



Final Research Thesis

"Impact of Interest rate on Karachi stock exchange"

As per course requirement of MBA (1.5 years)

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## Abstract:

Stock market plays a critical role in the wealth of any nation. To measure the condition of any company which is listed in stock exchange can be measure by its share price. Stock market also serves up as an intermediary for both investors and the people who need money to start or expand business. Significant amount of work is being done on macroeconomic factors which made impact on interest rate but there no as such big research been done on individual factors like interest rate. The basic purpose of this research was to find out the relation between interest rate and stock market. The data collected for this research was of 5 years from March 2008 to March 2013. Monthly KIBOR rate and KSE 100 index is used to check the relation between these two variables. The data is being analyzed by applying statistical models like ADF test and OLS regression model. There is relation been found between these two variables? After applying the statistical the results shows that interest rate has an inverse relation with KSE 100 index and if interest rate will raise the KSE 100 index will fall because of this.

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