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## Pakistan's Inflation Set to Ease in July Despite Rising Food Costs

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– Categories: Economics



Pakistan's inflation rate for July 2025 is projected to drop significantly on a year-on-year basis, with the Consumer Price Index (CPI) expected to register between 3.0 percent and 3.5 percent. This marks a steep decline from the 11.09 percent inflation recorded in July 2024, reflecting some success in stabilising prices. However, a monthly uptick is anticipated due to rising food prices, particularly in perishable goods, which continue to strain household budgets and raise concerns about the effectiveness of supply-side measures.

According to research by Topline Pakistan, the month-on-month (MoM) inflation for July is forecast to increase by around 2.2 percent, with food items contributing a sharp 3.44 percent rise. Key staples and perishables such as tomatoes, onions, and fresh vegetables have experienced notable price hikes, largely driven by seasonal shortages and inefficient market logistics. While overall inflation is cooling from last year's highs, food inflation remains a pressing issue for many lower and middle income families, especially in urban centres.

The year-on-year decline in CPI is largely attributed to a high base effect and tighter monetary policy maintained by the State Bank of Pakistan (SBP). However, analysts have pointed out that the recent moderation in inflation does not necessarily reflect an improvement in structural supply chains or food security. "Core inflation remains subdued but food and energy remain volatile due to weak infrastructure and poor governance," said an economist at a leading brokerage firm. Furthermore, any surge in global commodity prices or currency depreciation could quickly reverse the gains seen in headline inflation.



Looking ahead, while the July CPI data may offer a brief reprieve for policymakers, it should not encourage complacency. With persistent weaknesses in agricultural productivity, cold storage, and market regulation, the risk of inflation rebounding remains present. The government must prioritise investment in logistics, improve market access for farmers, and incentivise domestic production to ensure price stability in the long term. A low inflation print in isolation means little if ordinary Pakistanis still struggle to afford basic food items. It is high time for a policy shift that focuses not only on controlling inflation figures but on genuinely easing the cost of living for citizens.