Overseas Investors Chamber of Commerce & Industry

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Business Confidence Index Survey

Wave 29

(Conducted during the second quarter of 2026)

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

Survey Highlights

The Overseas Investors Chamber of Commerce and Industry (OICCI) has released the results of the Business Confidence Index (BCI) Survey Wave 29, conducted throughout Pakistan in the second quarter of 2026. The previous survey, BCI Wave 28, was conducted during the last quarter of 2025.

Key Findings: State of Business Confidence

- The Business Confidence Index (BCI) for Pakistan in Wave 29 W**eakens by 9 percent, amid increased caution**, declining to positive 13 percent from 22 percent in previous wave.
- This decline is largely driven by elevated inflationary pressures, which have intensified business cost challenges and contributed to a more cautious business outlook. Although the exchange rate remained relatively stable with a slight decline, its positive impact was overshadowed by a sharp rise in inflation.
- The Retail sector was the only segment to show improvement, reflecting an increase of 3 points, from the previous wave to 20 percent in wave 29.
- The Services sector index dropped significantly from a positive 34 percent in Wave 28 to 14 percent in Wave 29, falling by 20 points, followed by the Manufacturing sector, which declined by 7 points.
- Business confidence among OICCI members, randomly included in the survey, showed a marginal improvement of 1-point, increased to a positive 28 percent in Wave 29 from 27 percent in the previous wave.
- The impact of war in the Middle East is weighing on investment confidence and growth plans across sectors, with most businesses expecting disruption to persist beyond six months.

OICCI's BCI Survey, conducted since 2010 twice a year, 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).

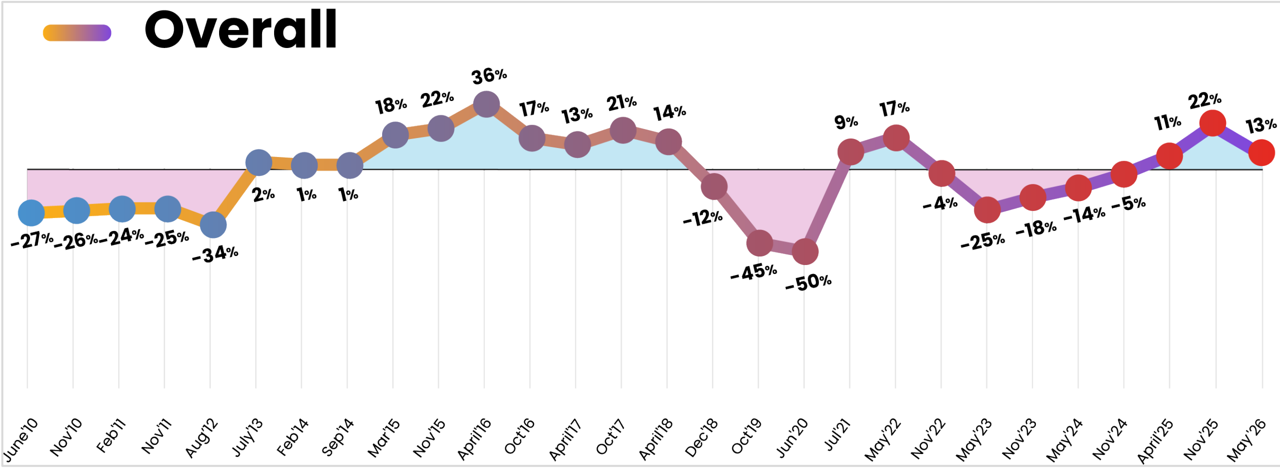
The survey, conducted face-to-face across the country, includes participants representing almost 80 percent of the GDP. Greater weight is given to business stakeholders in key centers such as Karachi, Lahore, Islamabad, and Faisalabad.

According to BCI Wave 29, overall business confidence in Pakistan has weakened by 9 points, declining to positive 13 percent from 22 percent in the previous wave. This decline is largely driven by elevated inflationary pressures, which have intensified business cost challenges and contributed to a more cautious business outlook. Although the exchange rate remained relatively stable with a slight decline, its positive impact was overshadowed by a sharp rise in inflation.

The survey sample comprised of 43 percent respondents from the Manufacturing Sector, 34 percent from the Services Sector, and 23 percent from the Retail/Wholesale Sector. The Services sector index dropped significantly from a positive 34 percent in Wave 28 to 14 percent in Wave 29, recorded the sharpest decline, falling by 20 points, followed by the Manufacturing sector, which declined by 7 points. In contrast, the Retail sector was the only segment to show improvement, with its index rising marginally from a positive 17 percent in the previous wave to 20 percent in Wave 29.

