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Business Confidence Index Survey

Wave 27

May 2025

The **First Port of Call** for
Foreign Investment in Pakistan

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Survey Highlights

The Overseas Investors Chamber of Commerce and Industry (OICCI) has released the results of the Business Confidence Index (BCI) Survey Wave 27, conducted throughout Pakistan from March to April 2025. The previous survey, BCI Wave 26, was conducted during October to November 2024.

Key Findings: State of Business Confidence

- The Business Confidence Index (BCI) for Pakistan in Wave 27 shows a marked turnaround, recording a positive 11% score. This represents a 16-point improvement from the previous wave.
- The recovery is most pronounced in the retail sector, followed by the manufacturing sector with confidence rising by 20% in Retail and 18% in Manufacturing compared to the previous wave.
- Although the retail sector experienced the highest increase in confidence, its overall positive sentiment remained the lowest at just 2% positive, in contrast to 15% in manufacturing and 10% in services.
- Inflation, a major concern in prior waves, dropped dramatically from 7.2% to 0.7%, while the exchange rate remained relatively stable, with only a marginal increase from PKR 277.65 to PKR 280.95.
- Although the negative outlook on Pakistan's business situation for the next six months has decreased, political instability, high inflation, and rupee devaluation remain key contributors to negative sentiment.
- Business confidence among OICCI members rose by 11%, increasing from 6% in the previous wave to 17% in the current Wave 27.

OICCI's BCI Survey, conducted periodically, incorporates comprehensive feedback from frontline business stakeholders on the business environment and opportunities impacting their respective operations. The survey covers the environment at regional, national, sectorial, and business entity levels over the past six months (P6M) and the anticipated business and investment environment for the next six months (N6M).

The survey, conducted face-to-face across the country, includes participants representing almost 80 percent of the GDP. Greater weight is given to business stakeholders in key centers such as Karachi, Lahore, Islamabad, and Faisalabad.

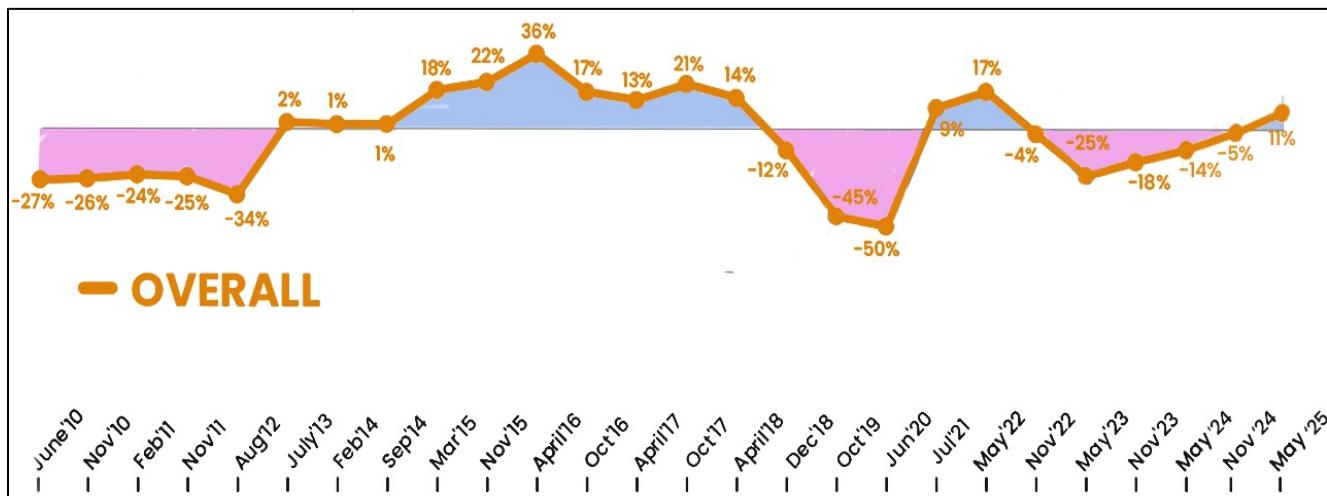
According to BCI Wave 27, overall Business Confidence in Pakistan improved to positive 11 percent from negative 5 percent in the previous wave. This recovery is driven by optimism regarding macroeconomic stability, declining inflation, and anticipated improvements in business conditions over the next six months.

