

## HBL Manufacturing PMI Hits One-Year High But Sentiment Moderates

**Karachi, 02 March 2026:** Pakistan's manufacturing sector gained momentum in February, with the HBL Pakistan Manufacturing PMI rising to 53.6 in February from 51.8 Last month, the highest 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.

Improving 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

Strengthening demand translated into job creation with employment registering the strongest increase since the survey began in May 2024, reflecting higher workloads and capacity needs.

Cost pressures intensified in February, with input prices rising at their quickest pace since January last year, driven 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. Commenting on the latest reading, **Kumail Chevelwalla, Team Lead Equities & Research at HBL Bank**, noted: *"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."*