

INFLATION PREVIEW (March-26)



NCPI inflation to clock in at 7.8% YoY in March-26 as compared to 7.0% YoY in the last month

Monday, 30 March, 2026

National		Urban		Rural	
YoY	▲ 7.8%	YoY	▲ 8.0%	YoY	▲ 7.6%
MoM	▲ 1.7%	MoM	▲ 1.9%	MoM	▲ 1.4%

We expect the national CPI inflation (NCPI) for Mar-26 to clock around 7.8% YoY (1.7% MoM) as compared to 7.0% YoY (0.3% MoM) last month. Furthermore, urban CPI inflation (UCPI) (60% of NCPI) and rural CPI inflation (RCPI) (40% of NCPI) are expected to increase by 8.0% YoY (1.9% MoM) and 7.6% YoY (1.4% MoM) respectively as compared to 6.8% YoY (0.3% MoM) and 7.3% YoY (0.3% MoM) respectively in the last month.

The surge in NCPI is caused mainly due to the increase in the food index which inflated by around 4.13% YoY during Mar-26. Particularly, increase in the prices of wheat flour (21.58% YoY), rice (5.46% YoY), meat (11.56% YoY), fresh milk (2.52% YoY), cooking oil (2.68% YoY), and fresh fruit (13.25% YoY) and vegetable ghee (1.67% YoY) contributed to the upsurge of food index. Other than food prices, an increase in the prices of motor fuel (24.62% YoY), cotton cloth (5.91% YoY), transport (13.99% YoY), house rent (6.13% YoY), readymade food (4.09% YoY), also pushed the NCPI inflation towards the north.

Inflation is expected to rise in the near term due to the gradual removal of unsustainable fuel subsidies and likely IMF-driven price adjustments, which will increase the burden on consumers. At the same time, external pressures particularly higher global energy prices, increased freight and insurance costs, and supply disruptions linked to geopolitical tensions are intensifying cost-push inflation. The low base effect of electricity tariffs is also contributing to a faster-than-expected increase in prices. Overall, the outlook remains uncertain, driven by volatile global commodity markets, potential domestic tariff revisions, and ongoing geopolitical developments.

National	Weight	Mar-26	Urban	Weight	Mar-26	Rural	Weight	Mar-26
Food	35%	292	Food	30%	288	Food	41%	295
Utilities	24%	268	Utilities	27%	275	Utilities	18%	252
Clothing	9%	273	Clothing	8%	262	Clothing	9%	286
Restaurant	7%	299	Restaurant	7%	293	Restaurant	6%	309
Transport	6%	349	Transport	6%	344	Transport	6%	358
Misc.	5%	381	Education	5%	218	Misc.	5%	398
Furnishing	4%	285	Misc.	5%	370	Furnishing	4%	303
Education	4%	186	Furnishing	4%	274	Health	4%	289
Health	3%	289	Comm.	2%	139	Education	2%	254
Comm.	2%	135	Health	2%	288	Comm.	2%	130
Recreation	2%	265	Recreation	2%	249	Recreation	1%	295
Tobacco	1%	404	Tobacco	1%	428	Tobacco	1%	380
CPI		287	CPI		283	CPI		293

Key Statistics

National CPI vs Discount Rate

Month	NCPI Inflation	Discount Rate
Nov-25	6.1%	11.0%
Dec-25	5.6%	10.5%
Jan-26	5.8%	10.5%
Feb-26	7.0%	10.5%
Mar-26	7.8%	10.5%

Urban CPI vs Discount Rate

Month	UCPI Inflation	Discount Rate
Nov-25	6.0%	11.0%
Dec-25	5.8%	10.5%
Jan-26	5.8%	10.5%
Feb-26	6.8%	10.5%
Mar-26	8.0%	10.5%

Rural CPI vs Discount Rate

Month	RCPI Inflation	Discount Rate
Nov-25	6.3%	11.0%
Dec-25	5.4%	10.5%
Jan-26	5.8%	10.5%
Feb-26	7.3%	10.5%
Mar-26	7.6%	10.5%

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TP	Target Price	CAGR	Compound Annual Growth Rate	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	LDCP	Last Day Closing Price

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- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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