

Pakistan's inflation hits a record low of 0.7%, but risks remain:

- The monthly rate of inflation eased to 0.7% in March 2025 on a year-on-year ("Y-o-Y") basis in Pakistan, marking the lowest annual inflation rate in nearly 60 years.
- In the previous month (Feb 2024), the CPI recorded at 1.5% on Y-o-Y basis. As the high base effect phases out in March, the likelihood of rising inflation in the coming months increases.
- Additionally, the food inflation rate in urban and rural areas decreased to -1.7% and -5.4%, respectively, in March 2024.
- Furthermore, the average inflation in Jul-March period of FY25 amounted to 5.3%.
- In addition to that, the Wholesale Price Index ("WPI") stood at a negative of 1.6% on a Y-o-Y basis, which was recorded -0.7% in the previous month.
- On a monthly basis, the National CPI has recorded an inflation of 0.8%. Similarly, the Food inflation rates in urban and rural areas increased by 1.6%, respectively, compared to Feb 2025.
- In March 2025, the Core inflation, which is calculated by excluding energy and food items, rose by 8.2% and 10.2% in urban and rural areas on a Y-o-Y basis, respectively.
- If the State Bank of Pakistan ("SBP") devalues the currency, the inflation may increase even further.
- Furthermore, the ongoing tariff hikes levied by the United States of America ("US") may have an inflationary impact on the US economy. In that case, if the US Central Bank increases interest rates, the SBP may also respond similarly, which will fuel cost-push inflation.

	Y-o-Y	M-o-M	Jul-March FY25
CPI National	0.7	0.8	5.3
Food Inflation (Urban)	(1.7)	1.6	1.4
Food Inflation (Rural)	(5.4)	1.6	(1.1)
WPI	(1.6)	0.3	2.7
Core Inflation (Urban)	8.2	0.5	9.0
Core Inflation (Rural)	10.2	0.7	12.0

CPI OF URBAN AND RURAL AREAS BY GROUP AND ESSENTIAL COMMODITIES:

Urban						Rural				
Essential Goods	Weightage	% Change over Feb 2025 (MoM)		% Change over March 2024 (YoY)		Weightage	% Change over Feb 2025 (MoM)		% Change over March 2024 (YoY)	
Food and Beverages	30.42	↑	1.91	↓	3.29	40.86	↑	1.82	↓	7.07
Wheat flour	3.01	↓	1.03	↓	34.52	3.43	↓	0.46	↓	36.38
Rice	1.18	↓	0.51	↓	5.75	1.55	↓	0.24	↓	5.69
Meat	2.04	↑	1.60	↑	15.87	1.71	↑	2.92	↑	21.17
Milk fresh	7.10	↑	0.18	↑	11.20	10.38	↓	0.26	↑	9.64
Cooking oil	1.10	↓	0.73	↑	11.08	0.60	↑	0.24	↑	14.69
Fresh fruits	1.43	↑	18.66	↑	18.31	1.45	↑	24.62	↑	19.15
Fresh vegetables	1.53	↑	6.13	↓	31.36	2.09	↑	6.34	↓	34.25
Sugar	1.11	↑	11.48	↑	18.75	2.02	↑	11.31	↑	18.55
Clothing and footwear	8.00	↑	1.24	↑	15.26	9.48	↑	1.59	↑	11.55
Housing, water, Elec. Gas	27.03	↑	0.18	↑	2.33	18.48	↓	0.00	↑	1.78
House rent	19.25	↓	0.00	↑	4.94	8.61	↑	0.00	↑	5.89
Electricity charges	4.56	↓	1.27	↓	21.65	3.44	↓	1.27	↓	21.65
Gas charges	1.08	↓	0.00	↓	0.00	-	-		-	
Health	2.31	↑	0.13	↑	14.76	3.51	↑	0.00	↑	12.84
Transport	6.14	↓	0.31	↓	1.04	5.55	↓	0.20	↓	1.45
Education	4.88	↑	1.23	↑	7.96	2.13	↑	3.16	↑	25.88
(Source: PBS)										

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