



MahaSecurities

Economic Update

April 14, 2009

INFLATION

We have analyzed the latest inflation data released by Federal Bureau of Statistic. According to FBS, CPI based inflation recorded at 22.97% for the 9MFY09 (JULY08-MAR09). While CPI in the month of Mar09, was recorded at 19.07%YoY.

CPI, SPI and WPI for the 9MFY09 have increased by 22.97%, 27.64% and 23.07% respectively over the corresponding period of last year.

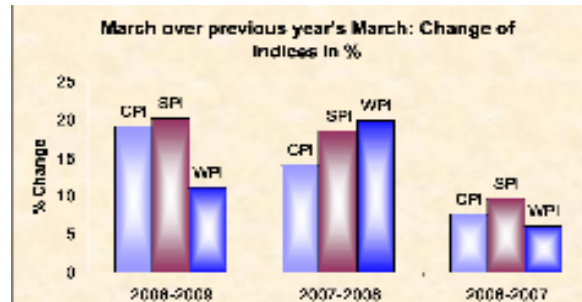
INFLATION DATA

%AGE	JULY - MARCH YoY			MARCH-YoY		
	9MFY 2009	9MFY 2008	9MFY 2007	Mar 2009	Mar 2008	Mar 2007
CPI	22.97	9.49	8.00	19.07	14.12	7.67
SPI	27.64	12.87	11.45	20.10	18.57	9.66
WPI	23.07	12.59	7.02	11.08	19.79	6.10

Source: FBS & Maha Research

CPI, SPI & WPI in March, 2009 increased by 1.37%, 0.64% and 0.42% over February,2009 respectively.

MONTHLY INFLATION FOR MARCH



All inflation indicators are showing sharp decline from their 9months averages. Among them WPI is noticeable which is reported at 11.08% for March09, shows steep decline from its 9month average of 23.07%

CORE INFLATION:

After being stuck at 18.9% since Nov08, Core inflation (Non food non energy) has finally come down to 18.5% in March09 which has increased hopes for slight cut in DR going forward.

FUTURE OUTLOOK

In upcoming MPS we can expect slight reduction of 100 basis points in DR due to gradual easing of inflationary pressure. It is also possible that SBP decides not to change policy rates.

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