FINPARITY LEARN · INTRODUCTION TO PSX



Topic 1 · Part 3 | 10-minute lesson | Beginner

Indices and sectors

How to read the market’s scoreboard, and why banks, cement and oil companies move differently

Educational content, not investment advice

QUICK RECAP

Remember Part 2?

5 players

SECP, PSX, brokers, NCCPL and CDC keep the market running

Shares in CDC

Your shares are electronic records kept in your name

T+1

Trades are settled one working day after you buy or sell

Today's question: **with 500+ companies, how do you know if "the market" went up or down?**

INDICES

What is an index?

An **index** is a single number that tracks a group of shares. When most of those shares rise, the index rises.

Think of a class's **average marks**: you don't read every student's result to know how the class did.

That's why the news never lists 500 share prices. It just says what the index did.

BUSINESS NEWS · 10 NOV 2026

KSE-100 jumps 3.13% to close at 179,335

One number, the whole market's mood

Source: Mettis Global, 10 Nov 2026

THE BIG ONE

Meet the KSE-100

100 companies
The biggest company from each sector, plus the next-biggest overall

About 85%
of PSX's total market value is inside it

Reviewed twice a year
Companies can enter or leave the index

THEN AND NOW

Nov 1991		Nov 2026
1,000	→	179,335

That's about 179 times its starting value!

Sources: PSX; Mettis Global (close on 10 Nov 2026)

HOW IT'S CALCULATED

Bigger companies move the index more

A PRETEND 3-COMPANY INDEX



Total market value: Rs 1,000

Big Bank rises 10% → **index rises 6%**

Tiny Tech rises 10% → **index rises only 1%**

Each company's **weight** = its share of the total value. The KSE-100 works the same way, just with 100 companies.

HOW IT'S CALCULATED

Free float: only shares that can actually be traded

Some shares almost never change hands: founders, parent companies or the government hold on to them.

The KSE-100 counts only the **free float**: the shares the public can actually buy and sell.

EXAMPLE: COMPANY X



70% held by founders 30% free float

Only the green 30% counts towards Company X's weight in the index.

THE INDEX FAMILY

PSX has an index for every question

KSE-100
The big picture: 100 companies across all sectors

KSE-30
The 30 most actively traded companies

KMI-30
The 30 most traded Shariah-compliant companies

All Share Index
Every company listed on PSX

BKTi and OGTi
Sector indices for banks and for oil & gas

PSX Dividend 20
20 top dividend-paying companies

Want to invest the Islamic way? Watch the **KMI-30**. Curious about banks? Check the **BKTi**.

READING THE NEWS

Points sound dramatic. Percentages tell the truth.

IN 1991

+50 points

From 1,000, that's a **5% jump**. A huge day!

IN 2026

+1,750 points

From 175,000, that's only **1%**. A normal good day.

Quick check: **% change = points ÷ yesterday's close × 100**

SECTORS

PSX sorts companies into sectors

A **sector** is a group of companies in the same line of business. PSX has 37 of them. Here are some you'll meet on FinParity:

Commercial banks
HBL · MCB · MEBL · NBP · BAHL · BOP

Oil & gas exploration
PPL · MARI · POL

Cement
DGKC · MLCF · FCCL

Fertilizer
EFERT

Automobiles
GHNI · SAZEW

Technology
SYS

SECTORS

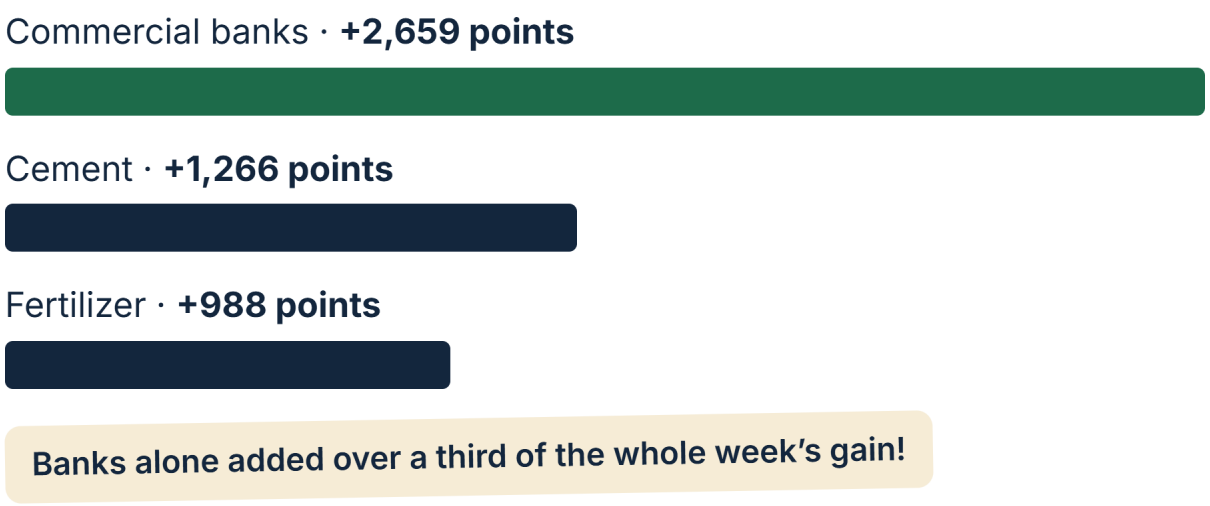
Different sectors, different triggers

Sector	What often moves it
Commercial banks	Interest rates set by the State Bank
Oil & gas exploration	World oil prices and new gas discoveries
Cement	Construction, housing and coal prices
Fertilizer	Gas prices and farmers’ demand
Automobiles	Car demand, the rupee and car-loan rates
Technology	IT exports and the dollar rate

THE HEAVYWEIGHTS

Some sectors push the index much harder

In the week ending 6 Nov 2026, the KSE-100 rose **7,477 points** (+4.49%). Where did the gain come from?



Banks alone added over a third of the whole week's gain!

Source: Mettis Global weekly market roundup, 6 Nov 2026

WHY IT MATTERS

Three ways an index helps you

A scorecard for you

If your shares rose 8% but the KSE-100 rose 20%, the market beat you

Buy the whole index

Index funds and ETFs let you own all the index companies in one go

Read the mood

A rising index means investors overall are feeling confident

RECAP

Your new vocabulary

Index
One number tracking a group of shares

Points
How much the index number moved

Free float
Shares the public can actually trade

Weight
A company's share of the index's total value

Sector
A group of companies in the same business

Benchmark
A yardstick to compare your returns against

QUICK QUIZ

4 questions. Easy points!

Q1. How many companies are in the KSE-100?

A) 30 B) 100 C) 537

Q2. Which index tracks Shariah-compliant companies?

A) KSE-30 B) KMI-30 C) BKTi

Q3. The KSE-100 rises 1,750 points from 175,000. What's that in percent?

A) 10% B) 1% C) 17.5%

Q4. Which sector reacts most to interest-rate changes?

A) Banks B) Cement C) Technology

Answers: 1-B · 2-B · 3-B · 4-A. Flip your screen to check!

PART 3 COMPLETE

Well done! Up next: how trading works

In Part 4: when the market is open, how to place different types of orders, and how to read a share’s price screen

Trading hours | Order types | Bid & ask | Price limits | Reading a quote

For education only, not investment advice. Speak to a licensed adviser before investing.