

**"A Study Based On A Relationship
Between Interest Rate And Share
Price."**



Submitted By:

MUHAMMAD USMAN SHAHID

01-220131-007

Supervisor:

SHEHZAD BUTT

**Department of Management Sciences
Bahria University Islamabad
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Abstract:

This research is done to evaluate the relationship between one of the factors of macroeconomic variable with share market index. The factor we selected is the interest rate. Is the interest rate has any impact on share market index of Pakistan? This is the question which is focused on this research throughout. Official interest rates lists and share market index for the year 2003 to 2014 has been taken from stock market of Pakistan, for analysis. Pakistan evidence suggests that interest rate has a negative relationship with share prices or the impact of interest rate is very significant related to share market index. This research used econometric techniques and methods to evaluate the relationship between selected variables. Like descriptive statistics, correlation test and most important tool which is used in this study is regression analysis. The descriptive statistics include standard deviation; maximum, minimum mean, median mode and on the other hand correlation and covariance test help us in identifying the relationship status between these two variables. In a last regression analysis assists to determine how much quantity of a variable is defined by the independent variables. On the other hand coefficient can explain the change in dependent variable due to the change in single units of the independent variable.

Keyword: Interest rate, share market index, descriptive analysis, regression test, correlation test, negative relationship.

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DEDICATION

VERY RESPECTFULL AND HUMBLY,
I DEDICATE THIS WORK TO MY BELOVED
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Table of Contents

CHAPTER 1	1
INTRODUCTION:.....	1
1.1 Problem statement:	8
1.2 Research importance	8
1.3 Research objective and Aims:	9
1.4 Research question:.....	10
1.5 Significance of Studies:	11
CHAPTER 2	12
Literature review:.....	12
2.1 Development of Hypotheses:	37
2.2 Theoretical Framework:.....	38
CHAPTER 3	39
Research Methodology:.....	39
3.1 Population	39
3.2 Description of the sample	39
3.3 Sample size.....	39
3.4 Data collection:	39
3.5 Description of the variables	40
3.6 Model	40
Findings and Analysis results:	41
4.1 Descriptive Analysis:	41
4.3 Regression analysis:	43
CHAPTER 5	48
Conclusion:.....	48
5.1 Future recommendations:	50
Bibliography	52

LIST OF TABLES

Table 1 Descriptive Analysis	42
Table 2 Correlation Test	43
Table 3 Regression Analysis.....	44

LIST OF FIGURES

Figure 1 GRADIENTS OF THE OBJECTIVE FUNCTION	45
Figure 2 GRADIENTS OF THE OBJECTIVE FUNCTION	46