Lahore School of Economics

Policy Uncertainty Indices

November 2026

A monthly tracker of economic, trade and investment policy uncertainty in Pakistan

ECONOMIC POLICY UNCERTAINTY INDEX OCTOBER 2026

216.42 ▲ 33.21% MoM

Increased as SBP raised its policy rate, FBR missed its October revenue target, and IMF concerns over the fuel subsidy and circular debt persisted.

TRADE POLICY UNCERTAINTY INDEX OCTOBER 2026

303.39 ▲ 57.28% MoM

Rose sharply as concerns over national tariff policy, used-vehicle import policy and rising costs in export sector dominated trade policy coverage.

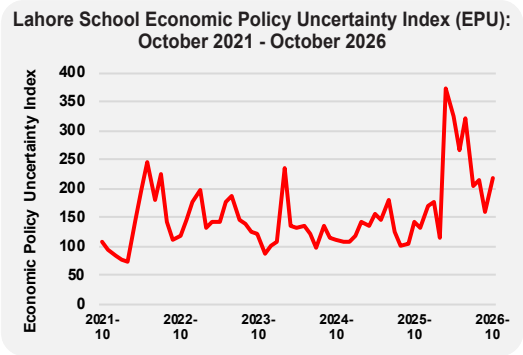
INVESTMENT POLICY UNCERTAINTY INDEX OCTOBER 2026

204.78 ▲ 41.23% MoM

Rose sharply as PSX volatility, FBR shortfall, SBP rate hike, IMF-linked fiscal concerns and potential delay in privatization lifted investment policy uncertainty.

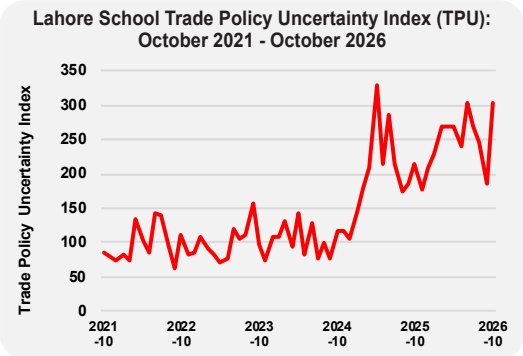
Lahore School of Economics
Innovation & Technology Centre

Economic Policy Uncertainty Increases



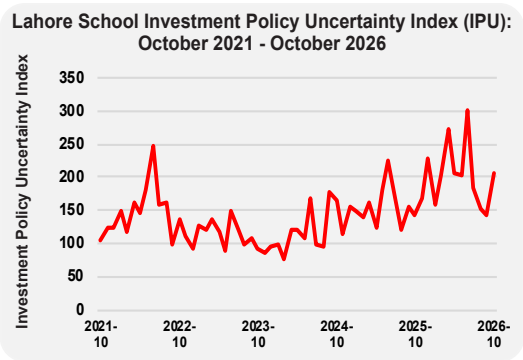
- The SBP raised its policy rate to 12% amid inflation risks from higher energy and wheat prices.
- Major business chambers raised concerns over the impact of monetary tightening on growth.
- FBR missed October's revenue target by at least Rs128bn.
- Fiscal reform debate on tax administration and import tariffs raised uncertainty.
- IMF concerns over fuel subsidy and circular debt persisted.
- Change in KP's government weighed on investor sentiment and raised uncertainty.
- IMF and Pakistan reached a staff-level agreement with about $1.2bn pending executive board approval.

Trade Policy Uncertainty Rises Sharply



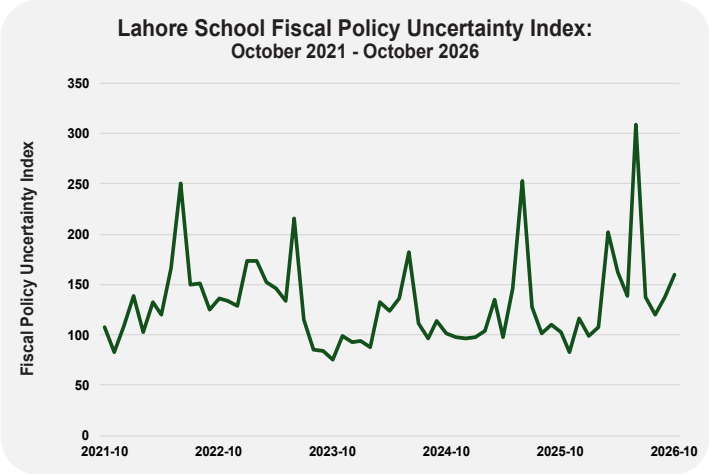
- Concerns heightened over the National Tariff Policy's baseline tariff data.
- Used vehicle import relaxation drew concerns from PAMA.
- The ECC raised import duties on tyres and motorcycle parts.
- Textile exporters were concerned over rising costs and lower coverage in export facilitation scheme.

