

Lahore School of Economics Policy Uncertainty Indices

September
2026

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

ECONOMIC POLICY UNCERTAINTY INDEX

216

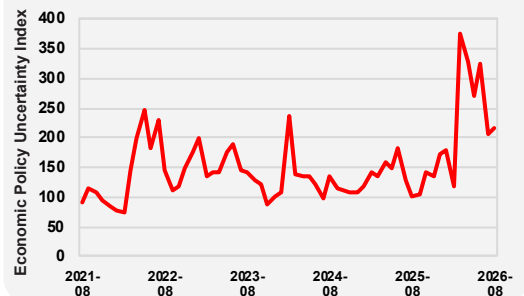
▲ 4% MoM

Increased slightly as concerns regarding daily fuel-pricing mechanism and petroleum levy remained and FBR missed its August revenue target.

Economic Policy Uncertainty Increases Slightly

- All Pakistan Goods Transport Alliance's concerns on daily fuel pricing system, tolls and withholding taxes increased.
- Concerns over the high petroleum levy continued to increase.
- FBR did not meet its revenue target and fell short by at least PKR 27 billion.
- The circular debt kept growing while the IMF review that would assess it was deferred to September.
- Government withdrew the Telecom Amendment Bill; revised draft awaited.
- Pakistan Petroleum Dealers Association's concerns on daily fuel pricing system were addressed.
- SBP held its policy rate constant at 11.5%.

Lahore School Economic Policy Uncertainty Index (EPU):
August 2021 - August 2026



TRADE POLICY UNCERTAINTY INDEX

252

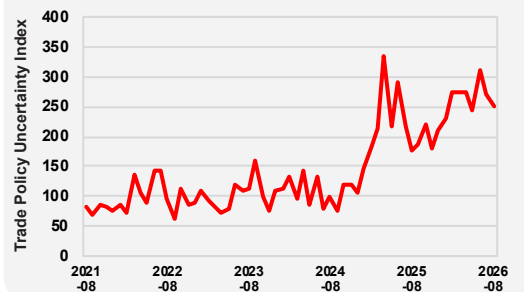
▼ 8% MoM

Trade policy uncertainty reduced as Pakistan-US reciprocal trade talks advanced while the disruption in the Strait of Hormuz stood unchanged.

Trade Policy Uncertainty Falls but Remains Elevated

- Pakistan and the US reported significant progress on a reciprocal trade framework.
- Strait of Hormuz shipping remained disrupted but did not escalate beyond July's levels.
- Auto Industry Development and Export Policy (AIDEP) 2026-31 has still not been finalized.
- IMF-driven pressure to eliminate the EPZ 80/20 domestic-sales rule drew concerns from exporters.

Lahore School Trade Policy Uncertainty Index (TPU):
August 2021 - August 2026



INVESTMENT POLICY UNCERTAINTY INDEX

156

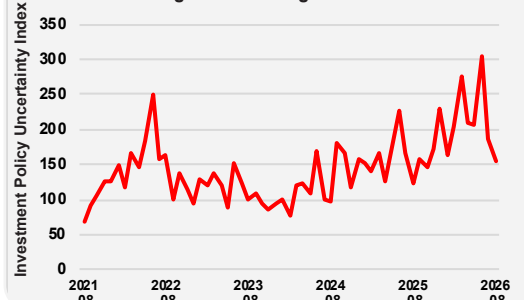
▼ 17% MoM

SBP's unchanged policy rate and higher potential foreign investment decreased the investment policy uncertainty despite concerns in DISCO privatisation.

Investment Policy Uncertainty Falls

- Monetary policy uncertainty fell as SBP kept the policy rate unchanged at 11.5%.
- Fiscal policy uncertainty eased after the IMF review on circular debt was deferred to September.
- Fiscal policy uncertainty increased as FBR missed its August monthly target.
- Fiscal policy uncertainty rose further as concerns on high petroleum-levy continued to increase.
- Regulatory policy uncertainty increased as Senate concerns restrained DISCO privatization.
- Regulatory policy uncertainty increased as government withdrew the telecom bill and began work on a revised draft.
- Financial uncertainty fell as Saudi Arabia pledged expanded investment through the SIFC.
- Financial uncertainty declined as investors submitted 12 EOIs for FESCO privatisation.

