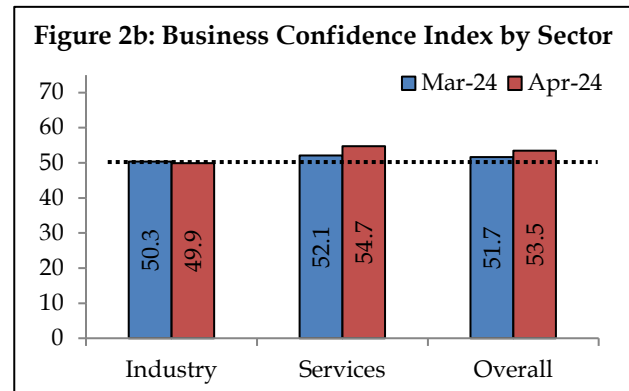
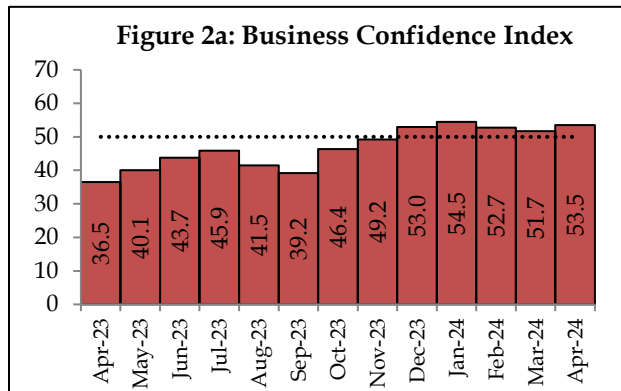
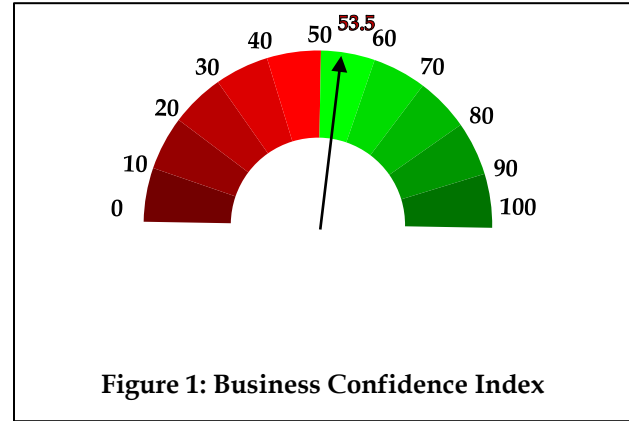


Business Confidence Survey (BCS)* - April 2024 (47th Wave)

[The current wave of BCS conducted from April 1-9, 2024; with 400 firms surveyed]

Business Confidence

The Business Confidence Index (BCI) improved by 1.8 points to 53.5 in April 2024 (Figure 1 & 2a). This increase is driven by the Services sector. The Services sector BCI increased by 2.6 points to 54.7. On the other hand, the Industry sector BCI decreased slightly by 0.4 points to 49.9 (Figure 2b).



The respondents' confidence on account of current as well as expected business conditions improved in April 2024.

* SBP has been conducting the Business Confidence Survey (BCS) in collaboration with the Institute of Business Administration (IBA) since October 2017 to obtain the views of senior managers of large companies in the Industry and Services sectors. From February 2023, the frequency of the survey has been increased to monthly from bi-monthly. The survey provides information regarding the perceptions of company managers about current and expected business conditions and major factors affecting these conditions. It covers their views on production, hiring of employees, demand for credit and general economic conditions. SBP disseminates the results of BCS for general information only. These are opinions of businesses and may not be considered either as views of or as an endorsement by SBP.

Current Business Confidence

The Current Business Confidence Index (CBCI) increased by 2.4 points to 50.1 in April 2024 over the previous wave (Figure 3). The Services sector contributed to this change with an increase of 3.4 points. On the other hand, the CBCI of the Industry sector decreased slightly by 0.6 points to 45.5.

The disaggregation of responses reveals a decrease in the negative views, while the positive and neutral views increased in the current wave (Table 1).

Overall share of negative views (negative and very negative) decreased by 3.5 percent to 30.4 percent in the current wave. On the other hand, positive (positive and very positive) views increased by 2.7 percent to 27.0 percent in the current wave.

