GALLUP PAKISTAN

BUSINESS CONFIDENCE INDEX · WAVE 18

Business Confidence Index

Quarter 2, 2026 Report — findings from fieldwork in April, May and June 2026

Measuring the sentiments of Pakistan's business community through a statistically rigorous quarterly survey.

Introducing the Business Confidence Index

Gallup Pakistan surveyed **527 businesses** across the country — manufacturing, services, construction, wholesale & retail trade and financial services — on production, employment and economic conditions.

The BCI is a globally used leading indicator, suited to tracking short-term shifts in the economy. It gives policymakers early signal to act, and lets businesses feed their perceptions directly into policy formulation and monetary-policy expectations.

Sample size	527
Fieldwork	2–7 July 2026
Report edition	18th
Method	Phone surveys

A related Business Confidence Survey is produced by the State Bank of Pakistan with IBA Karachi, covering SECP-registered firms only; Gallup's sample spans a broader mix of registered and unregistered businesses of all sizes.

Six Years of Tracking Business Sentiment

Q2 2020 Launch wave ↗	Q4 2020 Read report ↗	Q2 2021 Read report ↗	Q4 2021 Read report ↗	Q1 2022 Read report ↗	Q4 2022 Read report ↗	Q1 2023 Read report ↗
Q2 2023 Read report ↗	Q3 2023 Read report ↗	Q1 2024 Read report ↗	Q2 2024 Read report ↗	Q4 2024 Read report ↗	Q2 2025 Read report ↗	Q4 2025 Read report ↗
Q1 2026 Read report ↗	Q2 2026 **Releasing now**					

Not every quarter was fielded; some editions were skipped between 2020 and 2025. Chips link to the original published report where available. This is the 18th report of the series.

What This Report Covers

THE INDEX — THREE STRANDS

Current Business Conditions
Net positive vs. negative on business today

Future Business Conditions
Net optimism vs. pessimism on the year ahead

Direction of the Country
Net right- vs. wrong-direction sentiment

THIS QUARTER'S SPECIAL TOPICS

- Extent of loadshedding faced by businesses
- Extent of corruption faced by businesses
- Whether businesses are hiring or firing
- Perceived performance of the Federal Government
- Impact of the Middle East crisis on business

Direction of the Country Score

−20%

up from –32% in Q1 2026 — a 12-point improvement

The index now sits at the border of Gallup's *Poor Confidence* band — still negative, but the sharpest quarter-on-quarter gain of the three strands.

