MACRO ECONOMIC DETERMINANTS OF STOCK MARKET PERFORMANCE IN PAKISTAN

BY

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MBA THESIS 2ND HALF-SEMESTER PROGRESS REPORT & THESIS APPROVAL STATEMENT

Supervisor – Student Meeting Record

S#	Date	Place of Meeting	Topic Discussed	Signature of Student
5	18-11-19	BUKC - Cubical	Data Analysis	
6	2-12-19	BUKC - Cubical	Critical Debate	
7	9-12-19	BUKC - Cubical	Conclusion and Recommendations	

APPROVAL FOR EXAMINATION

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Supervisor's Name: DR. LIAQAT ALI

HOD's Signature: _____ Date: 17-1-2020

DECLARATION OF AUTHENTICATION

I, hereby, declare that no portion of the work referred to in this thesis has been submitted in support of any application for another degree or qualification of this university or any other institution of learning.

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ABSTRACT

Purpose: To analyze empirically an impact of macroeconomic indicators on stock market performance in Pakistan because the stock market is considered one of the key barometers of economic activities in an economy.

Methodology/Design/Sampling: The nature of this research is quantitative and time series data is used for studying the impact of Pakistan's stock market and its determinants including FDI, GDP growth, money supply and exchange rate. This research has been conducted using secondary data which is gathered on annually basis from 2000 to 2018. Ordinary Least Squares (OLS) is applied using E-Views (version 10) to evaluate the impact of independent variables on dependent variable.

Findings: The analysis and results suggest a negative and insignificant impact of exchange rate on stock market performance in Pakistan. On the other hand, there is positive and significant impact of FDI and GDP on stock market performance. However, money supply has negative and significant impact on stock market performance.

Practical Implications: The outcomes of this study will help researchers while considering the impact of macroeconomic variables on performance of stock market. This will also help investors to take precautionary steps and analyze these variables before they invest in the market. It will also works as guidance to government policy formulators by creating a better understanding of the impact of macroeconomic indicators on performance of stock market in Pakistan.

Keywords: Stock market, FDI, exchange rate, GDP growth, money supply, Pakistan.

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