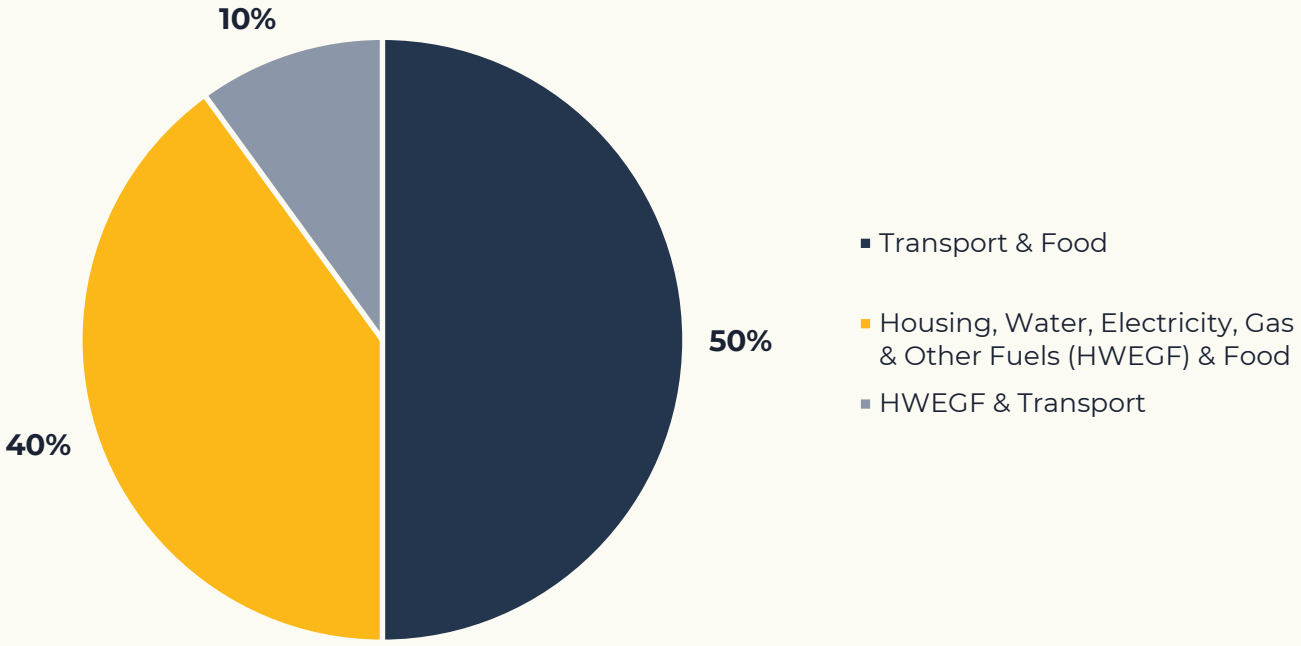
median October CPI (mean 10.6%)

- Based on 21 numeric responses; range 8.5–13.0%
- Interquartile range of 9.6–11.0%
- September survey median (11.0%) exceeded the actual reading (10.26%) by 74 bps

Respondents expect headline inflation to hold close to September's 10.26% figure, with 48% of responses in the 10–12% band and none above 13%.

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Key Drivers of October Inflation



Transport & Food

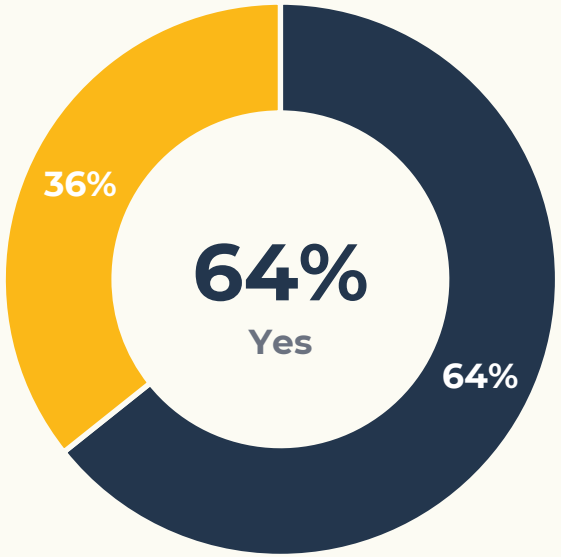
cited in 50% of driver pairs

- Transport & Food remains the modal pair (50%)
- HWEGF citations rose to 50% from 43% in September
- Transport citations eased to 60% from 76%

Food remains the dominant perceived driver, while the second driver is rotating from transport toward administered energy prices (HWEGF), based on the top-two choices of 30 respondents.

