



IMPACT OF FACTORS AFFECTING KSE 100 INDEX

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BY

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RECOMMENDATION FOR ORAL EXAMINATION

This Project/thesis here to attached, entitled, "**IMPACT OF FACTORS AFFECTING KSE 100 INDEX**" prepared and submitted by "**SARAH TANVEER**", in partial fulfillment of the requirements for the degree Master in Business Administration, is hereby recommended for appropriate action.

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ABSTRACT

The purpose of this study is to find the impact the impact of different macro economic variables on the biggest stock exchange of Pakistan that is Karachi stock exchange 100 index because it is one of the important stock exchanges which can improve the overall economy of Pakistan if its performance is good. This study include different quantitative variables such as inflation rate, exchange rates, discount rates, Industrial production index IPI, and gold prices and one most important qualitative variable type of government or political stability that effect the KSE 100 index. The secondary quarterly data from 2000 to 2012 is taken from different authentic websites and then different techniques and tools were used analyze the results. SPSS is used and then regression analysis, Pearson correlation, descriptive statistics are used which shows that all quantitative variables inflation rate, exchange rate, IPI, discount rate, and gold prices has positive relation with KSE 100 index if these variables increases then KSE 100 index will also increase but regression analysis shows that only IPI, gold prices, political stability has significance impact on KSE 100 index and over all 6 variables has 85.6% impact on KSE 100 index. Other variables like money supply, import exports, monetary policy, and current account deficit put 14.4% impact on KSE 100 index. If political conditions get worst then it has negative impact on KSE 100 index and index will decline. In order to improve the performance of KSE 100 index, inflation should be controlled, SBP should make tight monetary policies, deficit should be reduced to improve our Pakistani rupee, balance of payment should be enhanced by increasing export, taxes and other duties should be reduced so that financing and trading can be done easily, industries should be improved and most importantly there should be a political stability in the economy.

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After working on the thesis under consideration, I am able to have some precious insights relating to the subject matter. I believe that the practical knowledge gained during preparation of this thesis would be of much help and assistance to me during our future lifetimes.

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