

### **Business Confidence Index shows 26 percent decline**

KARACHI: The Business Confidence Index (BCI) Survey – Wave 17 has shown that overall business confidence in Pakistan has declined by 26 percent compared to the Wave 16 survey, the Overseas Chamber of Commerce and Industry said on Friday.

The survey stands at 12 percent negative, a 26 percent decline from the 14 percent positive recorded in the previous results announced in May last year. The Wave 17 survey was carried out in December 2018.

Sharing its BCI survey, the OCCI said the survey results were largely influenced by the downward trend in the services sector, and partially in the retail and wholesale trade sector. The business confidence score (BCS) of services sector, which represents about 30 percent of the respondents, was 29 percent negative compared to 23 percent positive in the previous Wave 16.

The BCS of retail and wholesale trade, representing 30 percent respondents, declined to five percent negative compared to six percent positive in the Wave 16. The BCS of the manufacturing sector, which represents over 40 percent of the survey respondents, at four percent negative, was 19 percent worse than the Wave 16.

OCCI President Irfan Wahab Khan said, “The negative business confidence in Wave 17 was largely anticipated.” It was linked to the rapid change in the economic landscape throughout 2018. There was severe pressure on balance of payment and exchange rate, significant rupee devaluation, and 10 percent interest rate hike in November, which accelerated inflation, and dampened the business confidence. OICCI president said, “The positive business friendly measures announced by the government in the Supplementary Finance Bill are very timely and provide some clarity towards policy direction of the government.”

He further said that measures recently announced were expected to re-engage and energise the business community towards accelerated economic and investment activity. “There is expectation that the government will work with key stakeholders in the process of developing a robust economic recovery plan, outline the export growth strategy, leverage technology and good governance framework to deliver on the vision for economic growth in the near to medium term,” he added/

OICCI BCI survey, conducted every six months, is a comprehensive review of the perception of business leadership in Pakistan, covering business environment at regional, national, sectorial and own business entity level.

The assessment takes into account the business environment in the past six months, as well as seeking respondents’ feedback on the anticipated business and investment environment in the next six months. The BCI feedback is indicative of the direction in which the economy is moving based on the perceptions of key stakeholders of the business community across the country and representing about 80 percent of the GDP.

Based on feedback in December 2018, the major factors causing the decline in business confidence were the significantly negative perceptions of global, country and industry business situation during the past six months.

This, together with muted expectations of the business environment over the next six months with lower forecast for capital investment, profitability, and return on investment, also affected the overall Business Confidence for Wave 17. The sentiments of the leading foreign investors, represented by the OICCI members, who were part of the survey, also recorded a sharp decrease of 27 percent, to go down to 11 percent from 38 percent in the Wave 16 results.

The BCS in metros has declined significantly from positive 14 percent in Wave 16 to negative 20 percent in Wave 17. Business community operating from Karachi had negative BCS in Wave 16, which further declined in Wave 17. In respect of Lahore and Rawalpindi/Islamabad BCS has turned from positive in wave 16 to negative in the latest survey. The score for non-metros declined marginally by two percent.

#### Our Correspondent