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 29:

The main driver behind the decline in business confidence during Wave 29, according to respondents, is the weakening outlook for future business conditions, particularly at the global, country, and industry levels. Several key indicators showed notable deterioration in this wave, as reflected in the following measures:

- Global Business Situation in the (N6M): -31% (14% in Wave 29 vs 45% in Wave 28)
- Pakistan Business Situation in the (N6M): -19% (13% in Wave 29 vs 32% in Wave 28)
- Industry Business Situation in (N6M): -16% (21% in Wave 29 vs 37% in Wave 28)
- Profit Increase in (N6M): -13% (19% in Wave 29 vs 32% in Wave 28)
- ROI Increase in (N6M): -13% (21% in Wave 29 vs 34% in Wave 28)

The Business Confidence Index (BCI) for metropolitan cities (Karachi, Lahore, Islamabad, and Faisalabad) has decreased by 12 percent during Wave 29, with the BCI standing at 11 percent, compared to 23 percent in the previous wave. The primary drivers behind this decrease are the Global, Country, and Industry business situation in the next six months.

Non-Metro cities (Peshawar, Quetta, Rawalpindi, Multan, Sialkot, and Sukkur) BCI is currently at 22 percent during wave 29 (Improvement of 3 percent since wave 28).

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

Survey Respondents who were Pessimistic/Negative

- 47 percent of respondents expressed a negative outlook on Pakistan's business environment over the past six months, broadly consistent with Wave 28, with a slight increase of 1 point.
- Looking ahead to the next six months, 34 percent of respondents anticipate a negative outlook, compared to 22 percent recorded in Wave 28.
- In order of priority, respondents identified their key concerns as expected political instability, rising fuel prices, high inflation, unstable relations with neighboring countries, and ineffective government policies.

Factors for Decline in Pakistan's Business Situation					
Past Six Months			Next Six Months		
Wave 28	**Ranks**	**Wave 29**	**Wave 28**	**Ranks**	**Wave 29**
Fuel Prices	1	High Inflation	High Inflation	1	Political Instability
Political Instability	2	Political Instability	Political Instability	2	Increase in Fuel Prices
High Inflation	3	Fuel Prices	Ineffective Commercial and Trade Policies	3	High Inflation
Ineffective Commercial and Trade Policies	4	Ineffective Commercial and Trade Policies	Increase in Fuel Prices	4	Unhealthy relations with neighbour
Energy Situation/High Electricity Cost	5	Pak Rupee Devaluation	Inconsistent Government Policies	5	Bad Government Policies
Pak Rupee Devaluation	6	Deteriorating Law & Order Situation	Pak Rupee Devaluation	6	Ineffective Commercial and Trade Policies

Survey Respondents who are Optimistic/Positive

- 39 percent of respondents expressed satisfaction about the business situation over the past six months, representing a slight improvement of 2 points from 37 percent in Wave 28.
- 47 percent of respondents expressed optimism regarding Pakistan's business outlook for the next six months, reflecting a decline of 7 points compared to 54 percent in Wave 28.
- Key factors driving this positive sentiment and the expected improvement in the investment climate include anticipated global peace, an improved security situation, better government policies, and stronger economic conditions.