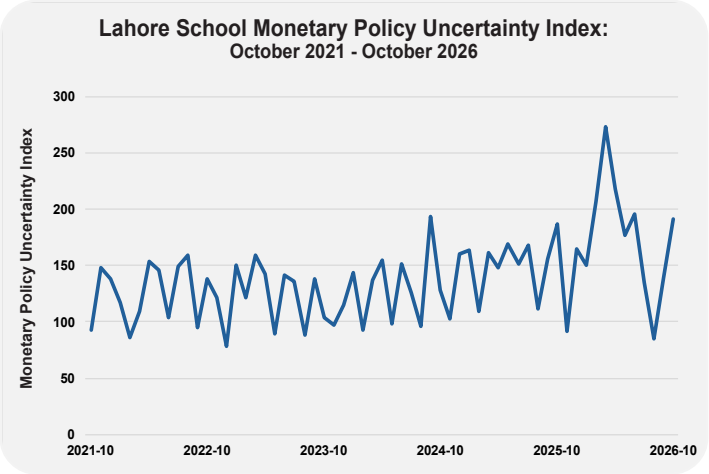
Investment Policy Uncertainty Increases Sharply

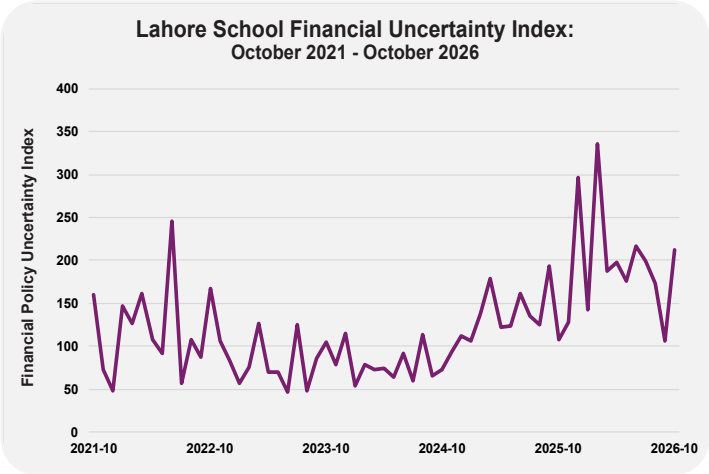


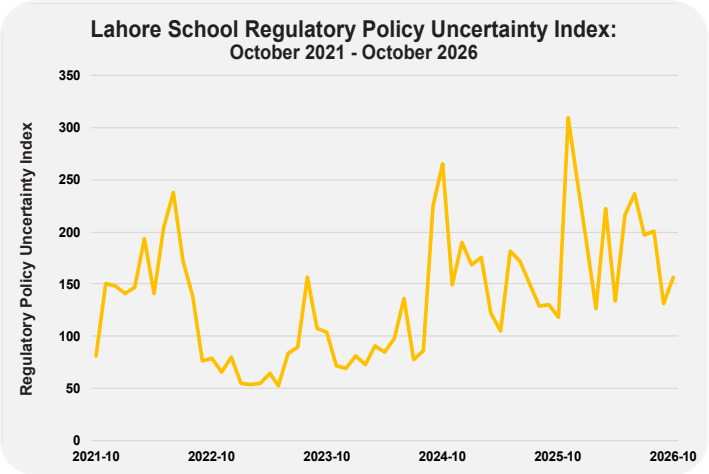
- Fiscal policy uncertainty rose as FBR missed its October target by at least Rs128bn.
- Fiscal policy uncertainty increased as IMF's concerns over fuel subsidy and circular debt persisted.
- Monetary policy uncertainty rose as the SBP raised its policy rate to 12%.
- Financial uncertainty rose as PSX volatility pushed the KSE-100 down 3,560 points in October.
- Financial uncertainty rose amid changes in the anti-money laundering framework.
- Financial uncertainty increased as change in KP's government weighed on investor sentiment.
- Regulatory policy uncertainty rose as debate continued over power-sector reforms and auto-import policy.
- DISCO privatization faced possible delays as investors sought more time.

Subindices of Investment Policy Uncertainty









METHODOLOGY NOTE

- The policy uncertainty indices are constructed using the Baker, Bloom and Davis (2016) Natural Language Processing based methodology, which applies a standard bag-of-words search to four English-language newspapers (Dawn, The Express Tribune, The Nation, and Business Recorder) to identify uncertainty-related articles and produce a monthly index.
- The IPU comprises four subindices: Monetary Policy Uncertainty, Fiscal Policy Uncertainty, Regulatory Policy Uncertainty, and Financial Policy Uncertainty, which are combined using principal component analysis to calculate the investment policy uncertainty index.

Developed by

Dr. Azam Chaudhry
Professor and Dean,
Faculty of Economics and WTO Chair for Pakistan
azam@ lahoreschool.edu.pk

Dr. Gul Andaman
Assistant Professor and Research Fellow,
Faculty of Economics
gulandaman@ lahoreschool.edu.pk