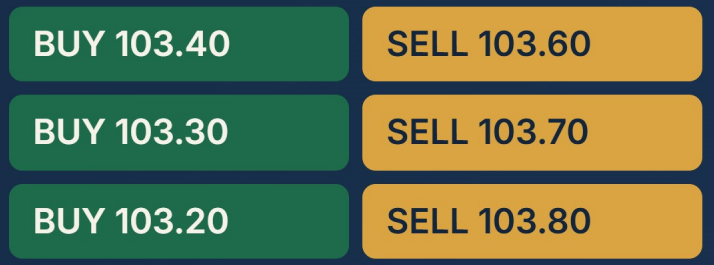
FINPARITY LEARN · INTRODUCTION TO PSX



Topic 1 · Part 4 | 10-minute lesson | Beginner

How trading works

Market hours, order types, bid and ask, and how to read a share's price screen like a pro

Educational content, not investment advice

QUICK RECAP

Remember Part 3?

Indices

The KSE-100 tracks 100 big companies in one number

Weights

Bigger companies move the index more

Sectors

Banks, cement, oil and others react to different news

Today’s question: **what actually happens on the screen when you buy a share?**

MARKET HOURS

When can you trade?

MONDAY – THURSDAY

9:30 am – 3:30 pm

FRIDAY

9:15 am – 12:00 pm

2:30 pm – 4:30 pm

SATURDAY & SUNDAY

Closed

Pre-open: about 15 minutes before opening, you can place orders, but nothing trades yet

Timings change in **Ramadan** and on holidays. Always check the PSX website

Normal PSX timings (Pakistan time). Source: PSX schedule

GOOD NEWS

You can buy just 1 share

Shares used to trade in fixed bundles called **lots**: 20, 50, 100 or even 500 shares at a time.

Since **2024**, PSX lets you buy or sell **a single share** in the regular market.

So even expensive shares are now within reach of small investors.

BEFORE

500

shares minimum

Rs 500,000

NOW

1

share minimum

Rs 1,000

Example: a share priced at Rs 1,000

BID AND ASK

Every price has two sides

Bid

The **highest price a buyer** is willing to pay right now

Rs 103.40

Ask

The **lowest price a seller** will accept right now

Rs 103.60

The gap between them (Rs 0.20 here) is the **spread**. Like selling a used phone: the buyer offers a bit less than the seller wants.

THE ORDER BOOK

Who wants to buy and sell, and at what price

ALI FOODS LTD (ALIF) · PRETEND EXAMPLE

Buyers want	Bid (Rs)	Ask (Rs)	Sellers have
2,000	103.40	103.60	1,500
5,500	103.30	103.70	3,000
1,200	103.20	103.80	800

- Best bid sits at the top: **103.40**
- Best ask sits at the top: **103.60**
- A trade happens when a buyer and seller agree on a price

ORDER TYPES

Market order or limit order?

Market order

“Buy now, at whatever the best price is.”

- Fills almost instantly
- In a fast market you might pay more than you expected

Limit order

“Buy only at Rs 103.50 or less.”

- You control the price, so no nasty surprises
- If no one sells at your price, it may not fill

Beginner tip: use limit orders. A few minutes’ wait is better than overpaying.

ORDER MATCHING

How PSX decides who trades first

RULE 1

Best price first

The buyer offering the most and the seller asking the least get matched first.

RULE 2

Then, first come, first served

If two people offer the same price, whoever placed the order earlier goes first.

YOU BID RS 103.60

That matches the best ask, so you **buy instantly**.

YOU BID RS 103.50

No seller is that low yet, so your order **waits in the queue**.

READING A QUOTE

Decode a share’s price screen

ALIF · ALI FOODS LTD	
Current	103.50
Change	+3.50 (+3.50%)
LDCP	100.00
Open	101.00
High / Low	104.20 / 100.50
Volume	1,250,000

LDCP
Last Day Closing Price: yesterday’s final price

Open
The first price today

High / Low
Today’s highest and lowest prices so far

Volume
How many shares have traded today

Pretend example. Real quotes look like this on PSX’s data portal and your broker’s app.

PRICE LIMITS

Each share has a daily speed limit

To stop wild swings, a share's price can usually move only about **10% up or down** from yesterday's close (LDCP) in one day.

When a share hits that limit, traders say it has **"hit the upper circuit"** or **"hit the lower circuit"**.

IF LDCP = RS 100

Lower limit	Upper limit
90	110

You can't trade above 110 or below 90 today.

MARKET HALT

The emergency brake for the whole market

If the **KSE-30** index moves **5% up or down** from yesterday's close and stays there for 5 minutes, **all trading stops** for a while.

- A cooling-off break, usually about an hour
- Unfilled orders are cancelled, so you may need to place them again

IT REALLY HAPPENS

9 April 2026: a halt on the way up

News of peace talks sent the KSE-30 more than 5% higher within minutes, and PSX paused trading. Halts protect against panic in both directions.

Source: PSX notices; The Express Tribune, April 2026

BEFORE YOUR FIRST TRADE

4 habits of smart beginners

Double-check

Buy or sell? Which share? How many? What price? Check before you tap

Use limit orders

Stay in control of the price you pay

Start small

Practise with a small amount while you learn

Don’t chase circuits

A share at its upper limit is often the riskiest buy of the day

RECAP

Your new vocabulary

Bid
Highest price a buyer will pay right now

Ask
Lowest price a seller will accept right now

Spread
The gap between the bid and the ask

Limit order
An order with a price you set

LDCP
Last Day Closing Price

Circuit breaker
A limit that stops prices moving too far, too fast

QUICK QUIZ

4 questions. Final round of Topic 1!

Q1. LDCP is Rs 200 and the limit is 10%. What's the highest price today?

A) Rs 210 B) Rs 220 C) Rs 300

Q2. You want to buy at Rs 50 or less, never higher. Which order?

A) Market order B) Limit order C) Any order

Q3. Bid is Rs 99, ask is Rs 101. What's the spread?

A) Rs 2 B) Rs 100 C) Rs 1

Q4. What's the fewest shares you can buy in PSX's regular market?

A) 500 B) 100 C) 1

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

TOPIC 1 COMPLETE

You now speak PSX! Next topic: reading company financials

In Topic 2, Fundamental Analysis: how to read a company's income statement, balance sheet and cash flow, and use simple ratios to judge whether a business is healthy

Income statement | Balance sheet | Cash flow | Key ratios | Valuation basics

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