

PalArch's Journal of Archaeology
of Egypt / Egyptology

**IMPACT OF PANAMA SCANDAL ON KARACHI STOCK EXCHANGE: AN
EVENT STUDY METHODOLOGY**

1 Dr. Majid Ali, 2 Dr. Muhammad Ramzan, 3 Dr. Muhammad Usman, 4 Nosheen Pervaiz, 5 Faheem Fazal

1,2,3, Assistant Professor, Hailey College of Commerce University of the Punjab, Lahore.

(Corresponding Author: majid.hcc@pu.edu.pk)

4 PHD scholar, university of Lahore.

5 MA political science, Hazara University.

Dr. Majid Ali, Dr. Muhammad Ramzan, Dr. Muhammad Usman, Nosheen Pervaiz, Faheem Fazal: Impact of Panama Scandal on Karachi Stock Exchange: An Event Study Methodology-- Palarch's Journal of Archaeology of Egypt/Egyptology 18 (3), 4577-4587. ISSN 1567-214x

Keywords: Panama Scandal, Karachi Stock Exchange, Event Study Methodology, Window of Panama Scandal, Share Price, Average Abnormal Return, AR and CAAR.

Abstract

The proposed study is an empirical study and comparatively analysis the impact of panama scandal and its decision on Karachi stock exchange (Pakistan Stock Exchange). The main objective of this study is to analysis the impact of an event on the stock of the market. To achieve this objective, data have been taken from 1Yahoo. Finance Website for the period of 3 years, ranging from 2015-2017. Event study methodology is used for this analysis. For calculating AR, AAR, and CAAR, different descriptive techniques of Microsoft Excel is used. A window of 11 days (5 days before and 5 days after the announcement and the date of the announcement of the decision) is taken to examine the joint reaction to the Panama decision. The results show that there has been an increase in the share price and has resulted in a positive average abnormal return, especially after the declaration of the decision in the Pakistan period.

Introduction

Now days in Pakistan, Panama scandal is very popular. The purpose of this study is to analyze the impact of the Panama scandal and its decision on Pakistan and its effects on the stock of Pakistan. First of All, we know about what is Panama? Panama is a small state in Latin America and anyone can do its business in accordance with this law and black money may be account deposited by offshore companies and used throughout the world. These companies are tax-exempt. According to the report of (Harding, Aprl,2016), when this law was published their data, then many other countries were highlighted and the name of Pakistan also mention in this scandal. The name of the Pakistan Prime Minister and his family was also mention in this data. Prime Minister Nawaz Sharif, Hussein, Hassan and Marriyum Nawaz also mention in the scandal. When this family did not appear along with valid documents to the

Supreme Court of Pakistan, than Supreme Court of Pakistan disqualified Nawaz Sharif as a prime minister. The decision of Panama has multiple actions and effects. The data are taken from the Karachi Stock Exchange to investigate this impact. This data consisted of an event so that we use the methodology of the event study. According to the statement (Mc Williams & Siegel, 1997), the methodology of the event study is the best method for identifying and studying the impact of any event on any stock. Similarly, (Sultan, Khalid, & Nasrat, 2013), this method was used to identify the impact of the Karachi stock event on Oman and Pakistan. As this methodology and the study of events, both countries and the stock market are ineffective and aim to improve. According to the statement (Thomas & Victoria, 2013), the event study methodology is the best way to understand the impact of any event on the share price of the company. (Khan, Nadeem, Islam, Salman, & Gill, 2016)Event methodology was chosen because the event study methodology is the best way to learn more about Impact of dividend on stock.

(Shireen & Kavita, 2016) Also explained in his article, the stock market will be held with a dividend declaration is an event study and because of this positive response are present in this area. (Lin, Morck, & Yeung, 2017)Has also explained that shareholder value depends on the company's performance and also give negative result due to corruption. In the end, in light of these theories to determine the impact of the Panama decision, the date is taken from the Karachi Stock Exchange. The study of events is used to investigate the impact of the stock market in Karachi before and after Panama leaks.