The survey sample comprised of 42 percent respondents from the Manufacturing Sector, 35 percent from the Services Sector, and 23 percent from the Retail/Wholesale Sector. The recovery is most evident in the retail sector, followed by manufacturing. The retail sector showed significant improvement, rising by 20-points from a negative 18 percent in wave 26, to 2 percent in wave 27. Although it still has the lowest positive sentiment compared to other sectors, the upward trend signals a move towards recovery. The

manufacturing sector reached 15 percent, marking an 18-points increase since the last wave. Meanwhile, the services sector experienced the slowest growth, with an 8-points rise from 2 percent to 10 percent in wave 27.

The survey was conducted by an internationally renowned pollster for the OICCI.

Business Confidence Score – Profile since inception in June 2010



Key Factors Impacting the BCI Wave 27:

The main driver behind the rise in business confidence during Wave 27, according to respondents, is the improved business conditions over the past six months. This wave also recorded notable shifts across several key indicators, as outlined below:

- Pakistan Business Situation in P6M: 24% (-19% in Wave 27 vs -43% in Wave 26)
- City Business Situation in P6M: 21% (-14% in Wave 27 vs -35% in Wave 26)
- Company Business Situation in P6M: 28% (+1% in Wave 27 vs -27% in Wave 26)
- Capital Investment in N6M: 19% (-4% in Wave 27 vs -23% in Wave 26)

The Business Confidence Index (BCI) for metropolitan cities (Karachi, Lahore, Islamabad, and Faisalabad) collectively improved by 17 percent during Wave 27, with the BCI standing at a positive 14 percent, compared to negative 3 percent previously. Similarly, the non-metro cities (Peshawar, Quetta, RWP, Multan, Sialkot, and Sukkur) also showed an improvement of 8 percent since Wave 26 and currently stand at negative 3 percent. Overall, the Business Confidence Index has improved, driven by a more positive outlook on the global, city, and company-level business situation over the next six months.

Given below is a brief list of key factors highlighted by the survey respondents:

Survey Respondents who are Optimistic/Positive

- 34 percent of respondents expressed positive sentiments on Pakistan's business situation over the past six months, which shows an improvement of 11 percent as compared to 23 percent in wave 26.
- 45 percent of respondents expressed optimism for the next six months, up from 43 percent in Wave 26.
- Key factors driving this positive sentiment include economic growth, improved government policies, investment climate, and security situation.

Factors for Increase					
Past Six Months			Next Six Months		
Wave 26 (23%)	Ranks	Wave 27 (34%)	Wave 26 (43%)	Ranks	Wave 27 (45%)
Improved law-and-order situation	1	Improved law-and-order situation	Increase in Global Market	1	Increase in Business due to Global Peace Situation
Economic growth	2	Economic growth	Decrease in price/inflation	2	Increase in Global Market
Better Government policies	3	Better Government policies	Increase in Business due to Global peace situation	3	Decline in Oil Prices
Investment Climate (Foreign investment in the country)	4	Investment Climate (Foreign investment in the country)	Better Govt Policies	4	Economic Growth
Energy Situation (Adequate supply of Gas, Electricity etc.)	5	Energy Situation (Adequate supply of Gas, Electricity etc.)	Improved law-and-order situation	5	Better Government Policies
International Perception of Pakistan	6	International Perception of Pakistan	Economic Growth	6	Improvement In Law & Order Situation

Survey Respondents who were Pessimistic/Negative

- 53 percent of respondents expressed a negative outlook on Pakistan's business situation over the past six months, down from 66 percent in Wave 26.
- For the next six months, 27 percent of respondents forecast a negative outlook, an improvement from 35 percent recorded in Wave 26.
- In order of priority, the survey respondents' primary concerns related to political instability, expected high inflation, depreciation of the Pak rupee, law-and-order issues, rising fuel prices, and poor government policies.