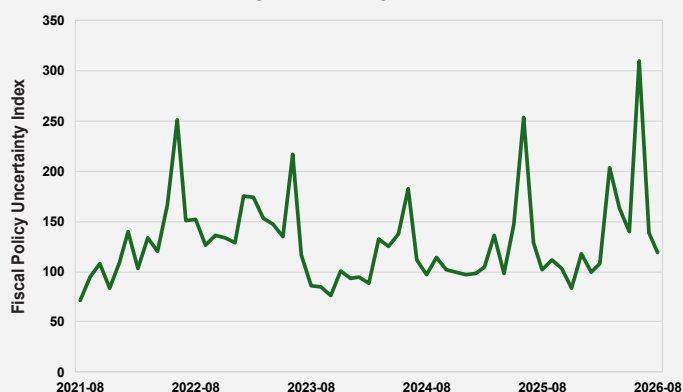
Lahore School Investment Policy Uncertainty Index (IPU):
August 2021 - August 2026



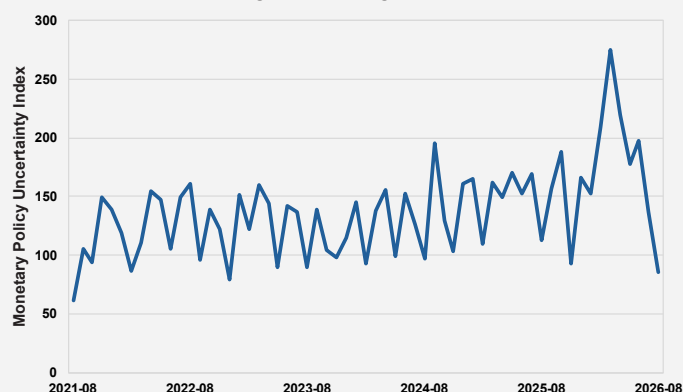
Innovation &
Technology Centre

Subindices of Investment Policy Uncertainty

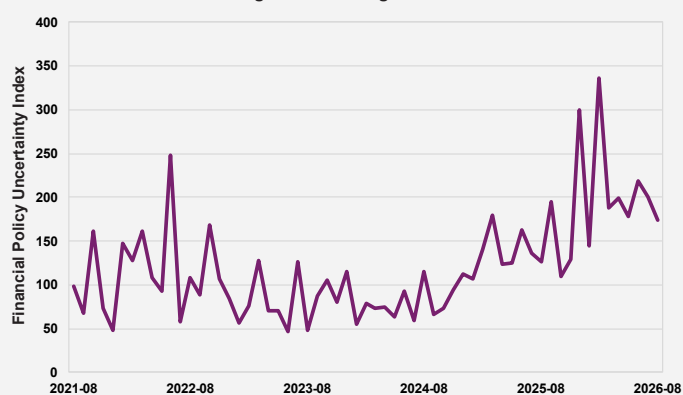
Lahore School Fiscal Policy Uncertainty Index:
August 2021 - August 2026



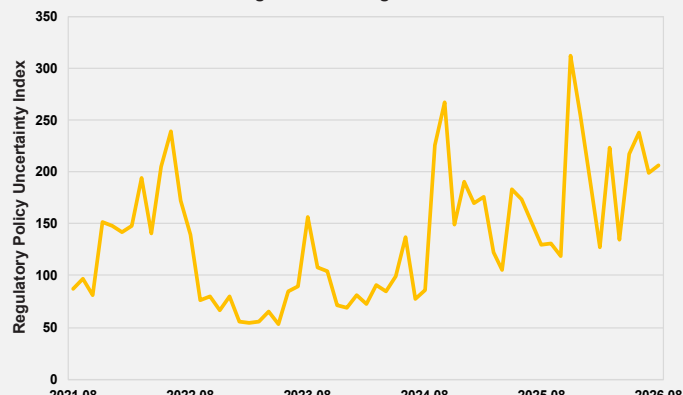
Lahore School Monetary Policy Uncertainty Index:
August 2021 - August 2026



Lahore School Financial Policy Uncertainty Index:
August 2021 - August 2026



Lahore School Regulatory Policy Uncertainty Index:
August 2021 - August 2026



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.

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