Expected Business Confidence

The Expected Business Confidence Index (EBCI) increased by 1.2 points to 56.9 in April 2024 (Figure 4). The Services sector contributed for this change whose EBCI increased by 1.7 points to 57.8. On the other hand, Industry sector EBCI decreased slightly by 0.2 points to 54.3.

The disaggregation of responses shows an increase in the positive views, while the negative and neutral views decreased in the current wave (Table 2).

Overall share of positive views (positive and very positive) increased by 3.0 percent to 40.5 percent. On the other hand, share of negative views decreased by 1.2 percent to 16.6 percent and the neutral views decreased by 1.8 percent to 42.9 percent in April 2024.

Figure 3: Current Business Confidence Index

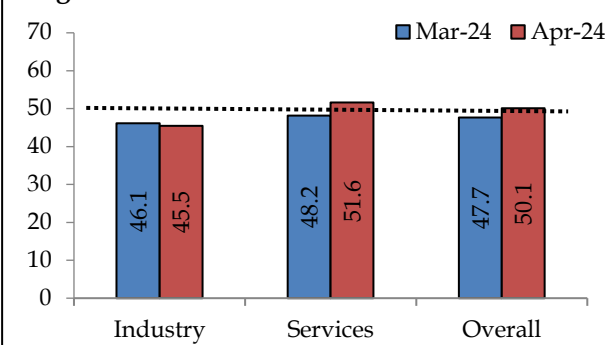


Table 1: CBCI - Distribution of Responses (%)

	Very Positive	Positive	Neutral	Negative	Very Negative
Apr-24					
Industry	2.4	18.1	44.5	28.8	6.1
Services	1.8	31.5	40.8	23.1	2.8
Overall	2.1	24.8	42.6	25.9	4.5
	27.0		42.6	30.4	
Mar-24					
Industry	4.1	16.6	43.1	32.0	4.1
Services	1.6	26.2	40.7	26.3	5.2
Overall	2.9	21.4	41.9	29.2	4.7
	24.3		41.9	33.9	

Figure 4: Expected Business Confidence Index

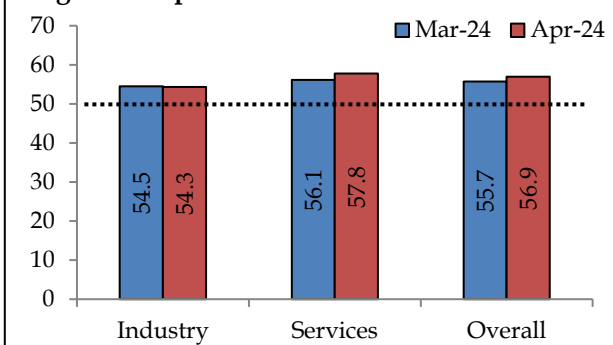


Table 2: EBCI - Distribution of Responses (%)

	Very Positive	Positive	Neutral	Negative	Very Negative
Apr-24					
Industry	2.3	32.9	47.1	15.1	2.6
Services	2.6	43.2	38.7	13.7	1.8
Overall	2.5	38.1	42.9	14.4	2.2
	40.5		42.9	16.6	
Mar-24					
Industry	3.4	30.0	48.8	16.5	1.2
Services	2.0	39.7	40.6	16.4	1.4
Overall	2.7	34.8	44.7	16.4	1.3
	37.5		44.7	17.8	

Purchasing Managers Index (PMI)

The PMI increased slightly by 0.2 points to 49.9 (Figure 5) in the current wave from the previous wave. It is worth mentioning here that the PMI was last seen in the positive zone in June 2022.

The PMI's disaggregation shows slight decrease in the indices of three out of five of its components. A decrease of 0.2 points was observed in the total order booked and total number of employees followed by quantity of raw material purchases which decreased by 0.1 points. The firms' business activities remained same at 48.4. On the other hand, average supplier delivery times improved by 1.7 points in April 2024.