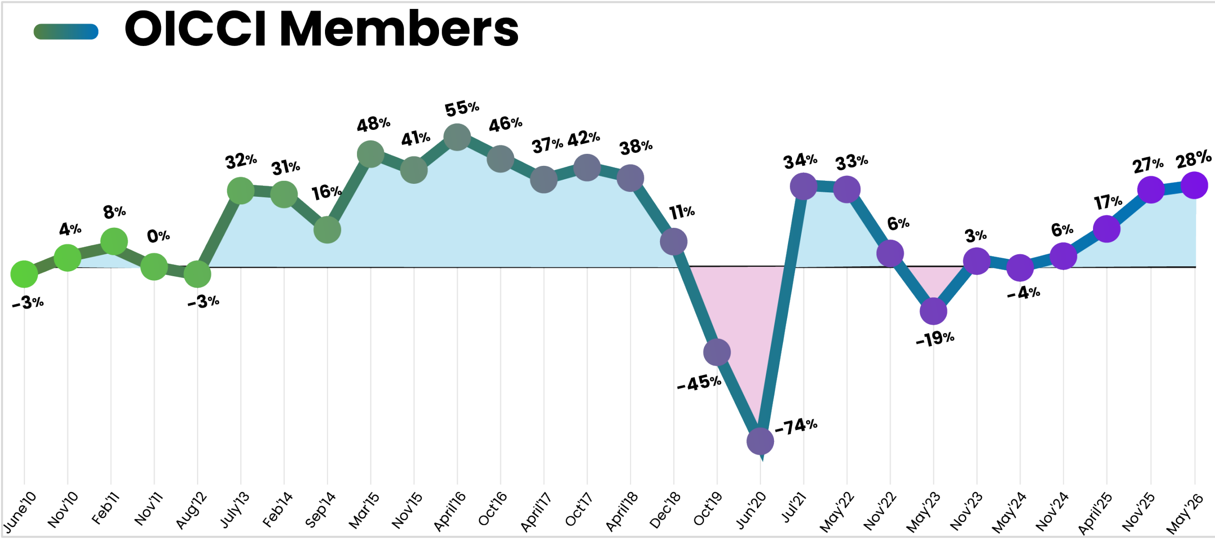
Factors for Increase in Pakistan's Business Situation					
Past Six Months			Next Six Months		
Wave 28	**Ranks**	**Wave 29**	**Wave 28**	**Ranks**	**Wave 29**
Improved law-and-order situation	1	Improved law-and-order situation	Increase in Business due to Global Peace Situation	1	Economic Growth
Investment Climate (Foreign investment in the country)	2	Economic growth	Economic Growth	2	Increase in Business due to Global peace situation
Economic growth	3	International Perception of Pakistan	Better Government Policies	3	Better Global Peace Situation
Better Government policies	4	Better Government policies	Increase in Global Market	4	Better Govt Policies
International Perception of Pakistan	5	Investment Climate (Foreign investment in the country)	Decline in Oil Prices	5	Improved Economic Conditions
Energy Situation (Adequate supply of Gas, Electricity etc.)	6	Energy Situation (Adequate supply of Gas, Electricity etc.)	Improvement In local governance & Policies	6	Increase in Global Market

BCI OF OICCI MEMBERS (Foreign Investors):

The BCI of a limited number of OICCI members, randomly participated as part of the survey, showed a marginal improvement of one point, increased to a positive 28 percent in Wave 29 from 27 percent in the previous wave. This change is mainly attributed to:

- Pakistan business situation in the P6M improved to 12% from -1%: **(13%)**
- Total Employees in the P6M improved to 18% from 3%: **(15%)**
- Total Employees in the N6M improved to 36% from 19%: **(17%)**

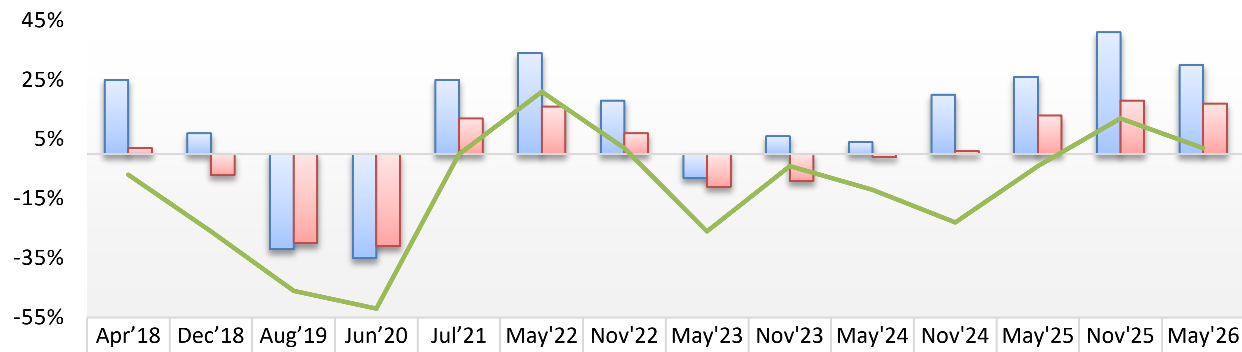
Overall, OICCI members' business confidence is still better than non-members.



Future Business Outlook

New Orders, Investment and Jobs Indices

Business confidence in Wave 29 shows a broadly cautious outlook, with declines across most key indices. Job prospects remain relatively stable, while expansion and investment expectations have fallen significantly. The recent war in the Middle East is a key contributing factor, with most businesses expecting the disruption to persist beyond six months, particularly impacting manufacturing and retail. This is expected to further weaken investment confidence and growth plans across sectors, with services most affected, and continued caution evident in both manufacturing and retail.