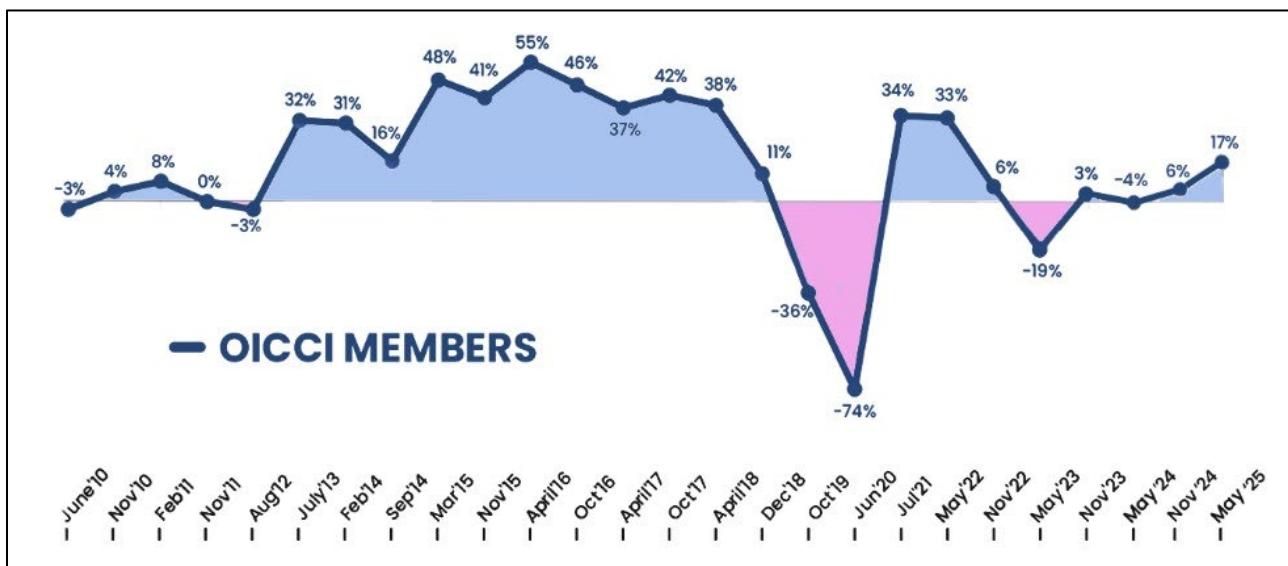
Factors for Decline					
Past Six Months			Next Six Months		
Wave 26 (66%)	Ranks	Wave 27 (53%)	Wave 26 (35%)	Ranks	Wave 26 (27%)
Fuel Prices	1	Political Instability	High Inflation	1	Political Instability
Political Instability	2	Pak Rupee Devaluation	Political Instability	2	High Inflation
High Inflation	3	Energy Crises / High Electricity Cost	Increase in Fuel Prices	3	Pak Rupee Devaluation
Pak Rupee Devaluation	4	Ineffective Commercial and Trade Policies	Energy Crisis	4	Unstable Security Situation
Energy Situation/High Electricity Cost	5	Fuel Prices	Ineffective Commercial and Trade Policies	5	Increase in Fuel Prices
Ineffective Commercial and Trade Policies	6	High Inflation	Unstable Security Situation	6	Inconsistent Government Policies

BCI OF OICCI MEMBERS (Foreign Investors):

