The main purpose ofthe study is to analyze the impact of the macroeconomic indicators imports, exports, international reserves, exchange rate, GNP and external debt servicing on external debt of Pakistan economy. This analysis covers 38 years history range from 1972 to 2010.In this study, three models are applied to investigate the macroeconomic variable impact on external debt of Pakistan. Ordinary Least Square (OLS) technique is used, results imply that imports, exports, exchange rate and debt servicing have positive and significant relation with external debt. Whereas GNP and International Reserves are negatively related to external debt. Johansen Co-integration is applied todetermine statistically long run relationship between total external debt, Imports, exports, international reserves, GNP and external debt servicing which confirm the long run association among macroeconomic variables. Error correction model is also deployed to observe short term dynamics which is reported to be 47% for the adjustment of the indicators.Finally Ratio analysis was designed to measure Pakistan's economy debt burden and debt capacity measurements which indicates that Pakistan economy is still out of default risk in the context of external debt sustainability indicators.