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Has FY-27 Inflation Already Peaked?



64%

answered "Yes" to an August peak

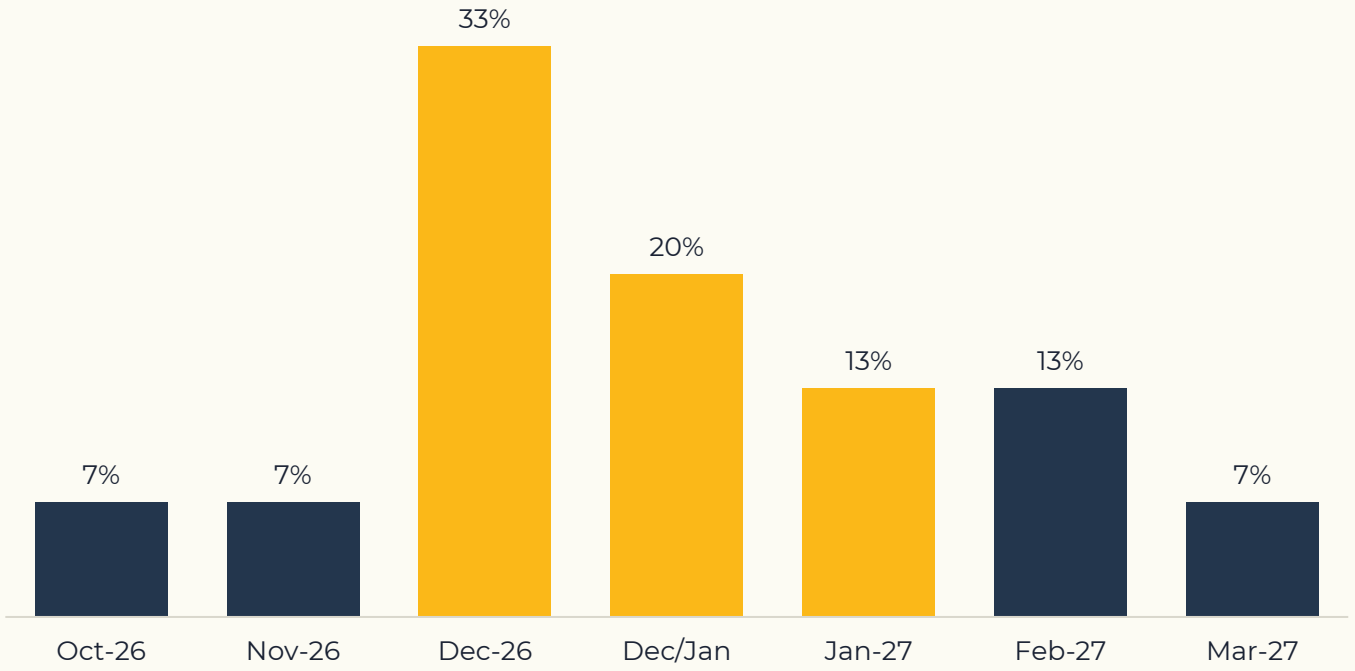
- 10 of 28 respondents answered "No" (Sep: 38%)
- 10 of the 18 "Yes" respondents also nominated a later peak month
- The binary response should therefore be read with caution

While the headline share remains broadly stable versus September (62%), respondents' underlying views are nuanced; the detailed peak-timing distribution (next slide) provides the clearer directional signal.

