

Business Confidence on the increase – OICCI's Survey reports positive shift

Karachi, 28 November 2023: In its latest Business Confidence Index Survey (BCI) – Wave 24, the Overseas Investors Chamber of Commerce and Industry (OICCI) unveiled a promising upswing in Pakistan's business confidence. Conducted from October to November 2023, the survey indicated a seven percent overall improvement compared to the previous wave in March to April 2023.

The survey paints a nuanced picture of business sentiments with the overall business confidence in Pakistan standing at negative 18 percent, marking a positive shift from the negative 25 percent recorded earlier. The largest increase was recorded in the manufacturing sector at negative 10 percent (negative 19 percent previously), followed by the services sector at negative 18 percent (negative 26 percent previously). The retail & wholesale sector though still least confident, has seen an improvement at negative 31 percent compared to negative 35 percent in the last survey.

Despite the positive momentum, over three-quarters of respondents expressed concern that the current economic situation could adversely affect their businesses. The top three threats identified were rising inflation, high taxation and PKR devaluation – concerns consistent with the previous wave.

President OICCI Amir Paracha attributed the improvement in business confidence to “relatively stable macroeconomic indicators, favourable changes in the political and economic landscape which was also supported by some stability in FX rates and a record performance at Pakistan Stock Exchange. Key parameters contributing to the positive trend include Capital Investment and the outlook for Pakistan's business situation in the next six months.”

OICCI's BCI, a comprehensive survey conducted periodically across nine cities, gathered feedback from frontline business stakeholders. The survey encompasses regional, national, sectorial, and business entity levels, with business stakeholders representing almost 80 percent of the GDP. Notably, the Wave 24 sample included 43 percent respondents from the manufacturing sector, 34 percent from the services sector, and 23 percent from the retail/wholesale trade.

Surveyed respondents expressed their outlook with 41 percent having a negative perspective on Pakistan's business situation in the next six month (nine percent less than those in Wave 23). Looking ahead, 36 percent respondents were optimistic about the next six months.

The BCI of randomly selected OICCI members, representing foreign investors, stood at a positive three percent, a significant improvement from the negative 19 percent in the previous wave. OICCI members' confidence surpasses that of non-members, which has been a trend for a long period.

OICCI CE/Secretary General M Abdul Aleem expressed that “while challenges persist, the overall trend indicates a resilient business community anticipating improvements in the coming months. Foreign investors, as represented by OICCI members, have expressed hope that the authorities will soon take control of anomalies including undue price controls, streamline taxation regime, which collectively is reflected in a particularly positive outlook, contributing to the overall upward trajectory in business confidence.”

Exploring the future business outlook in Wave 24, new orders remain in negative territory but the confidence index for expansion plans improved by two percent, indicating a decreased wariness among businesses. Expectations for a decrease in employment opportunities improved by two percent, suggesting a more positive outlook for the business environment. Capital investment plans showed a significant improvement of 22 percent, contributing to the overall positive trend in business confidence.

The OICCI is the collective voice of major foreign investors in Pakistan, with over 200 members, from more than 30 countries. OICCI members contribute over one-third of Pakistan's total tax revenue and are involved in 14 sectors of the economy. They facilitate the transfer of technology and skills and provide employment to a significant number of people. About a third of OICCI member companies are listed on the Pakistan Stock Exchange, and many are associates of Global Fortune 500 companies. OICCI members also engage in corporate social responsibility activities benefiting 46 million persons from underprivileged communities. For further information, please contact nisma@oicci.org or visit www.oicci.org