Literature Review

History of Panama Leaks in World

The method of event study is commonly used to investigate the effect of different type of stock prices on the special event. As per result of this method the shareholder can decide either this event is better for the company or not. As per the statement of (Mc Williams & Siegel, 1997), this methodology is also used for management filed. If we apply this event study in the company, then we find how can its beneficent for the company or not and also known the government and company policies. M & S is Mostly work in it's and also tell us that how can we find the stock price and its impact. Basically the purpose of this study is to investigate the impact of Panama Leaks and its decision on Pakistan stock exchange (PSX). First of all, we here declared what is Panama. Panama is a small state of the USA where the Mossack Fonseca was registered the offshore companies. As per the law, nobody can check in the balance of these companies. Everyone can make companies as per this law and black money can be deposit in the offshore account and used in the whole world. These companies are tax exempted. Mossack Fonseca has Million data of the million people in his data base and its company (Jessica, Melanie, & Christopher, 2016). When he was publishing data than many other countries were highlighted and many leaders are disqualified because of it. According to the report of (Harding, Aprl,2016)what are the Panama Papers? A leak of 11 million files from one of the world's most secretive companies, Panamanian law firm Mossack Fonseca. The data covers nearly 40 years, from 1977 to the end of 2015, and lists nearly 15,600 paper companies set up for clients who wanted to keep their financial affairs secret. What is Mossack Fonseca? Formed in 1977 by Jurgen Mossack and Ramon Fonseca, the law firm specializes in commercial law, trust services, investment advisory and international structures. On its website, it says offices are supported by "secure, state-of-the-art technology that is upgraded continually". The company has denied any wrong doing. Where does the company operate? It is based in Panama but runs operations all over the world. The

International Consortium of Investigative Journalists said Mossack Fonseca has created and established anonymous companies in Panama, the British Virgin Islands and other financial havens. Who is in the Panama Papers? A host of celebrities, British politicians and the global rich are implicated in the leak. Some of the most high-profile names include the President of Ukraine, Petro Poroshenko; Prime Minister of Iceland, Sigmundur Gunnlaugsson; Ex-prime minister of Iraq, AyadAllawi; and the former President of Sudan, Ahmad Ali al-Mirghani.

History of Panama with respect to Pakistan

On 20th April 2016, the ICIJ was strongly recommended the case on Panama due to the leaks that many Political leads of the countries in worlds have offshore and tax exempted companies. On 3rd April 2016 when Mossack Fonseca data was published in Pakistan the Sharif family was found in its, Main Nawaz Sharif, Hussein, Hassan, and Marriyum also involved in this scandal. When this news was published then PM Nawaz Sharif wants to skip but the opposition was not going back and wants a valid document. Electronic and Social Media also against the PM for this report and political parties also came at the road for asking the valid documents. The Pakistani nation is very confused why our PM is not paying the tax. This is against the constitution of Pakistan Articles No 62-63. The government of Pakistan announces the 5x retired justices for investigation.

Corruption Scandals by Nawaz Sharif

The Panama Papers was investigating as per the law of PANAMANIAN. On 20 April 2016 when the investigation teams investigate against Prime Minister that he is the owner of offshore companies and also involved Golf Companies and money laundering. During the start of Panama case, the Government of Pakistan was not interested to run the case and for investigation. The Chairman PTI Imran Khan was pressure to Government to decide the Panama case and also came on the road for its then the case was started as per law. On 20th April the Joint Investigation Team (JIT) was made for Investigation of Panama Case as per order of Supreme Court of Pakistan. On 5th May 2017, this order was implementing and the works were started on 8th May 2017. Following member were in JIT for investigation of the case Mr. Justice Asif Saeed Khan Khosa, Mr. Justice Ejaz Afzal Khan, Mr. Justice Gulzar Ahmed, Mr. Justice Sh. Azmat Saeed and Mr. Justice Ijaz-ul-Ahsan. JIT was started work with almost 12 to 13 question and also make a plan for more true investigation. When the case was started the JIT was asked that if you have records of your companies must be provided but he is failed to provide. Articles no 117, 119, and 129, the investigation was completed within 60 days for onward submission to Supreme Court. JIT also use many other bank accounts, FIA and NAB Material for investigation. The Final Report is submitting to Supreme Court of Pakistan.