The BCI of a limited number of OICCI members, randomly participated as part of the survey, significantly increased to positive 17 percent in Wave 27 from positive 6 percent in the previous wave. This improvement is mainly attributed to:

- Global Business Situation in the P6M improved to 8% from -25%: (33%)
- Pakistan Business Situation in the P6M improved to -6% from -35%: (29%)
- Company Business Situation in the P6M improved to 13% from -15%: (28%)
- Capital Investment in N6M improved to 31% from -2%: (33%)

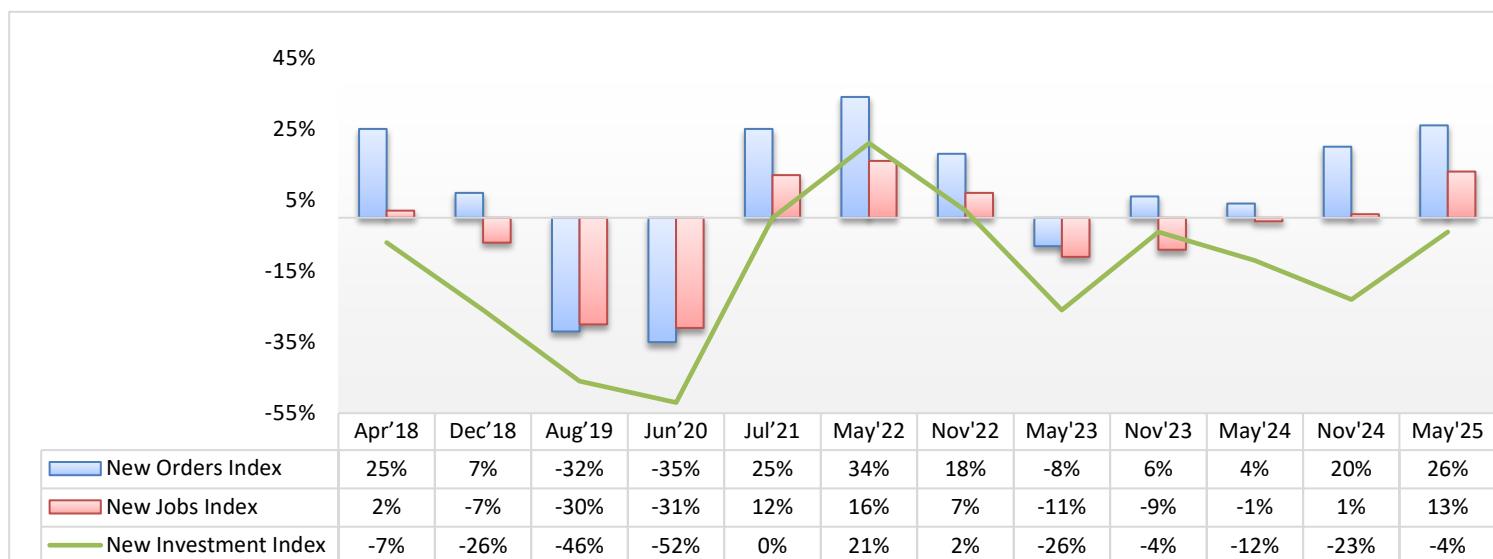
Overall, OICCI members' business confidence is still better than non-members.



Future Business Outlook

New Orders, Investment and Jobs Indices

Business confidence improved in Wave 27, with positive expectations reflected across all indexes and strong recoveries reported in all major sectors. Job prospects, expansion plans, and investment expectations demonstrated notable gains, particularly in the Manufacturing and Retail sectors. The Services sector remained relatively stable, though it exhibited a more cautious stance on future expansion plans.



