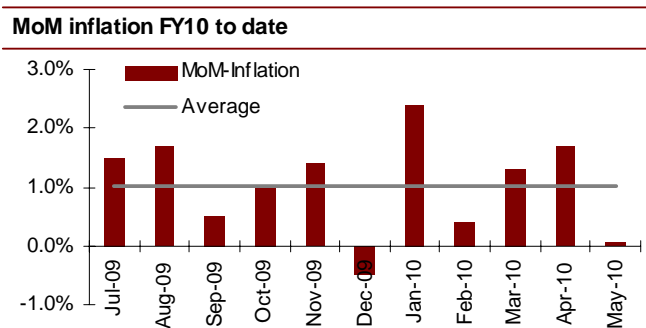


### MoM inflation at 0.06% in May 2010

CPI inflation for May 2010 arrived at 13.07%, however, encouragingly the MoM inflation was muted at 0.06%. Given the lower oil price, abundant food stocks such as of wheat and rice, we expect the MoM inflation to remain on the lower side in the coming months thus helping to bring down headline inflation going forward. Though electricity price pass through remains an upside risk, our estimates suggest that the pass through would only be in the range of 10-11%, which would generate a direct inflationary impact of 0.48%. Average CPI inflation for the first 11MFY10 stood at 11.64%.



Source: SBP

Farhan Rizvi, CFA  
farhan.rizvi@js.com  
92 (21) 111-574-111(Ext. 3097)