

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

## Softest improvement in operating conditions for ten months

Output rises at slowest pace since last August amid sustained fall in demand

Employment levels cut for third time in four months

Steepest rise in output charges for ten months

Pakistan's manufacturing production increased further in June, extending the current sequence of growth to 14 months (since the survey began).

That said, the pace of expansion slowed for the second successive month amid a sustained, albeit softer reduction in new order volumes. In response to weaker production requirements, firms lowered staffing levels and input purchases.

Meanwhile, input price pressures strengthened over the month and were robust overall. As a result, output prices rose at the fastest pace since August 2024 as firms looked to protect margins and pass higher cost burdens to customers.

At 50.5 in June, the seasonally adjusted HBL Pakistan Manufacturing Purchasing Managers' Index™ (PMI<sup>®</sup>), compiled by S&P Global, posted above the neutral 50.0 threshold for the fourteenth month running (since the survey began). The latest reading signalled only a marginal improvement in the health of the sector however, and one that was the least pronounced since last August.

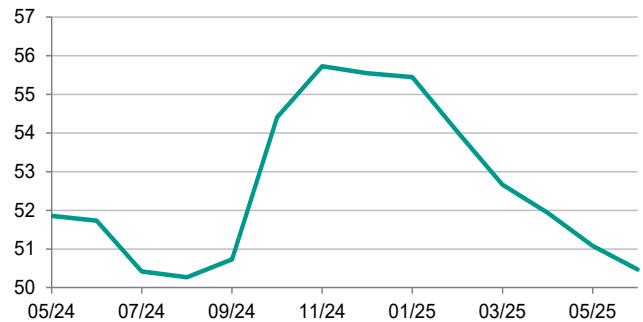
Softer conditions stemmed from a second consecutive reduction in total new order intakes. The fall marked the first instance of back-to-back demand contractions, though the pace of decline was only fractional in June. Manufacturers cited a myriad of issues that hindered demand conditions during the month, including higher electricity prices and taxation, as well as the Pakistan-India conflict. The malaise was largely limited to the domestic market, as goods producers indicated a renewed rise in new export sales at the end of the second quarter. The uplift was the first for three months, and often attributed to an improvement in the quality of Pakistani manufactured goods.

Subdued demand conditions meant production levels were raised only marginally at the end of the second quarter. While output has risen consistently since the series began in May 2024, the expansion in June was the least pronounced for ten months. Moreover, softer production growth was linked to firms looking to complete incoming orders using existing inventories, as stocks of finished goods fell for the second month in a row.

Latest data suggested that current production levels were often utilised to complete existing orders, as manufacturers noted a further solid reduction in backlogs of work. That said, the rate of depletion was the softest since the start of the year. Amid a lack of pressure on capacity, firms looked to reduce headcounts during June, as indicated by the third fall in employment levels in the past four months. Some companies also mentioned staffing levels were cut to help ease cost pressures.

The end of the second quarter also brought with it a renewed acceleration in input price inflation. The pace of increase was steep, and commonly linked to higher raw material prices and tax burdens on companies. In turn, manufacturers increased their selling prices at a robust rate in June, with the rate of charge inflation accelerating to the highest level since last August.

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



Data compiled 12-24 June 2025.

Sources: HBL, S&P Global PMI. ©2025 S&P Global.

### Comment

Humaira Qamar at HBL:

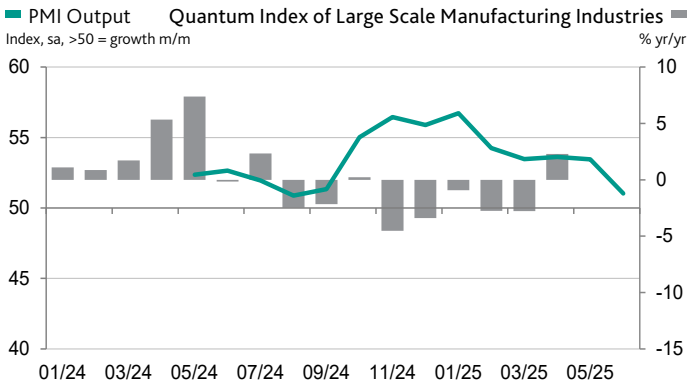
"The HBL Manufacturing PMI came in at 50.5, above the 50-no change mark for the fourteenth consecutive month. However, the rate of growth slowed to a ten-month low amid a reduction in new order volumes. This was the first instance of consecutive demand contractions. To align with softer production needs, firms proactively reduced both staffing levels and input procurement.

"Encouragingly, however, there are signs of recovery in Pakistan's exports which, as per central bank data, had hit a ten-month low last month. The New Export Orders Index rose for the first time in three months, with manufacturers attributing the uplift to improved quality standards.

"Reflecting muted demand, Pakistani manufacturers were able to remain on top of outstanding business in June, marking the sixth consecutive monthly decline in backlogs. Moving forward, the industry remains optimistic in the expansion of output in the next 12 months, showcased by the Future Output index trending well above neutral. Nonetheless, sentiment dipped for a second consecutive month as firms highlighted concerns regarding higher taxation and heightened geopolitical tensions.

"We believe the current PMI readings imply a GDP growth rate lower than the provisionally-estimated 2.7% for FY25, which might be an indicator of downward revisions in future."

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With demand conditions subdued, Pakistani goods producers lowered their input buying slightly in the latest survey period, the second month running in which this has been the case. Stocks of inputs meanwhile were broadly unchanged, as anecdotal evidence suggested that inventories were maintained as part of efforts to protect against regular price fluctuations and delivery delays. Delays often stemmed from fuel and raw material shortages, which disrupted the timely delivery of materials. As a result, vendor performance deteriorated moderately.

Finally, companies expressed confidence in the future path for output during June, with optimism remaining marked overall. This confidence was underpinned by hopes of business expansions, new product launches and easing price pressures. That said, the degree of optimism slipped to the lowest in the 14-month series history as firms raised concerns about heightened geopolitical tensions and a prolonged period of inflationary pressure.

### 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

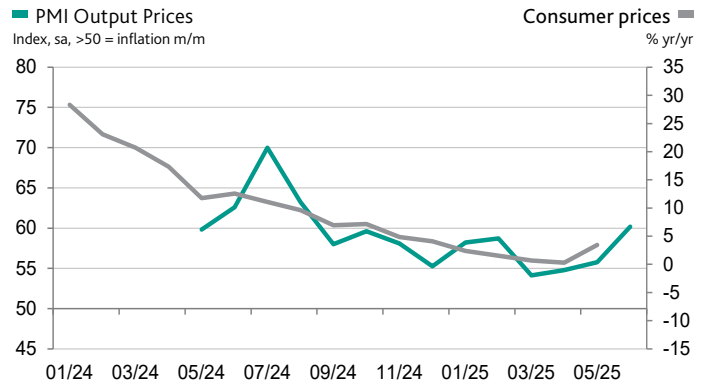
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