

**"Critical Analysis Of Outstanding Performance
Of Karachi Stock Exchange As Compared to
Asian Markets"**



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Executive Summary

Stock market of any country plays a vital a role in the development of its economy. Major part of the country's economy is dependent on its stock market situation. It shows both the features of boom and dwindles. Boom shows that there is the prosperity in the region for investment whereas dwindle is opposite to that which shows that there is a decline in the economy prosperity. From that we can imagine that the Stock Market of any country shows the clear picture of that country economic and political condition. So that's why Stock Exchange in all over the world is considered as barometers of the economic performance.

The Objectives of the study are to find out to which extent the similarity is prevailing among Pakistani stock markets and foreign markets, as far as performance is concerned. The study was also aim to analyze the overall performance of the Karachi Stock Exchange as compared to selected Asian Markets in terms of its Capitalization and Stock Index.

The type of the research used in this study is Descriptive/Comparative. The data is secondary and the study is basically based on facts and figures given in the Annual Reports of the Karachi Stock Exchange and for Asian markets data is based on the Website of the Selected Asian Markets.

However, to evaluate the full performance of the market (KSE), an Index base on all shares listed on the stock market should be designed. At present 80% share holding are in the hands of few very big investors. This large block ownership does not help the KSE to play its full role in their economy. The global trend in the stock trading has already changed in favor of online trading. In Pakistan some companies have online trading but an independent Electronic Exchange needs to be setup. The stock exchanges in Pakistan have improved their transactions to T+3 system. They should go a step further and implement T+1 system of transaction. The Futures Markets, though started last year (2003) has not developed satisfactorily. The SECP and stock exchanges have to make concerted efforts for its active development. This will not only help reduce risk in the markets but also bring efficiency.

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