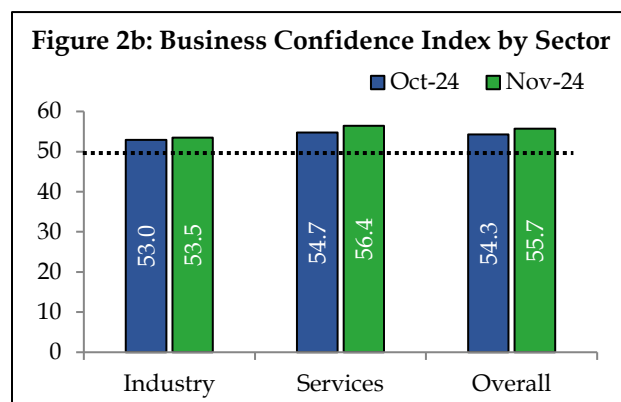
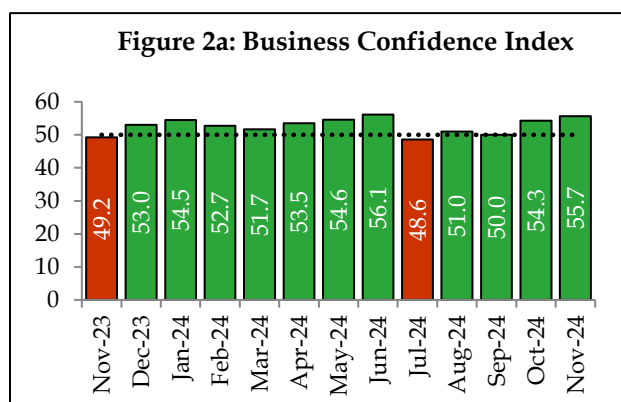
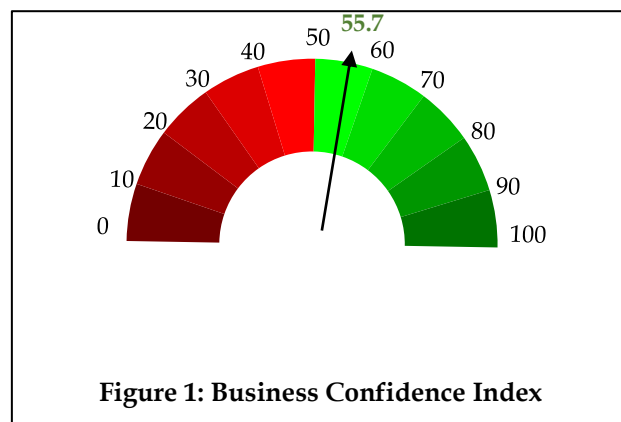


Business Confidence Survey (BCS)* - November 2024 (54th Wave)

[The current wave of BCS is conducted from November 1-15, 2024; with 516 firms surveyed]

Business Confidence

The Business Confidence Index (BCI) experienced a notable increase of 1.4 points, reaching 55.7 in November 2024 (Figures 1 and 2a). This upward momentum reflects improved sentiments across both the Industry and Services sectors. In particular, the BCI for the Industry sector rose modestly by 0.5 points to 53.5, while confidence in the Services sector exhibited a stronger increase of 1.7 points, climbing to 56.4 (Figure 2b). It is important to highlight that the overall BCI is derived as a weighted average of the Industry and Services sectors, with respective weights of 0.25 and 0.75 (see annexure for further details).



The respondents' confidence regarding both current as well as expected business conditions increased in November 2024.

Indices	Nov-23	Oct-24	Nov-24	MoM [^]	YoY [^]
Business Confidence Index (BCI)	49.2	54.3	55.7	2.6	13.2
Current Business Confidence Index (CBCI)	46.3	50.8	53.0	4.3	14.4
Expected Business Confidence Index (EBCI)	52.2	57.7	58.4	1.1	11.9
Purchasing Managers Index (PMI)	47.4	48.7	49.7	2.0	4.8
Inflation Expectations	62.2	56.0	55.3	-1.4	-11.2
Current Employment	45.5	51.2	50.7	-0.9	11.5
Expected Employment	51.4	55.4	54.7	-1.1	6.5
Capacity Utilization	63.0	65.9	63.3	-4.0	0.5

[^] percentage change

* 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) recorded a significant improvement in November 2024, increasing by 2.2 points to reach 53.0 compared to the previous wave (Figure 3). This positive shift was underpinned by enhanced confidence in both the Industry and Services sectors. Specifically, the CBCI for the Industry sector rose by 2.4 points to 51.2, while the Services sector also demonstrated a robust gain of 2.1 points, climbing to 53.6.