All Three Strands of Confidence Improved

Current Business Score

-10%

from –19% · +9 points since Q1 2026

Future Business Score

+12%

from –13% · +25 points since Q1 2026

Direction of Country Score

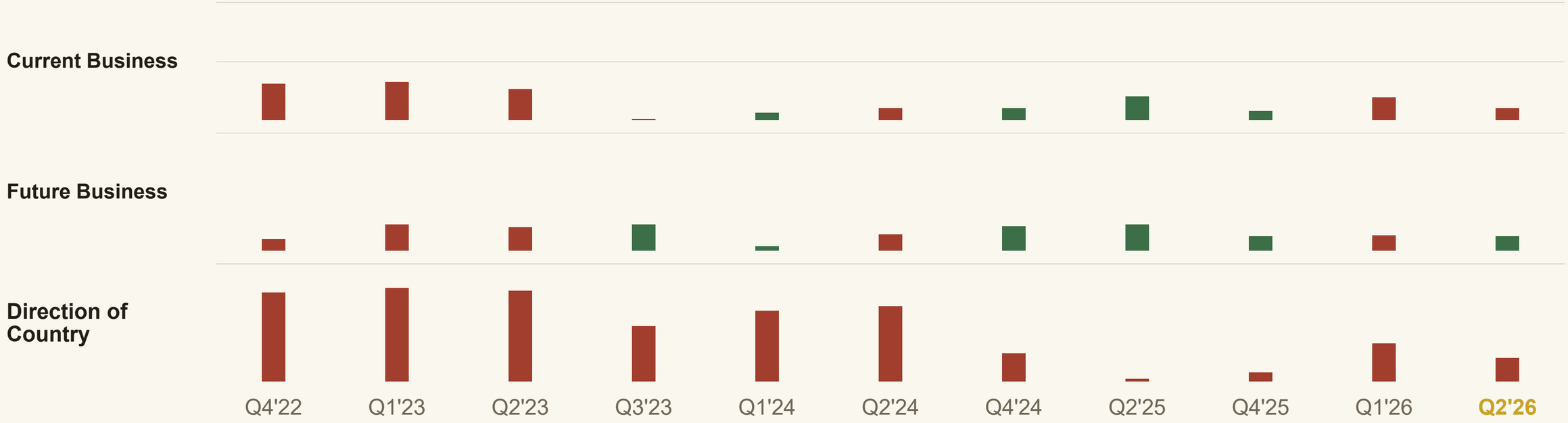
-20%

from –32% · +12 points since Q1 2026

Every strand moved 9 to 25 points — the broadest reversal of sentiment seen in the series to date.

Confidence Trend, Q4 2022–Q2 2026

Net scores for each strand across tracked quarters — positive bars up, negative bars down



Positive Negative

01

Executive Summary

Ten findings across business conditions, headwinds and the federal budget

Business Conditions Are Improving

FINDING 1

45%

say their business is doing well today — up 4 points since Q1 2026. Those rating it badly fell around 5 points.

FINDING 2

56%

expect the future to be better; 44% expect it to worsen. Net future confidence rose 25 points since Q1 2026.

FINDING 3

6%

fewer businesses say the country is headed the wrong way — a quarterly gain, though the longer trend stays negative.

Source: Gallup Pakistan Business Confidence Survey, N=527 businesses (Report 18, Q2 2026)

Headwinds: Inflation, Loadshedding, Government

FINDING 4

34%

cite inflation as the top problem to solve. Fuel/petrol concern fell to 12%; tax concern rose to 16%.

FINDING 5

72%

faced loadshedding on the survey day — 15 points more than Q1 2026, and worse than 2023 and 2024.

FINDING 6

39%

still rate the government's economic management as worse — down from 46% in Q1 2026.

Source: Gallup Pakistan Business Confidence Survey, N=527 businesses (Report 18, Q2 2026)

Impact of the Federal Budget 2026–27

Findings 7–10

FINDING 7 · OVERALL RATING

39% neg.

vs. 18% positive; roughly a quarter undecided.

FINDING 8 · 12-MONTH OUTLOOK

49% low conf.

vs. 36% expressing confidence in prospects.

FINDING 9 · COST OF BUSINESS

49% ↑ cost

expect costs to rise vs. 22% expecting a reduction.

FINDING 10 · INVESTMENT

34% less likely

to invest/expand vs. 22% more likely to do so.

Source: Gallup Pakistan Business Confidence Survey, N=527 businesses (Report 18, Q2 2026)

02

The Business Confidence Index

Three yardsticks, one quarter at a time

Current Business Conditions

How businesses rate conditions today

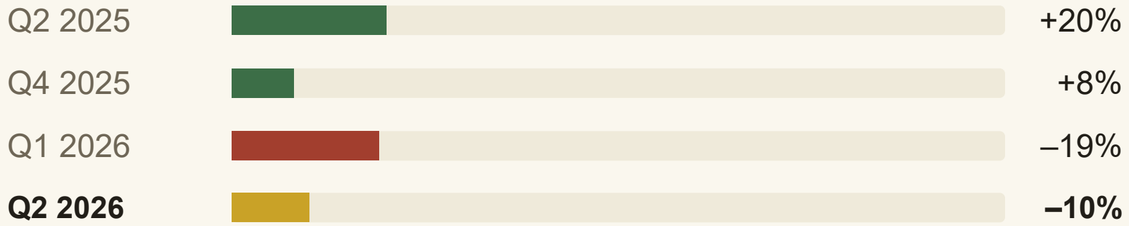
"How well is your business doing nowadays?"

Very good / good / bad / very bad

45%

say business is doing well — up 4 points since Q1 2026

LAST FOUR QUARTERS — NET SCORE



Net current-business assessment rose 9 points since Q1 2026, though it remains below the Q2 2025 peak.

Disclaimer: 61% of manufacturing and 59% of trade businesses reported current conditions as bad; disaggregated margins of error are notably wider than the overall figure.

