Pakistan Economy | Inflation

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REP-057

July 2026 Inflation clocked in at 9.2% YoY

Up 1.2% MoM led by higher food prices

Best Brokerage House
2016, 2017, FY20 (Winner)
FY22 & FY25 (Runner Up)

Best Brokerage House
2025

Best Brokerage House
2018, 2019 & 2020

Best Local Brokerage House
Brokers Poll 2016 to 2023

Best Research House 2019,
2020, 2023 & 2025

Best Brokerage House
2021

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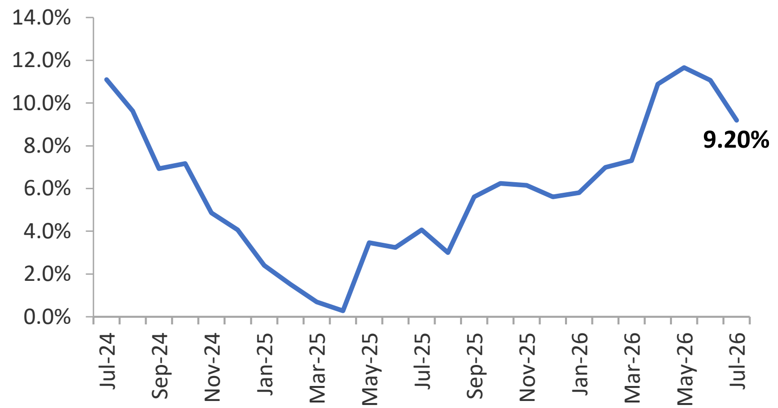
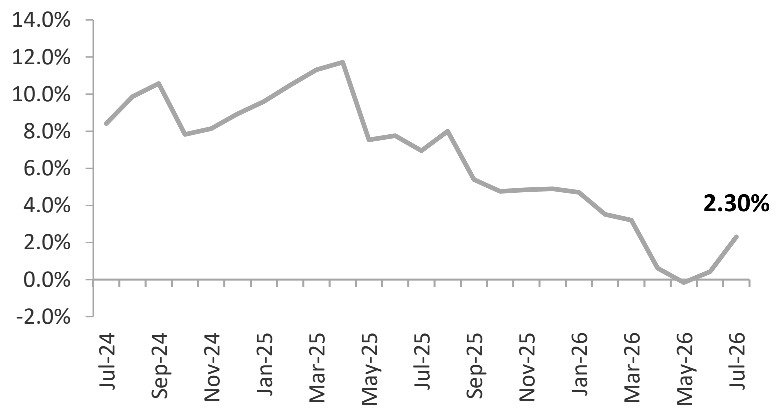
Core Inflation in Jul 2026 remained largely unchanged

Pakistan Monthly Inflation Trend (YoY)



Source: PBS, Topline Research

Real Rates are positive



Source: PBS, Topline Research

- Pakistan's Consumer Price Index (CPI) inflation for July 2026 clocked in at 9.2% YoY and 1.2% MoM. This also marks a return to single-digit inflation after three consecutive months of double-digit inflation.
- On YoY basis, the Jul 2026 inflation largely emanated from 10.6% YoY growth in food, 15% growth in transport and 14% growth in communication segment.
- On MoM basis, food remained largest contributor with 4.2% growth, and 13% growth in communication sector.
- **Core Inflation:** Core inflation during Jul 2026 remained largely unchanged at 8.4% YoY compared to Jun 2026 despite fall in headline inflation to 9.2% in Jul 2026 from 11.1% in Jun 2026.
- **Food inflation** clocked in at 4.16% MoM, primarily driven by sharp increases in the prices of tomatoes, onions, chicken, and eggs, which rose by 117%, 20%, 19%, and 14% MoM, respectively. Similarly, heavy weight item like Wheat price also increased by 7%.
- The **transport segment** recorded a 5.2% MoM decline (though up 15% YoY), reflecting lower average fuel prices compared to the previous month.
- The **Housing, Water, Electricity, and Gas** category reported inflation of -0.62%. Within the segment, an ~8% MoM decrease in Liquefied Petroleum Gas (LPG) prices was seen and ~3% decline in electricity charges. Electricity charges are down 3.36% MoM mainly due to a fall in Fuel Charges Adjustment (FCA) of Rs0.3364/kWh (vs. Rs+1.1907/kWh in Jun 2026) along with a negative Quarterly Tariff Adjustment (QTA) of Rs1.19857/kWh.
- **Communication segment** also witnessed whopping growth of 12.7% MoM, led by 19% growth in communication services which generally includes, mobile call charges, telephone call charges and internet bill.
- **Real Rate in Jul 2026:** With inflation of 9.2% for Jul 2026, real rates clocked in at 2.3%, in line with Pakistan’s historic average of 200-300bps.

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