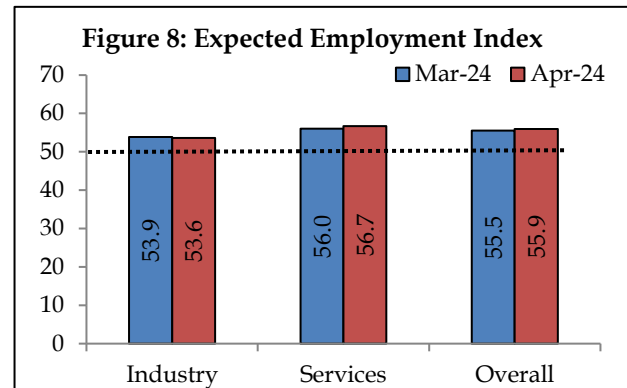
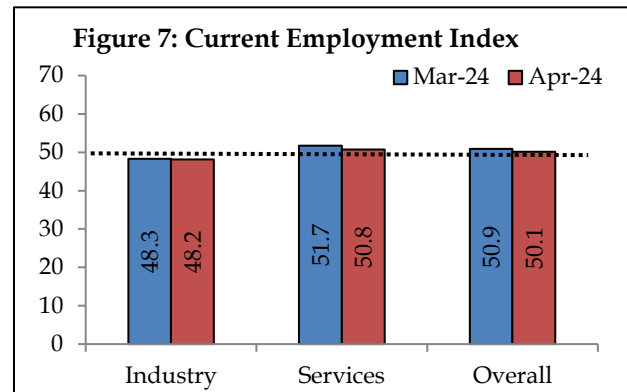
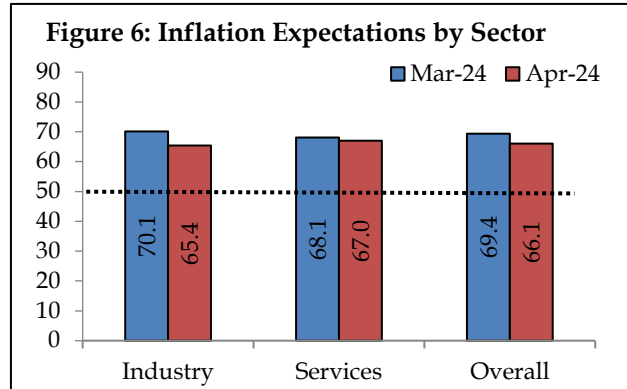
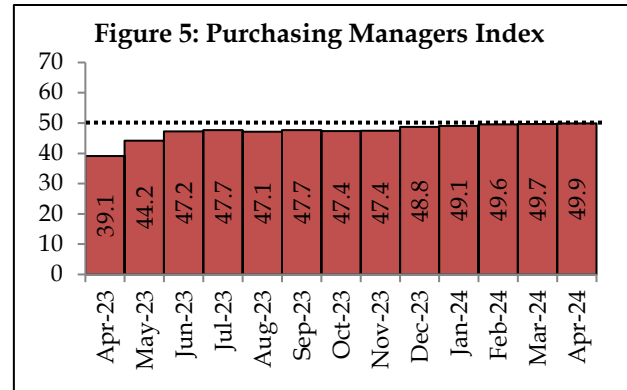
Inflation Expectations

The Inflation Expectations (IE) of businesses decreased by 3.3 points and reached to 66.1 in April 2024. Both the Industry and the Services sectors contributed to the decrease in overall IE. The Inflation Expectations of the Industry sector decreased by 4.7 points and that of the Services sector by 1.1 points (Figure 6).

Employment

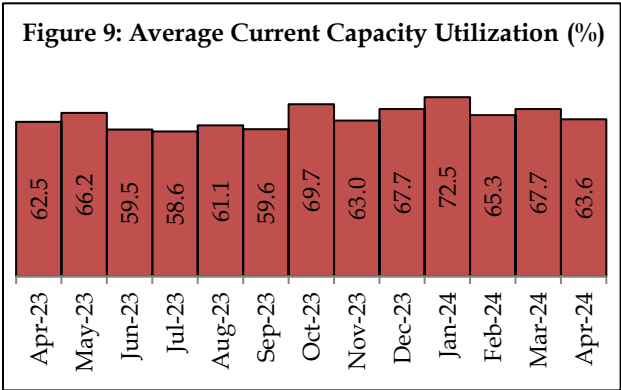
The Current Employment Index decreased by 0.8 points to 50.1 in the current survey wave (Figure 7). This decrease was contributed by both the Industry and the Services sector which decreased by 0.1 and 0.9 points respectively in April 2024 from the previous wave.