The disaggregation of responses highlights notable shifts in sentiment during the current wave (Table 1). Specifically, positive views (a combination of "positive" and "very positive") experienced an increase of 2.3 percentage points, reaching a total of 32.3 percent. Conversely, negative views ("negative" and "very negative") declined significantly by 4.0 percentage points, falling to 24.1 percent. Meanwhile, neutral views rose modestly, registering an increase of 1.7 percentage points in the November 2024 wave. These changes suggest a general improvement in overall sentiment during this period.

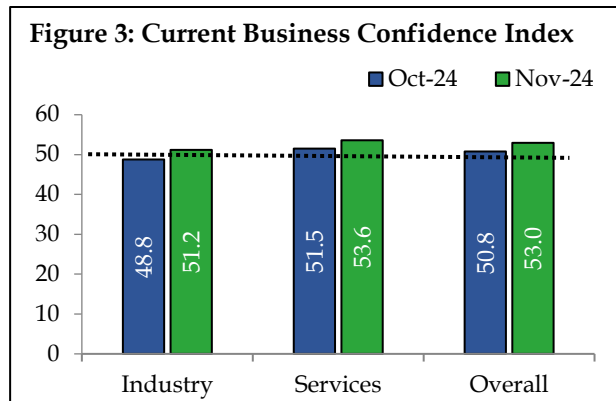


Table 1: CBCI - Distribution of Responses (%)

		Very Positive	Positive	Neutral	Negative	Very Negative
Nov-24	Industry	2.7	28.4	42.5	23.8	2.6
	Services	5.0	28.5	44.6	19.4	2.4
	Overall	3.9	28.5	43.6	21.6	2.5
		32.3		43.6	24.1	
Oct-24	Industry	1.7	25.6	43.0	25.2	4.4
	Services	1.8	30.9	40.7	24.9	1.8
	Overall	1.7	28.3	41.9	25.1	3.1
		30.0		41.9	28.1	

Expected Business Confidence

The Expected Business Confidence Index (EBCI) increased by 0.7 points to 58.4 in November 2024 (Figure 4). This improvement was driven by mixed performance across sectors. The EBCI for the Services sector rose by 1.3 points, reaching 59.3, reflecting increased optimism. However, the Industry sector experienced a slight decline, with its EBCI decreasing by 1.3 points to 55.8. These shifts collectively contributed to the overall positive change in business confidence.

The disaggregation of responses shows that the positive and neutral views dropped slightly in the current wave, while the negative views increased in the current wave (Table 2).

The share of very positive views increased by 1.4 whereas share of positive views decreased by 2.0 in the current wave. On the other hand, the share

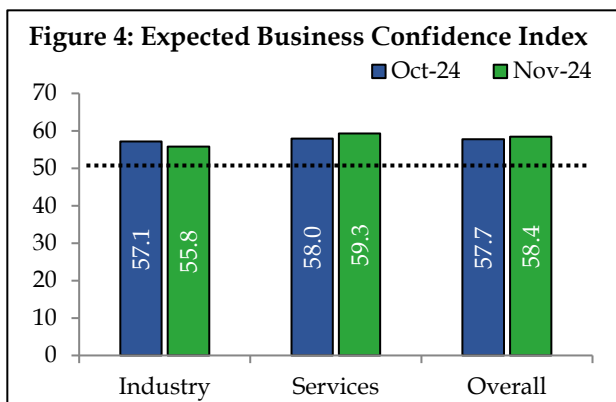


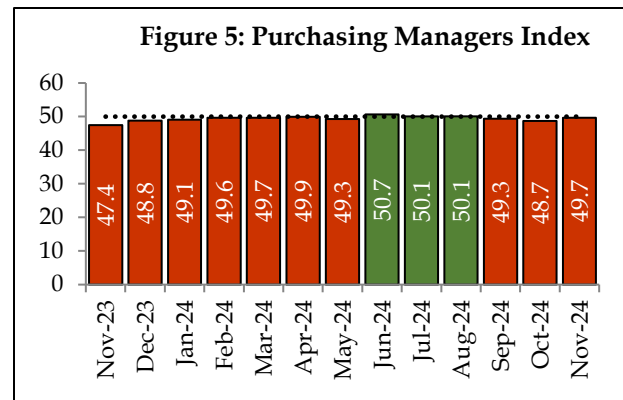
Table 2: EBCI - Distribution of Responses (%)