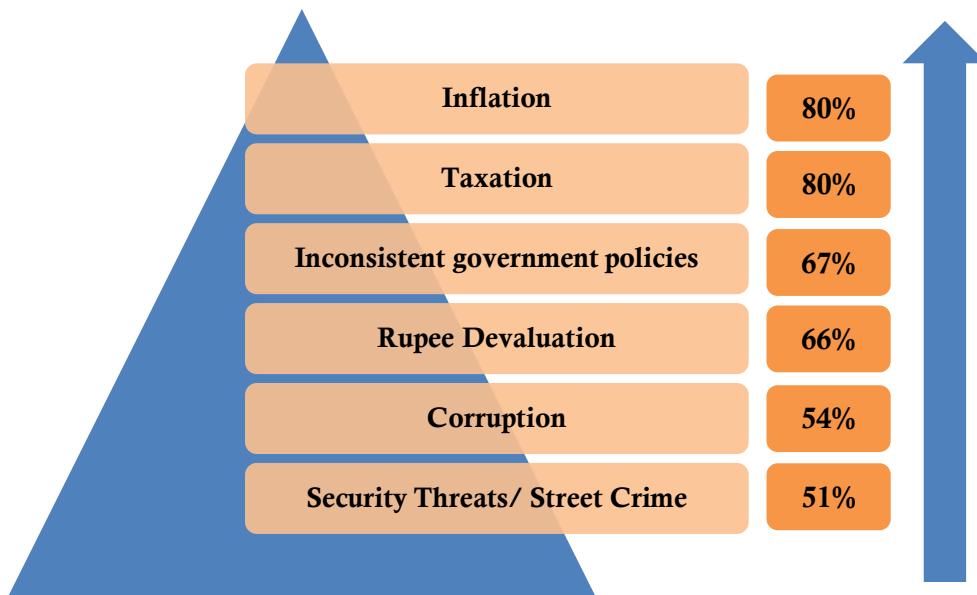
Expansion (New Orders): The New Orders Index improved notably in Wave 27, rising to 26 percent from 20 percent in Wave 26. This shows growing optimism among businesses. The Manufacturing sector recorded a significant improvement of 16 percentage points, rising from 20 percent to 36 percent. In contrast, the Services sector experienced a decline of 7 percentage points in its expansion plans, dropping from 30 percent in the previous wave to 23 percent. Meanwhile, the Retail sector's future expansion expectations show a positive outlook, increasing from 2 percent to 14 percent.

New Jobs/Employment Opportunities: Employment opportunities are expected to improve in the coming months. The New Jobs Index saw a strong rise to 13 percent in Wave 27, up from 1 percent in Wave 26. The Retail/Wholesale Sector showed a sharp recovery, jumping from -15 percent to 9 percent, followed by the Manufacturing Sector with the highest job expectations of 20 percent in wave 27, increasing from 6 percent, in last wave. Meanwhile, the Services Sector remained steady, keeping its hiring plans at 8 percent.

New Investment: Positive changes across all three sectors have boosted investors' confidence. The New Investment Index improved by 19 points, from a negative 23 percent in Wave 26 to a negative 4 percent in Wave 27. The Retail/Wholesale Sector experienced a strong rebound, jumping to a negative 7 percent from a negative 33 percent, followed by the Manufacturing Sector, which also showed signs of recovery, by 20 points. The Services Sector also improved, moving to a negative 10 percent from a negative 22 percent. These trends point to a recovery in investment sentiment across sectors.

Key Threats to Business Growth

Looking ahead, respondents highlighted the following key threats in order of priority. The top two concerns remain unchanged from the previous wave, indicating ongoing challenges in these areas.



About OICCI

The OICCI is the collective voice of over 200 major foreign investors in Pakistan, from more than 30 countries. OICCI members contribute over one-third of Pakistan's total tax revenue and are involved in 14 key sectors of the economy. They facilitate the transfer of technology and skills and employ a significant number of people. OICCI members continue to invest in Pakistan and in the past ten years have invested over \$22 bn in expanding their footprint in Pakistan. Over 25 percent 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 over 45 million persons from underprivileged communities.