	Apr'18	Dec'18	Aug'19	Jun'20	Jul'21	May'22	Nov'22	May'23	Nov'23	May'24	Nov'24	May'25	Nov'25	May'26
New Orders Index	25%	7%	-32%	-35%	25%	34%	18%	-8%	6%	4%	20%	26%	41%	30%
New Jobs Index	2%	-7%	-30%	-31%	12%	16%	7%	-11%	-9%	-1%	1%	13%	18%	17%
New Investment Index	-7%	-26%	-46%	-52%	0%	21%	2%	-26%	-4%	-12%	-23%	-4%	12%	2%

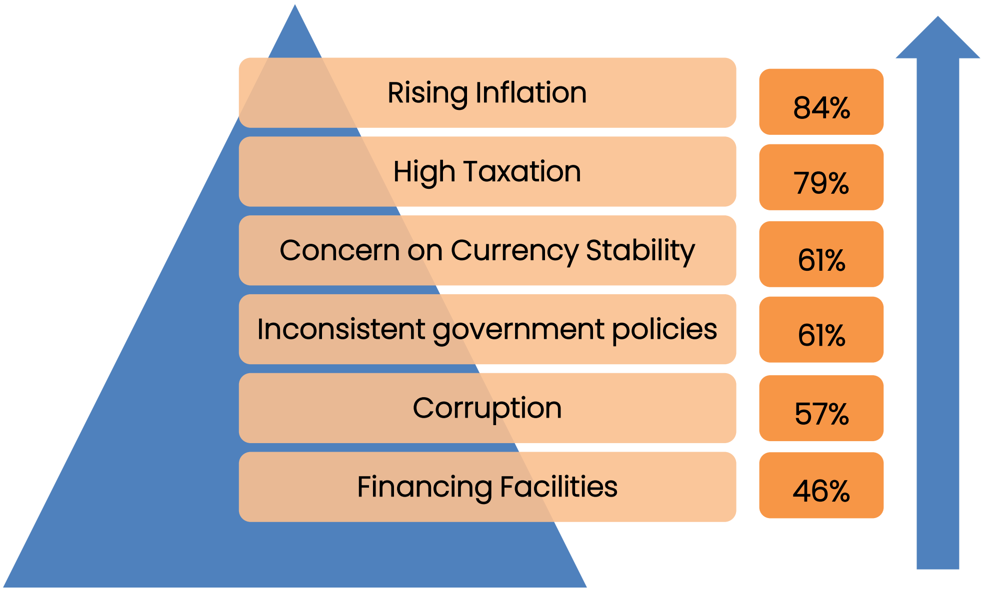
Expansion (New Orders): The New Orders Index declined sharply in Wave 29, falling to 30 percent from 41 percent in Wave 28, indicating a 11-point drop and reflecting increased caution and weaker business sentiment. The Services sector recorded the steepest decline in expansion expectations, falling 13 points from 47 percent to 34 percent. This was followed by Retail/Wholesale, which declined 10 points from 41 percent to 31 percent. In contrast, Manufacturing sector showed a modest improvement, increasing by 2 points from 16 percent to 18 percent.

New Jobs/Employment Opportunities: Employment prospects are expected to remain broadly stable in the coming months, with a marginal decline of 1 point, from 18 percent in Wave 28 to 17 percent in Wave 29. Employment expectations declined in Manufacturing and Services, though both remain positive. Manufacturing fell by 9 points to 28 percent (vs. 37 percent in Wave 28), while services declined by 8 points to 21 percent (vs. 29 percent in Wave 28). In contrast, the retail/wholesale sector remained stable, with hiring expectations unchanged at 8 percent in Wave 29.

New Investment: Businesses reflect a highly cautious near-term investment outlook, with a sharp decline of 10 points, falling from 12 percent in Wave 28 to 2 percent in Wave 29. The Services sector recorded the steepest decline, falling 22 points from a positive 20 percent to a negative 2 percent, followed by Manufacturing, which declined 14 points from 21 percent to 7 percent, remaining in positive territory but showing weakening sentiment. In contrast, Retail/Wholesale improved by 10 points, rising from a negative 13 percent to a negative 3 percent, though it remains in negative territory. Overall, Services and Retail/Wholesale remain the most pessimistic sectors, reflecting continued caution in investment intentions.