		Very Positive	Positive	Neutral	Negative	Very Negative
Nov-24	Industry	2.3	37.4	43.2	15.7	1.5
	Services	5.4	38.5	44.2	11.5	0.3
	Overall	3.8	38.0	43.7	13.6	0.9
		41.8		43.7	14.5	
Oct-24	Industry	2.5	37.7	46.8	12.1	1.0
	Services	2.3	42.4	40.7	14.1	0.5
	Overall	2.4	40.0	43.8	13.1	0.8
		42.4		43.8	13.8	

of negative views increased by 0.5, while the share of very negative views increased by 0.1 in November 2024.

Purchasing Managers Index (PMI)

The Purchasing Managers Index (PMI) is calculated as the average of five components: business activities, total number of employees, total orders booked, quantity of raw material purchases, and average supplier delivery times. In the current wave, the PMI improved by 1.0 point to 49.7 (Figure 5).

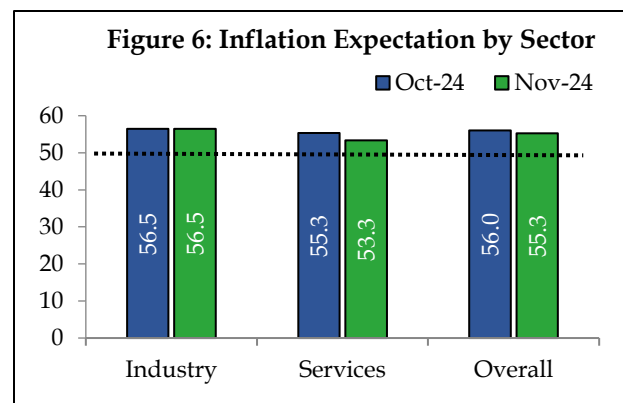


A closer look at the components reveals increases in four out of the five indices.

Business activities, total employees, total orders booked, and raw material purchases rose by 2.5, 0.2, 2.5, and 1.6 points, respectively. However, the index for average supplier delivery times decreased by 2.0 points. Despite this decline, the overall PMI increased by 1.0 point, reflecting positive contributions from most of its components.

Inflation Expectations

The overall Inflation Expectations (IE) of businesses declined by 0.7 points, reaching 55.3 in the current wave. This decrease is entirely attributed to the Services sector, as the Industry sector remained unchanged (Figure 6).

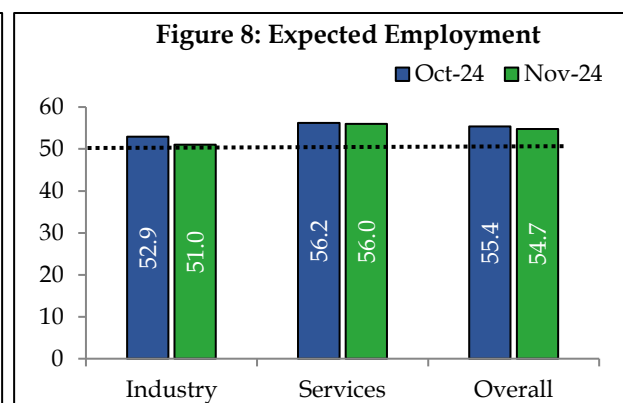
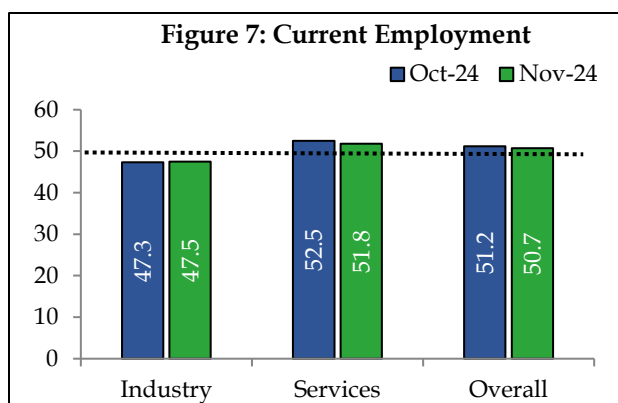


