

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

## Solid rise in production and new orders drives record growth in hiring

Employment rises at sharpest rate since series began in May 2024

Accelerated increases in output and new orders

Cost pressures intensify

Pakistani manufacturers signalled a record increase in staffing levels amid accelerated rises in production and new sales in February.

Firms registered sharper expansions in both output and new order intakes midway through the first quarter. Moreover, positive movements in demand went beyond the domestic market as companies recorded a renewed increase in new export sales and one that was the steepest in just under a year. Improvements in demand and output requirements also pushed goods producers to raise purchasing activity, which grew at a robust pace, while there were also expansions in holdings of both pre- and post-production inventories.

Meanwhile, input prices continued to increase at a marked pace in February, with the rate of cost inflation quickening. As a result, output charges rose at the fastest pace in one-and-a-half years as firms looked to pass higher cost burdens through to customers and protect profit margins.

At 53.6 in February, 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 fourth month running. The reading improved from 51.8 in January to indicate a solid improvement in the health of the sector and one that was the strongest in exactly one year.

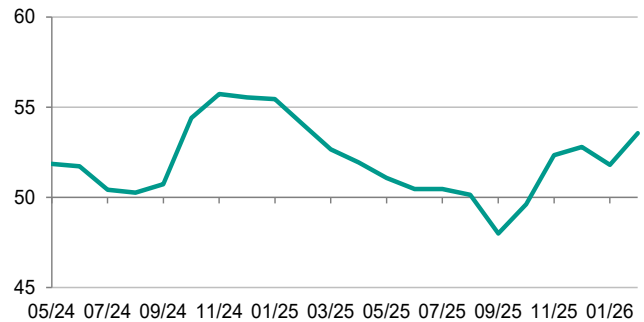
Improving business conditions stemmed from another monthly expansion in total new order intakes midway through the first quarter, thereby extending the current sequence of growth seen since November 2025. The rise was solid, having strengthened from that seen in January and was the sharpest in 11 months. Manufacturers cited that quality improvements and price competitiveness had been the key factors behind greater sales. More robust demand conditions were also seen in the international market, as goods producers recorded a renewed increase in new export sales that was likewise the strongest in nearly a year.

In turn, production levels were raised for the fourth time in as many months during February. The pace of growth was solid, and the quickest seen since last November. Some firms also mentioned that expanded production levels were used to rebuild inventories of finished items. As a result, stocks of finished goods rose for the third time in the past four months.

As capacity pressures rose, Pakistani manufacturers looked to expand headcounts during February. The rate of job creation was solid, and the most prominent since the series began in May 2024. Latest data also suggested that, despite the record rise in job numbers, firms opted to direct capacity to the completion of existing work ahead of beginning new projects. This resulted in a steep depletion in backlogs of work.

February also bought with it a further marked rise in operating expenses, with the pace of cost inflation gathering momentum from that seen at the start of the year and was the fastest since January 2025. Respondents commonly

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Index, sa, >50 = improvement m/m



Data compiled 10-23 February 2026..

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### Comment

Kumail Chevelwalla at HBL:

"The HBL Pakistan Manufacturing PMI rose to 53.6 in February, up from 51.8 in January, marking the strongest reading in a year. The upturn was driven by a stronger increase in new orders, which rose at the fastest pace in 11 months. Firms linked the pickup in sales to improvements in product quality and sustained efforts to remain price competitive. Encouragingly, the recovery in demand extended beyond the domestic market: new export orders returned to growth and posted their strongest rise in nearly a year, supported by improved international demand.

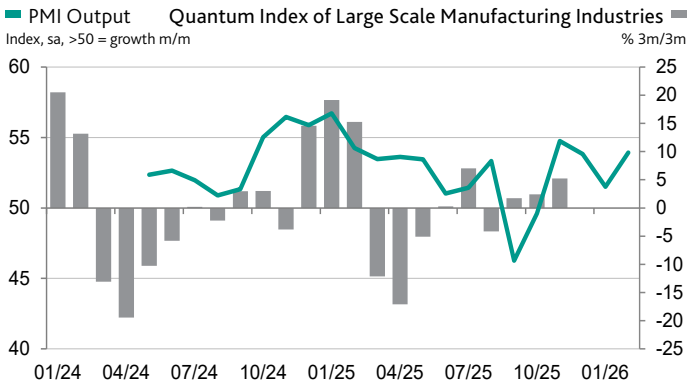
"Stronger order inflows translated into an acceleration in production with output rising at its fastest rate since November. While firms ramped up activity, they also used the more favorable operating environment to rebuild inventories, with finished goods stocks rising for the third time in four months.

"The strengthening demand backdrop fed into the labor market as employment registered the strongest increase since the survey began in May 2024, reflecting higher workloads and capacity needs. Data also indicated that, despite the surge in employment, firms prioritized completing existing orders ahead of beginning new projects. As a result, backlogs of work declined sharply.

"Cost pressures intensified in February, with input prices rising at their quickest pace since January last year, driven primarily by higher raw material costs. In response, manufacturers raised selling prices at the highest rate in 18 months to safeguard margins and pass through both tax and cost related increases. The recent firming in inflation expectations is becoming increasingly evident, reinforcing the likelihood that the MPC will keep the policy rate unchanged at its March meeting.

"While Pakistani firms remain broadly optimistic regarding output growth over the next year, confidence has fallen to a record low, as respondents continued to highlight tariff-related pressures and an elevated tax burden. Although Pakistani manufacturers will need to navigate the uncertainty created by volatile U.S. tariff policy, it is encouraging to note that the authorities are reportedly engaging with the IMF on potential tax relief measures in the upcoming budget."

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linked the latest increase to higher raw material prices. In turn, manufacturers increased their own selling prices at a robust rate in February, with the pace of charge inflation accelerating to the sharpest in 18 months.

In line with demand requirements, Pakistani goods producers raised their input buying in the latest survey period, as has been the case in each month since November 2025. The pace of accumulation was strong and among the most pronounced since October 2024. Stocks of purchases meanwhile were also raised modestly, as anecdotal evidence suggested firms stored additional inputs to keep pace with demand. Companies also mentioned delivery delays were commonplace during February however, with longer lead times stemming from higher fuel and transport costs, which placed additional strain on suppliers. Vendor performance deteriorated solidly but to a much less marked degree than in January.

Finally, companies expressed confidence in the future path for output during February. Optimism was reportedly underpinned by hopes of sustained growth in domestic and external demand and further developments in product quality. That said, the level of positive sentiment slipped to the lowest in the 22-month series history, as firms raised concerns about the prolonged impact of tariffs and a high tax burden.

### Methodology

The HBL Pakistan Manufacturing PMI<sup>®</sup> 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<sup>™</sup> (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

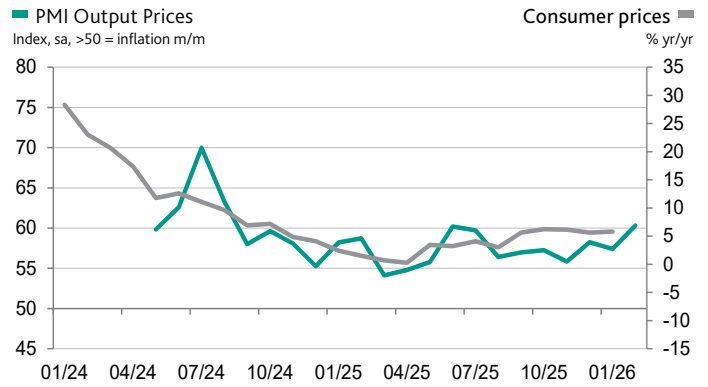
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