

HBL Manufacturing PMI softens to 7-month low

Pakistan, Karachi – 02 May 2025: The HBL Pakistan Manufacturing PMI (compiled by S&P Global) eased to 51.9 in April down from 52.7 last month, marking the lowest reading in seven months.

The Manufacturing PMI is a vital forward-looking metric for gauging the overall health of the wider economy. The survey covers various components including New Orders, Output & Employment among others.

New orders moderated to the lowest since last September amid falling foreign demand for Pakistani goods.

However, it should be pointed out that the reading continues to remain over 50.0, indicating an increase in manufacturing orders over the preceding month.

Commenting on the latest PMI release, Humaira Qamar - Head Equities & Research at HBL stated “Notably, Fresh export orders fell for the first time in the series’ history. Employment levels were down for the second consecutive month as companies sought to reduce costs and adjust to lower production needs. While the Output index increased, this was partly driven by the completion of outstanding business.

Overall, we believe that the latest PMI dips are early signs of the headwinds to the global economy from the introduction of U.S. tariffs. A U.S. stagflation scenario – a recession accompanied by rising prices - would, impact Pakistan’s economy, firstly due to a likely reduction in exports to the U.S. (the country accounts for 18% of Pakistan’s exports), and secondly, exports to other markets are likely to suffer as well. This could well prolong the downturn in Pakistan’s manufacturing sector. An offset to this could be in the form of a relief from lower energy imports in the event that commodity prices take a downturn.

Nevertheless, business confidence regarding the outlook has strengthened further, underpinned by hopes of improving demand conditions along with reductions in electricity and input costs. Indeed, the inflation outlook is favorable, with the pace of cost inflation and the rise in output charges still well below the series average. Strong disinflationary pressures may spur the State Bank Monetary Policy Committee to ease the policy rate at the upcoming MPC meeting on the 5th of May.”