

Bahria Institute of Management and Computer Sciences
Department of Management Sciences

Final Project Approval Sheet
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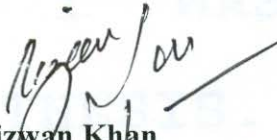
Topic of Research: "Weak Form of efficiency in the Selected Companies of Karachi Stock Exchange."

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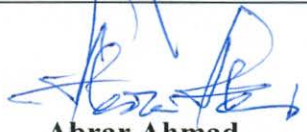

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Abstract

This study examines the behavior of the stock returns in Karachi Stock Exchange (KSE-100). The data consists of monthly stock prices of 16 companies covering the period from July 1st 1999 to March 31st 2004. The results of Descriptive Statistics (Skewness and Kurtosis for normality) and non parametric (run and Kolmogrov- Smirnov tests) provide evidence that all of the companies except one are weak form efficient. So the null hypothesis of weak form efficiency was accepted at 5% level of significance. The result of this study might be very surprising as Karachi Stock Exchange is not a new market but it is a thin trading market i.e. majority of trading is done only in 30 -40 stocks which are blue ships companies that is why most of the runs don't have significant difference between them. These companies react to the information very slowly. Many essential steps have already been taken by authorities to improve the operating and pricing efficiency of Karachi Stock Market. The KSE needs to be studied further with longer stock prices and other tests to test the efficiency of the market to see the affects of different policies, reforms; IPO's and stable government on the stocks

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