# IMPACT OF INTEREST RATE ON STOCK PERFORMANCE: A CASE OF BANKING INDUSTRY

**By**

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# MBA Thesis

## 2nd Half-semester Progress Report & Thesis Approval Statement

**Supervisor-Student Meeting Record**

| No. | Date | Place of Meeting | Topic Discussed | Signature of Student |
|---|---|---|---|---|
| 5 | 10 JAN | FACULTY 1 | DATA & ANALYSIS WAS DISCUSSED. | Sidra Ashfaq |
| 6 | 24 JAN | FACULTY 1 | CRITICAL DEBATE & CONCLUSION WAS DISCUSSED | Sidra Ashfaq |
| 7 | 14 FEB | FACULTY 1 | DISCUSSED FINAL THESIS REPORT. | Sidra Ashfaq |

**APPROVAL FOR EXAMINATION**

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Thesis Title: IMPACT OF INTEREST RATE ON STOCK PERFORMANCE: A CASE OF BANKING INDUSTRY.

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 ------15%------ 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: 22 APRIL

Name: Kaleem A Qureshi

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## Abstract

**Purpose-** The study is undertaken to know the impact of interest rate on the stock performance of banking industry of Pakistan. Big five banks were selected as sample and the stock performance was measured with the help of Stock Prices. Data of eight years is collected which covered the time period from January 2007 to December 2014.

**Methodology/sample-** Simple Linear Regression Model is used to analyze the relationship between Interest Rate and Stock Prices of all sample banks. Sample of five banks was used and data was taken for 32 quarters (March-2007-Dec-2014).

**Findings-** The findings show that there is significant negative relationship between interest rate and stock prices, as interest rate increase, it decreases the stock prices of banks.

**Practical Implications-** Interest Rate and Stock Market Performance are two main elements which contributes in the economic growth of country so there clear relationship will give a clear idea about the direction of economic growth of the country

**Keywords:** Interest Rates, Stock Performance, Stock Prices

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