N=527, Report 18, Q2 2026

Future Business Conditions

How businesses expect the year ahead to look

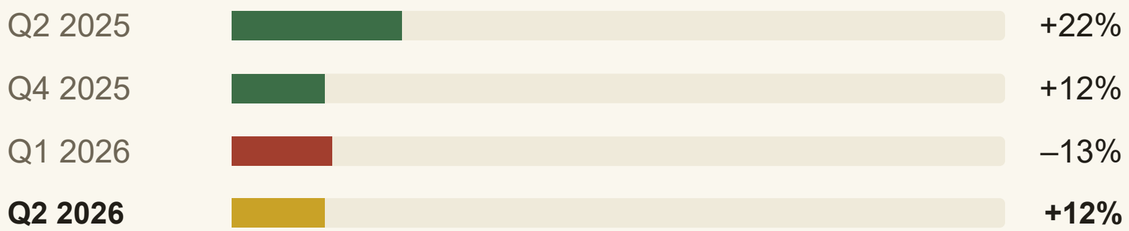
"What are your expectations for the future?"

Compared to the past

+12%

net future score, up 25 points since Q1 2026 (–13%)

LAST FOUR QUARTERS — NET SCORE



Optimism dominates in manufacturing and services; trade businesses remain comparatively less optimistic.

Source: Gallup Pakistan Business Confidence Survey, N=527 businesses (Report 18, Q2 2026)

Direction of the Country

Right direction, or wrong direction?

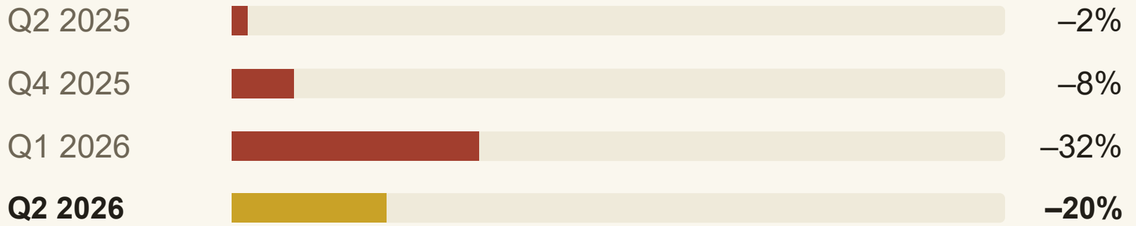
"Is the country headed in the right or wrong direction?"

Net direction-of-country sentiment

-20%

net score, up 12 points since Q1 2026 (–32%)

LAST FOUR QUARTERS — NET SCORE



Manufacturers are comparatively less pessimistic; service and trade businesses remain predominantly pessimistic about direction.

Source: Gallup Pakistan Business Confidence Survey, N=527 businesses (Report 18, Q2 2026)

03

Problems Affecting Businesses

Inflation, loadshedding, and government performance

"Which problems would you want government to solve?"

Top concerns cited, Q2 2026

Fuel/petrol concern fell sharply from 25% in Q1 2026; tax concern rose from 11%. Source: Gallup Pakistan Business Confidence Survey, N=527 businesses (Report 18, Q2 2026)

Loadshedding Remains Widespread

"Was there loadshedding in your business today?"

72%

reported loadshedding — up 15 points since Q1 2026

BY BUSINESS TYPE

Reported loadshedding now exceeds Q1 2023 and Q1 2024 levels. Source: Gallup Pakistan Business Confidence Survey, N=527 (Report 18, Q2 2026)

Views on Economic Management

"Is the PML-N government better, worse, or the same as the previous one at managing the economy?"

39%

say management is worse

down from 46% in Q1 2026

34%

say management has improved

up modestly from Q1 2026

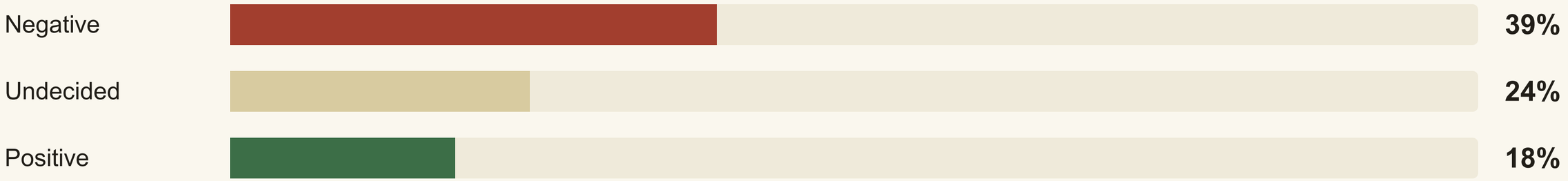
Negative perceptions still outweigh positive ones, but the gap has narrowed. Source: Gallup Pakistan Business Confidence Survey, N=527 (Report 18, Q2 2026)

04

Perception of the Federal Budget

"How would you rate the Federal Budget 2026–27?"