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Timing of a Further Inflation Peak

Expected Month of a Higher YoY Peak (% of 15 responses)



Dec–Jan

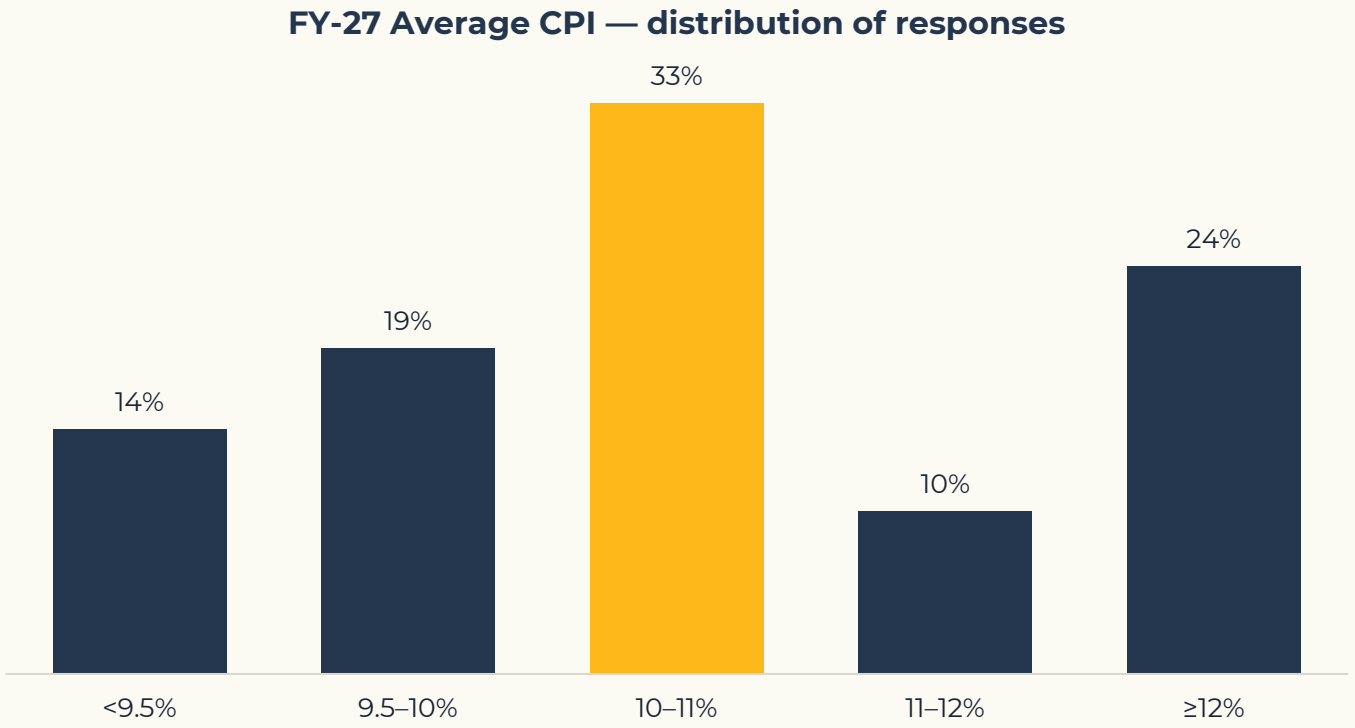
the modal window for a higher YoY peak

- 15 respondents nominated a specific month
- 10 of 15 (67%) place the peak in Dec-26 to Jan-27
- Only 2 of 15 place it in Oct–Nov 2026

Expected peak timing clusters around the turn of the calendar year, consistent with respondents anticipating base effects and administered-price adjustments in that window rather than an imminent turn in inflation.

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FY-27 Average CPI Expectations



10.0%

median FY-27 average CPI (mean 10.6%)

- Based on 21 numeric responses; IQR 9.9–11.0%
- Mean excluding the 15% outlier: 10.4%
- Median sits 3 pp above the 7% upper bound of the SBP target

Full-year inflation expectations are centred near 10%, well above the 5–7% medium-term target; the right skew (24% of responses at or above 12%) points to perceived upside risk to the inflation path.

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Rating Definition	
Buy	Total stock return > 15%
Neutral	Total stock return between 0% -15%
Sell	Total Stock return < 0%

* Total stock return = capital gains + dividend yield

Valuation Methodology:

- Period end target prices, Chase Securities Pakistan Private Limited uses different valuation methodologies including but not limited to:
- Discounted cash flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return o arrive at our based methodologies (EVA, Residual Income etc.)

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