Key Threats to Business Growth

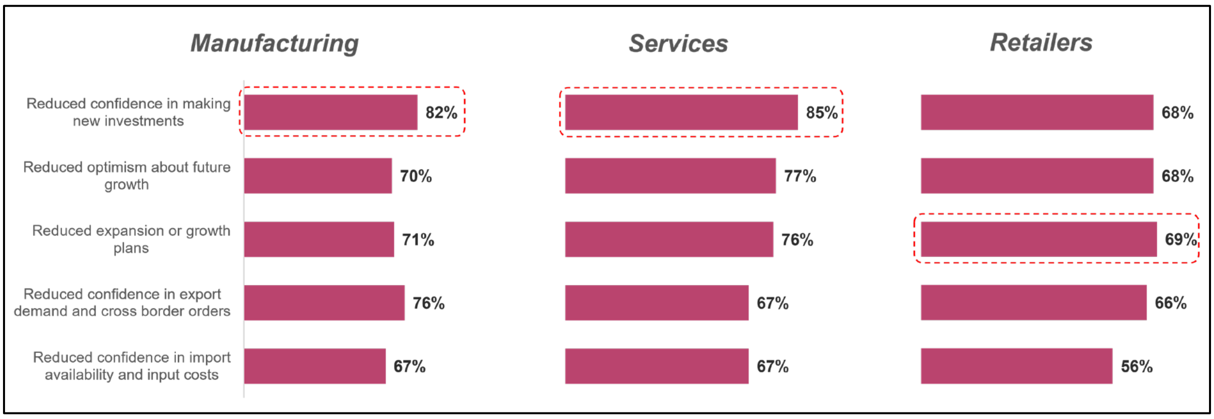
Looking ahead, respondents highlighted the following key threats in order of priority. The top two concerns remain unchanged from the previous wave, indicating ongoing challenges in these areas.



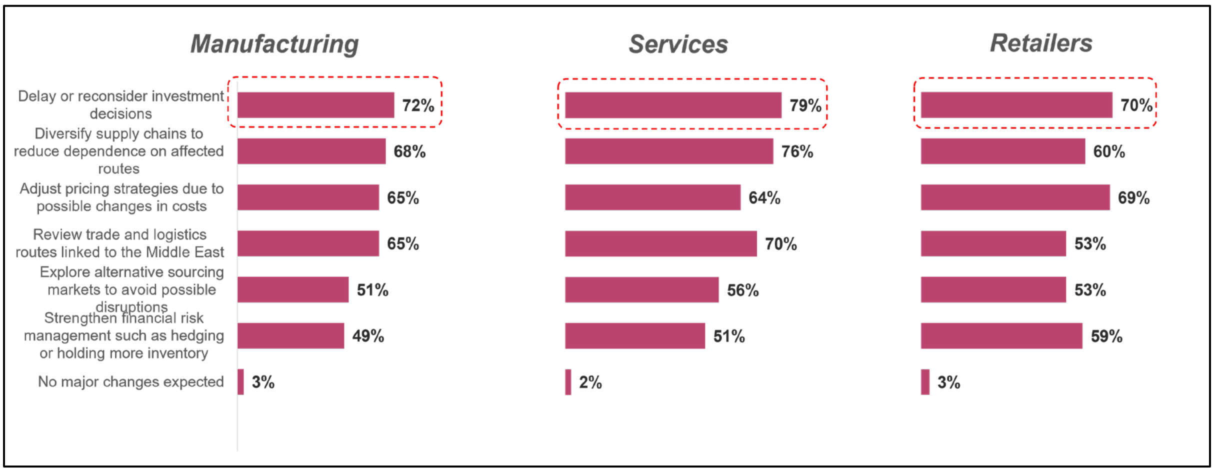
Impact of War in the Middle East

The Feb 2026 conflict in the region, impacting the recent war in the Middle East has impacted the manufacturing sector the most with 74 percent of the respondents agreeing that the recent tensions in the region have impacted their businesses.

The major impact was on reduced confidence in making new investments in manufacturing and services sectors, whereas retailers faced issues of reduced expansion/growth plans.



- ***Primary Business Concerns:*** Energy and fuel prices are the top concern across all sectors, driven by regional tensions, and are increasing operating costs, inflationary pressure, and margin compression. These issues are further intensified by supply chain disruptions and rising input costs.