The overall Expected Employment Index increased slightly by 0.4 points to 55.9 in April 2024. This change was driven by the Services sector which increased by 0.7 points. On the other hand, the index for the Industry sector decreased slightly by 0.3 points in April 2024 (Figure 8).



Capacity Utilization

The Average Current Capacity Utilization (ACCU)¹ of the manufacturing sector (within the Industry sector) decreased by 4.1 percent to 63.6 percent in April 2024.



¹ ACCU measures percentage of total capacity being utilized by the manufacturing sector.

Business Confidence Survey (BCS) Notes

1. *Computation of the Diffusion Index*

The results of Business Confidence Survey (BCS) are reported in the form of Diffusion Index (DI). The Diffusion Index shows the general tendency of respondents about a certain aspect of a particular survey. The questionnaire for this survey offers following five types of options to the respondents for their views on each question.

Sr. No.	Answer Options	Assigned score
1	PP = Very positive	1
2	P = Positive	0.5
3	E = Unchanged/neutral	0
4	N = Negative	-0.5
5	NN = Very negative	-1

Based on these five options, the Diffusion Index is computed in the following two steps:

Step 1: Net Response (NR) is computed as below:

$$NR = \{(1.00 * PP) + (0.50 * p) + (-0.50 * N) + (-1.00 * NN)\}$$

Step 2: The diffusion index is computed as follows:

$$DI = (NR + 100)/2$$

2. *How to interpret the index?*

The diffusion index ranges from the minimum value of 0 to the maximum value of 100 i.e. a value of 50 is indicative of neutrality, 0 no confidence and 100 indicates extreme confidence. So in general:

- DI > 50 indicates that Positive views are more than Negative views;
- DI = 50 indicates that Positive views and Negative views are equal;
- DI < 50 indicates that Positive views are less than the Negative views

We report diffusion index for each question; the composite indices such as Current Business Confidence Index (CBCI), Expected Business Confidence Index (EBCI), Business Confidence Index (BCI) and Purchasing Managers Index (PMI) are averages of selected questions. In addition, overall economy wide indices are computed by taking weighted average of Industry and Services sector indices. The weight assigned to each sector is based on its share in the Non-Agricultural GDP.

3. Questions used for different Indices

Index	Question description
Current Business Confidence Index	<ul style="list-style-type: none"> - The general <i>economic conditions</i> in the country over the past six months have
	<ul style="list-style-type: none"> - Excluding normal seasonal changes, your <i>production</i> over the past six months has
	<ul style="list-style-type: none"> - Excluding normal seasonal changes, the <i>total number of employees</i> at your firm over the past six months has
Expected Business Confidence Index	<ul style="list-style-type: none"> - You expect the general <i>economic conditions</i> in the country in the next six months to
	<ul style="list-style-type: none"> - Excluding normal seasonal changes, you expect your <i>production</i> in the next six months to
	<ul style="list-style-type: none"> - Excluding normal seasonal changes, you expect the <i>total number of employees</i> at your firm in the next six months to
Business Confidence Index	<ul style="list-style-type: none"> - The general <i>economic conditions</i> in the country over the past six months have
	<ul style="list-style-type: none"> - You expect the general <i>economic conditions</i> in the country in the next six months to
	<ul style="list-style-type: none"> - Excluding normal seasonal changes, your <i>production</i> over the past six months has
	<ul style="list-style-type: none"> - Excluding normal seasonal changes, you expect your <i>production</i> in the next six months to
	<ul style="list-style-type: none"> - Excluding normal seasonal changes, the <i>total number of employees</i> at your firm over the past six months has
	<ul style="list-style-type: none"> - Excluding normal seasonal changes, you expect the <i>total number of employees</i> at your firm in the next six months to
Purchasing Manager Index (for Industry sector only)	<ul style="list-style-type: none"> - Excluding normal seasonal changes, your <i>production</i> over the past six months has
	<ul style="list-style-type: none"> - Excluding normal seasonal changes, the <i>total number of employees</i> at your firm over the past six months has
	<ul style="list-style-type: none"> - Excluding normal seasonal changes, your <i>total order books</i> over the past six months have
	<ul style="list-style-type: none"> - In the past six months, the <i>quantity of raw material purchases</i> has
	<ul style="list-style-type: none"> - Average <i>supplier delivery times</i> over the past six months has