Employment

The overall Current Employment Index experienced a slight decline of 0.5 points,

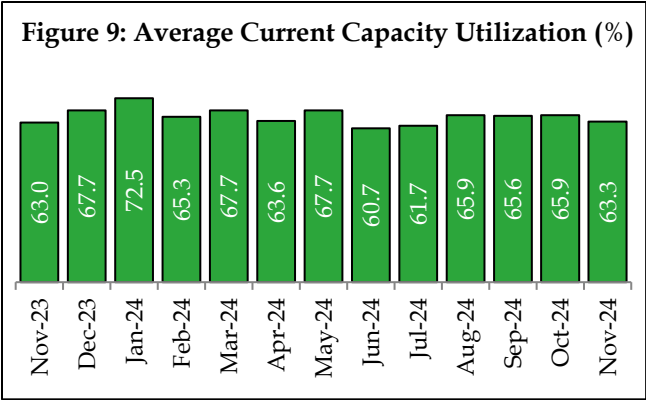
settling at 50.7 in the current wave (Figure 7). This decrease was primarily driven by a 0.7-point drop in the Services sector, while the industry sector showed a marginal increase of 0.2 points.

The overall Expected Employment Index declined by 0.7 points, driven primarily by a significant 1.9-point drop in the industry and a modest 0.2-point decrease in the Services sector. (Figure 8).



Capacity Utilization

The Average Current Capacity Utilization (ACCU) of the Manufacturing sector, a key component of the industry sector, experienced a notable decline of 2.6 percentage points in the current wave, settling at 63.3 percent as of November 2024.



Business Confidence Survey (BCS) Annexure

1. Computation of the Diffusion Index

The results of the 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 the 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	Question options
Current Business Confidence Index	- The general <i>economic conditions</i> in the country over the past six months have	<ul style="list-style-type: none"> • Improved Significantly • Improved Moderately • Remained unchanged • Deteriorated Moderately • Deteriorated Significantly
	- Excluding normal seasonal changes, your <i>production</i> over the past six months has	<ul style="list-style-type: none"> • Increased Significantly • Increased Moderately • Remained Unchanged • Declined Moderately • Declined Significantly
	- 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"> • Increased Significantly • Increased Moderately • Remained Unchanged • Declined Moderately • Declined Significantly
Expected Business Confidence Index	- You expect the general <i>economic conditions</i> in the country in the next six months to	<ul style="list-style-type: none"> • Improve Significantly • Improve Moderately • Remain unchanged • Deteriorate Moderately • Deteriorate Significantly
	- Excluding normal seasonal changes, you expect your <i>production</i> in the next six months to	<ul style="list-style-type: none"> • Increase Significantly • Increase Moderately • Remain Unchanged • Decline Moderately • Decline Significantly
	- Excluding normal seasonal changes, you expect the <i>total number of employees</i> at your firm in the next six months to	<ul style="list-style-type: none"> • Increase Significantly • Increase Moderately • Remain Unchanged • Decline Moderately • Decline Significantly
Business Confidence Index	- The general <i>economic conditions</i> in the country over the past six months have	<ul style="list-style-type: none"> • Improved Significantly • Improved Moderately • Remained unchanged • Deteriorated Moderately • Deteriorated Significantly
	- You expect the general <i>economic conditions</i> in the country in the next six months to	<ul style="list-style-type: none"> • Improve Significantly • Improve Moderately • Remain unchanged • Deteriorate Moderately

Index	Question description	Question options
		<ul style="list-style-type: none"> • Deteriorate Significantly
	<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"> • Increased Significantly • Increased Moderately • Remained Unchanged • Declined Moderately • Declined Significantly
	<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"> • Increase Significantly • Increase Moderately • Remain Unchanged • Decline Moderately • Decline Significantly
	<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"> • Increased Significantly • Increased Moderately • Remained Unchanged • Declined Moderately • Declined Significantly
	<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 	<ul style="list-style-type: none"> • Increase Significantly • Increase Moderately • Remain Unchanged • Decline Moderately • Decline Significantly
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"> • Increased Significantly • Increased Moderately • Remained Unchanged • Declined Moderately • Declined Significantly
	<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"> • Increased Significantly • Increased Moderately • Remained Unchanged • Declined Moderately • Declined Significantly
	<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"> • Increased Significantly • Increased Moderately • Remained Unchanged • Decreased Moderately • Decreased Significantly
	<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"> • Increased significantly • Increased moderately • Remained unchanged • Decreased moderately

Index	Question description	Question options
		<ul style="list-style-type: none"> • Decreased significantly
	<p>- Average <i>supplier delivery times</i> over the past six months has</p>	<ul style="list-style-type: none"> • Increased significantly • Increased moderately • Remained unchanged • Decreased moderately • Decreased significantly