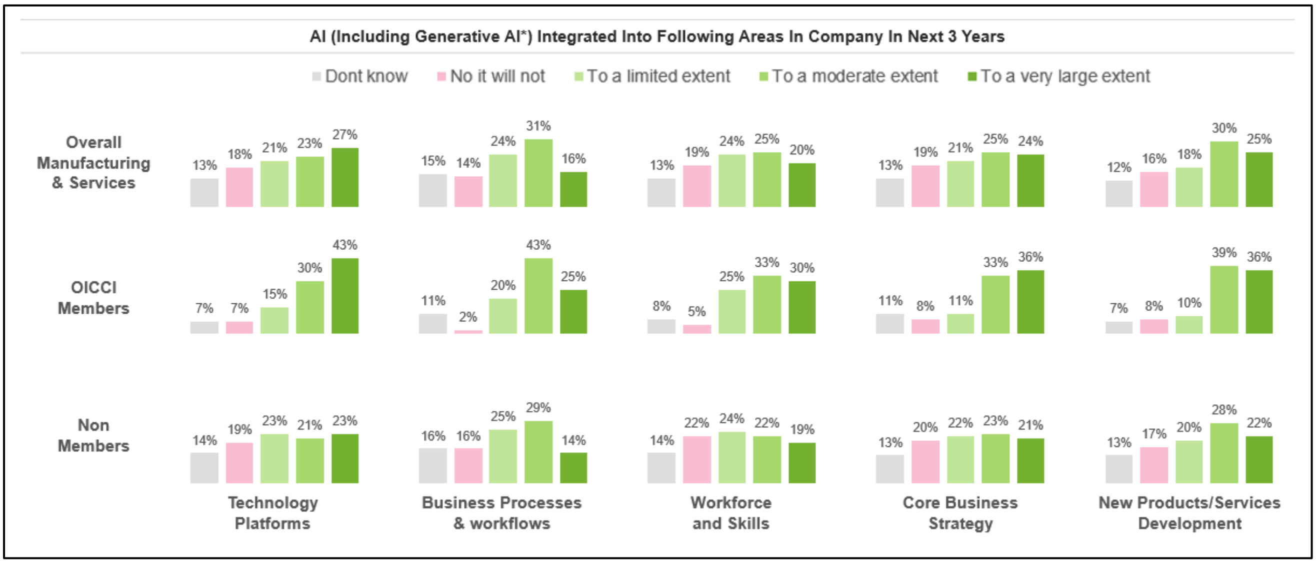


- ***Persistent Geopolitical Impact:*** Global assessments indicate that businesses expect the impact of Middle East unrest to extend beyond six months, indicating prolonged disruption. Retailers, in particular, anticipate sustained pressure on demand, supply chains, and cost structures.
- ***Defensive Business Strategy:*** Around 70–80 percent of businesses across all sectors are delaying or revising investment decisions and diversifying supply chains to reduce exposure to affected routes. The focus is shifting toward risk mitigation and operational resilience amid ongoing uncertainty.
- ***Economic Outlook Impact:*** All sectors expect the unrest to negatively affect Pakistan's economic outlook over the next 6–12 months, with subdued growth, higher costs, and continued uncertainty. Optimism remains limited, reflecting expectations of sustained spillover effects on trade, investment, and stability.

Technology & Innovation

In this section, respondents were asked about their adoption of Generative AI tools (e.g., ChatGPT, Copilot) and its impact on headcount, revenue, profitability, and efficiency, both in the past year and expected in the next 12 months. The section also captured views on trust in AI-driven processes and whether AI should be systematically integrated across manufacturing, services, and other business areas.

A significant number of OICCI members have introduced innovations in their systems through the adoption of generative AI where they have implemented solutions for enhancing customer experience through digital transformation. Businesses have also automated their systems by prioritizing cybersecurity enhancements, Customer Experience & Digital Engagement to drive change and remain competitive. Whereas non OICCI members are comparatively reluctant to adopt AI in their systems with only a few implementing AI in their business.



Respondents view generative AI as a valuable tool for driving operational efficiency and productivity. Over the next three years, companies expect AI integration to expand most strongly across technology platforms, core business processes, and workforce development. Adoption intent is notably higher among OICCI members, who show greater readiness for large-scale integration, while non-members remain more cautious. Overall, the findings indicate growing confidence in AI's role as a long-term enabler of business transformation rather than short-term experimentation.

About OICCI

The OICCI is the collective voice of over 190 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 13 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 $23 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 44 million persons from underprivileged communities.