

MACROECONOMIC DETERMINANTS OF STOCK MARKET PERFORMANCE: EVIDENCE FROM 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
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APPROVAL FOR EXAMINATION

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Thesis Title: Macroeconomic Determinants of Stock Market Performance: Evidence from Pakistan

I hereby certify that the above candidate's thesis has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at 17% that is within the permissible limit set by the HEC for the MBA thesis. I have also found the thesis in a format recognized by the Department of Management Sciences.

Supervisor's Signature: Date: 6-2-18

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Abstract

Purpose:

The purpose of this study is to examine the relationship between macroeconomic variables and stock market and the cause of volatility in the stock market. It is essential for the Stock Market to be monitored by having proper examination of the determinants that put impact on the entire performance of Stock Market.

Methodology:

The macroeconomic variables which have been taken in this study include exchange rate, inflation rate, interest rate, gold prices and gross domestic product (GDP) whereas KSE 100 index and aggregate market capitalization both variables are used as a proxy to represent the performance of Stock Market of Pakistan. The data has been gathered from the website of Finance Ministry of Pakistan under the head of Statistical Appendix and Economic Survey of Pakistan. The data has been taken on annual basis and the data begins from the period starting from 2002 till 2016. The Multiple Linear Regression has been run for the Data Analysis through SPSS.

Findings:

The result of the findings shows that exchange rate and GDP are statistically significant whereas the result of inflation rate, interest rate and gold prices shows that they are statistically insignificant in line with KSE 100 Index and Aggregate Market Capitalization. The study validates the findings of earlier studies. Moreover the study has also discussed the conclusion, recommendation and the suggestion for the future research in the end of the thesis.

Keywords:

Stock market, Exchange rate, Inflation rate, Interest rate, Gold prices, Gross Domestic Product (GDP), KSE 100 Index and Aggregate Market Capitalization

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