From the perspective of businesses



Fewer than 1 in 5 businesses viewed the budget positively. Source: Gallup Pakistan Business Confidence Survey, N=527 (Report 18, Q2 2026)

05

Confidence After the Budget

12-month outlook following Budget 2026–27

"How confident are you about the next 12 months?"

Following the Federal Budget announcement

49%

express low confidence

36%

express confidence

Nearly 1 in 2 businesses lack confidence in their outlook. Source: Gallup Pakistan Business Confidence Survey, N=527 (Report 18, Q2 2026)

06

Cost of Doing Business

Expected impact of Budget 2026–27

"Will the budget increase or reduce your costs?"

Expected impact on cost of doing business

49%

expect costs to increase

22%

expect a reduction

Nearly 1 in 2 businesses expect the budget to raise their cost of doing business. Source: Gallup Pakistan Business Confidence Survey, N=527 (Report 18, Q2 2026)

07

Investment & Expansion Plans

Effect of Budget 2026–27 on investment sentiment

"Has the budget made you more or less likely to invest?"

Over the next 12 months

34%

less likely to invest or expand

22%

more likely to invest or expand

Around 1 in 3 businesses are less likely to invest following the Federal Budget. Source: Gallup Pakistan Business Confidence Survey, N=527 (Report 18, Q2 2026)

Sentiment Is Recovering Faster Than the Fundamentals

BROAD-BASED, NOT NARROW

All three BCI strands moved together this quarter — the first synchronized improvement in several editions. That breadth suggests a shift in general mood rather than a one-off event.

STILL WARY OF THE BUDGET

The optimism doesn't extend to the Federal Budget 2026–27:
businesses expect it to raise costs and remain more likely to hold back on investment than expand.

DAILY PRESSURES INTENSIFIED

Inflation stays the top concern and loadshedding rose 15 points — the operating conditions businesses feel day to day got harder even as sentiment improved.

WHAT TO WATCH

If loadshedding and inflation ease next quarter, this could mark a genuine turning point. If they don't, this quarter's mood gain may prove temporary.

08

Methodology & Sample Profile

How the Business Confidence Index is measured

Sample Profile

Sample size	N=527 businesses
Method	Phone surveys
Field dates	2–7 July 2026
Field agency	Gallup Pakistan, est. 1980

Methodology enquiries: amnah.imtiaz@gallup.com.pk. Figures are rounded to the nearest whole number.

This is an internally funded study conducted without an outside sponsor. Gallup Pakistan takes utmost care but assumes no responsibility for errors or omissions.

Geographic Coverage

40 districts and cities across Pakistan

Karachi | Lahore | Islamabad | Rawalpindi | Faisalabad | Multan | Peshawar | Quetta | Hyderabad | Sialkot | Gujranwala | Gujrat | Sargodha | Sheikhupura | Sahiwal | Bahawalpur | Rahim Yar Khan | Muzaffargarh | Khanewal | Lodhran | Vehari | Okara | Kasur | Nankana Sahib | Hafizabad | Wazirabad | Mandi Bahauddin | Jhelum | Chakwal | Mianwali | Jhang | Taxila | Larkana | Tharparkar | Mardan | Nowshera | Abbottabad | Bannu | Malakand | Azad Jammu Kashmir

Source: Gallup Pakistan Business Confidence Survey, N=527 businesses (Report 18, Q2 2026)

09

Appendix

Full questionnaire

Questionnaire

Q1 How well is your business doing nowadays — very good, good, bad, or very bad?

Q2 What are your expectations for the future of your business compared to the past?

Q3 Is the country headed in the right or wrong direction?

Q4 Which problems affecting your business would you want the government to solve?

Q5 Was there loadshedding in your business today?

Q6 Is the PML-N government better, worse or the same as the previous one at managing the economy?

Q7 Overall, how would you rate the Federal Budget 2026–27?

Q8 After the budget announcement, how confident are you about the next 12 months?

Q9 Do you expect the budget to increase or reduce your cost of doing business?

Q10 Has the budget made you more or less likely to invest or expand over the next 12 months?

Source: Gallup Pakistan Business Confidence Survey, N=527 businesses (Report 18, Q2 2026)

For More Information

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