

# HBL Pakistan Manufacturing PMI<sup>®</sup>

## Surging inflationary pressures amid war in the Middle East weigh on operating conditions in April

Output and new orders fall for first time since October 2025

Input prices rise at fastest pace in 20 months

Business confidence at series low

Pakistan's manufacturing sector saw operating conditions broadly stall at the start of the second quarter.

Firms noted that production levels fell at a modest rate amid a similar deterioration in new order intakes. Demand conditions were also reportedly weakened by a renewed fall in export sales - the first in three months. Firms often linked the decline to the effects of rising raw material prices due to the war in the Middle East. In fact, manufacturing input costs were pushed to their highest since August 2024, which pushed companies to pass expenses on to clients to the greatest extent in 21 months. Looking forward, the conflict weighed on business optimism regarding the coming year, as confidence slipped to the lowest in the series' two-year history.

The seasonally adjusted HBL Pakistan Manufacturing Purchasing Managers' Index™ (PMI<sup>®</sup>), compiled by S&P Global, fell from 52.9 in March to 49.9 in April. The latest index reading was the lowest since October 2025, and indicative of a broad stagnation in the health of the manufacturing sector.

For the first time in six months, manufacturing production fell in April. The rate of decrease was modest, and attributed to falling new orders, supply shortfalls and higher material prices due to the war in the Middle East.

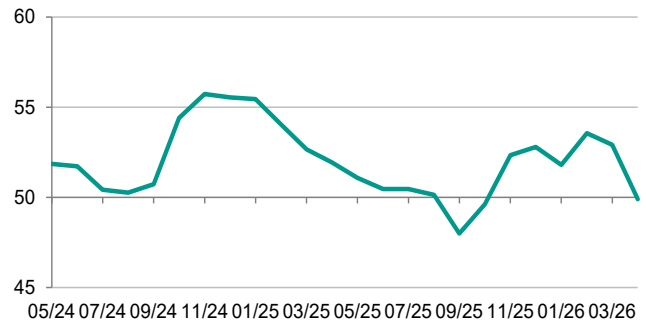
Moreover, new orders received by Pakistani manufacturers decreased for the first time since last October, with demand conditions similarly hampered by the impact of the conflict in the Middle East. That said, some companies mentioned that electricity load shedding had also hindered firms' ability to accept new sales intakes at the start of the second quarter. International sales also had a negative impact on overall demand, as new export orders fell for the first time in three months, albeit only fractionally.

Muted sales also eased capacity pressures on manufacturing firms, as indicated by steeper depletion in outstanding business.

Higher raw material prices, especially for fuel, were cited as a primary factor behind surging cost pressures during April. Overall operating expenses rose at a robust rate that was the fastest since August 2024 and among the strongest in the 24-month series history. In response, firms looked to pass higher expenses on to clients through a marked increase in selling prices that was the steepest in 21 months.

Supply constraints were also cited as having constrained the sector's performance in April. The average time taken for input deliveries

HBL Pakistan Manufacturing PMI  
Index, sa, >50 = improvement m/m



Data compiled 09-24 April 2026.

Sources: HBL, S&P Global PMI. ©2026 S&P Global.

### Comment

Kumail Chevelwalla at HBL:

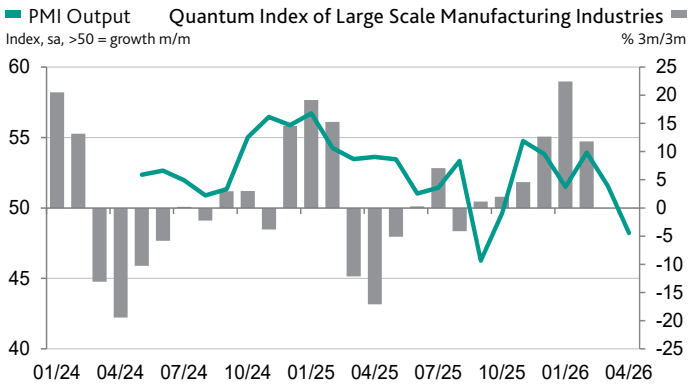
"The HBL Manufacturing PMI came in at 49.9 during April 2026, down from 52.9 in the previous month and the first sub-50.0 print since the countrywide floods in October 2025. In our view, the latest data points to the emergence of broad-based stagflationary headwinds emanating from Middle East War.

