

Relationship Between Exchange Rate, KIBOR, Interest
Rate and Stock Prices in Karachi Stock Market



By:

Tanzeel ur Rehman

01-120112-086

MBA

Supervisor:

Mr. Shahzad Butt

A research project submitted in partial
fulfillment of the requirement for the degree
of MBA.

Department of Management Sciences
Bahria Institute of Management and Computer
Sciences
Bahria University, Islamabad

2014

DEDICATION

*I dedicate this research to my father **Mr. Muhammad Sharif**, my mother, my brother and sister, cousins, my whole family, friends and especially to my class fellows for their endless support, love, encouragement and continuous moral support that enabled me to complete my work on time.*

Abbreviations

JSCL	Jahangir Siddiqui & Co. Ltd
INDU	Indus Motor Company Limited
AVN	Avanceon Limited
OGDC	Oil and Gas Development Company Limited
EFERT	Engro Fertilizers Ltd
HUMNL	Hum Network Ltd
GLAXO	GlaxoSmithKline Pakistan
EFOODS	Engro Foods Limited
PKGS	Packages Limited
NETSOL	NETSOL Technologies, Inc
PACE	Pace (Pakistan) Limited
COLG	Colgate Palmolive (Pakistan) Ltd
KSE	Karachi Stock Exchange
KSE-100	Karachi Stock Exchange 100 Index.

Table of Contents

Chapter 1 -Introduction	1
Overview Investment In Pakistan	3
Significance Of The Study.....	4
Limitations Of Study.....	6
Theoretical Framework.....	7
Chapter 2 - Literature Review	8
Interest Rate	9
Gold Prices	13
Exchange Rate.....	18
Chapter 3 -Research Methodology.....	20
Research Approach	20
Research Strategy	20
Time Horizons	21
Variables Of Study.....	21
Hypothesis	27
Collection Of Data	28
Chapter 4 -Analytical Tests And Empirical Findings	29
Descriptive Statistics:	30
Descriptive Statistics Of KSE-100 Index Companies.....	32
Augmented Dickey-Fuller Test:.....	33
Dickey Fuller T Statistic	34
Correlation Analysis	36
Regression Analysis.....	37
Chapter 5 -Conclusion	41
Recommendations	43
Recommendation For Future Studies	44
Bibliography.....	45