"The Output and New Order Indices were down for the first time in six months with firms attributing the decline to rising raw material prices from the impact of the US-Iran war. The downturn also encompassed the external sector as new export orders fell for the first time in three months, albeit only fractionally. Manufacturers commented that higher orders due to quality improvements were mostly offset by the impacts of the war in the Middle East on key export partners.

"The deterioration in demand translated into lower employment levels and a notable reduction in work backlogs. Simultaneously, inventory levels fell for the first time since the start of the year, the sharpest contraction in the series' history as manufacturers opted to fulfil orders using existing stocks. Input delivery times lengthened significantly, reaching their highest since January 2025 with anecdotal evidence suggesting that elevated gas and fuel prices, driven by the Middle East conflict, have strained suppliers' operating capacity.

"There are clear signs that the surge in fuel costs is feeding into broader inflationary pressures. Input prices surged to a series high with increased cost burdens widely linked to higher raw material prices, particularly fuel. In response, manufacturers opted to raise their own selling prices at the fastest pace in 21 months.

"Business confidence in the expansion of output fell to a record low, reflecting uncertainty over the eventual resolution of the conflict and the potential timing of any easing in inflation. Consistent with the stagflationary signals in the PMI, the State Bank of Pakistan, in its recent Monetary Policy Committee meeting, raised the policy rate by 100 bps to 11.5%, defying consensus expectations. Pakistan thus emerges as one of the first economies to tighten monetary policy in response to the shock. We view this move as proactive, given the rising likelihood of a higher for longer oil price environment, and thus the rate increase will likely anchor inflation expectations and limit second round inflation follow throughs."



Sources: HBL, S&P Global PMI, Pakistan Bureau of Statistics. ©2026 S&P Global.

lengthened sharply on the month and to the greatest extent since January 2025. Higher fuel and gas prices were often cited as weighing heavily on supplier capacity, anecdotal evidence showed. At the same time, input purchases were lowered for the first time in six months, while holdings of both pre- and post-production inventories also fell on the month, as goods producers looked to utilise existing stocks amid difficulties sourcing materials.

Meanwhile, companies continued to express confidence regarding the year-ahead outlook for output. That said, the degree of optimism eased from that in March to reach the lowest in the series history amid concerns regarding longevity of price and supply constraints stemming from the war in the Middle East. Downbeat expectations also discouraged hiring activity at Pakistani manufacturers, with employment levels falling modestly, and for the first time since last October.

### Methodology

The HBL Pakistan Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 300 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 2024.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. For surveys with short data histories, particularly less than three years, revisions to seasonally adjusted indices are more likely as more information on seasonal trends becomes available.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

### PMI by S&P Global

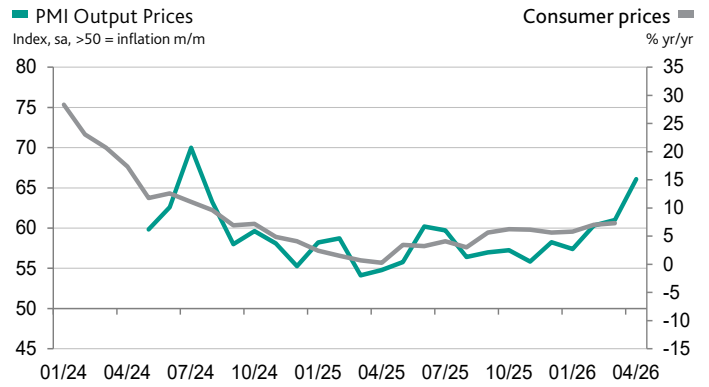
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