JIT Investigation Report

JIT investigation report is showing below (Norani, July 11, 2017):

Gulf Steel Mills

First of all, the questions in this report were asked against Gulf Steel Mills. There are five questions of JIT related to Gulf Steel Mills:

1. How Gulf Steel Mills come into existence?
2. What led to its sale?
3. What happened to its liabilities?
4. Where did its sale proceeds end up?
5. How did they reach Jeddah, Qatar and UK?

How Gulf Steel Mills come into existence?

Mr. Tariq Shafi who is the respondents of Affidavit says that Gulf Steel Mills come into existence with 100% loan and no equity which is not possible. According to the (Qanoon-e-Shahadat, 1999) JIT demand documents for this statement but Tariq Shafi did not prove this.

What led to its sale?

Mr. Tariq Shafi was said that the Gulf Steel Mills was made in Pakistan for improvement of economic/business and ITTEFAQ FOUNDRIES. As per the investigation of JIT the Gulf Steel Mills was sold due to losses and not fit for Pakistan after immediate made/construct. On 1978 the liability of said company was 21 Million dirham and till 1986 14 Million was also included for said purpose. The ITTEFAQ FOUNDRIES was also started in UAE with its new business.

What is the liability of Gulf Steel Mills?

On 1978 when the Gulf Steel Mills was sold to Mr. Abdul Khalid. Its complete liabilities were of US \$3602389191. Mr. Abdul Khalid was purchased with the cost of US \$213150000. 75% Share was taken on loan and was deposited to BCCI and after that the balance of 25% Shares was USD 12000000 and trade deficit is records almost USD 264889999. (USD 21 million) were used for settled and remaining 25% was taken from Ahli Steel Mills during 1978 to 1986. During 1980-84 the remaining 14 Million was invested in UAE for started a new business.

How did they reach Jeddah, Qatar and UK?

The UAE government was failing to verify the documents of 25% share.

JIT Finding for these Questions

The Gulf Steel Mills was a family business and the Prime minister of Pakistan is the owner of Gulf Steel Mills. Mr. Tariq Shafi and Hussein Nawaz is unregistered owner of these mills. On 1972 he was declared that he have foreign business man. The two affidavits of Mr. Tariq Shafi Agreement signed in the year 1980 were invalid. As per the investigation of the UAE, the share sale agreement does not exist and also its nationality is invalid and there is no valid agreement was made in 1980. Prime Minister Mian Muhammad Nawaz Sharif was said during his address to nation that he was sold the Gulf Steel Mills on amount of 33.6 Million to Mr. Tariq Shafi who are the owner of Ahli Steel Mills and transportation of better machineries to Jeddah Steel Mills, these all statement of PM were fake and invalid.

Ownership of Aven field Apartments

For investigation of Apartments JIT emphasis on these quotations;

- 1) Whether respondents Mr. Hussein (No.7) and Mr. Hassan Nawaz (No.8) in view of their tender age had the means in the early nineties to possess and purchase the flats?
- 2) How bearer shares crystalized into flats?
- 3) Who, in fact, is the real and beneficial owner of M/s. Nielson Enterprises Limited and M/s. Nescoll Limited?

Weather Respondent No 7 And No 8 Purchased The Flats?

As per the investigation of JIT there is no any business of Hassan & Hussein Nawaz till 2000 but the Sharif family was the owner of these apartments. On 2001 they started the business of Aziza Steel Mills and Flag shape investment respectively. As per the said statement of respondent no 7, 8 they were not able to purchase these apartments.

How bearer share crystalized unto Flats

According to the given documents, the letter of Prince Al-Thani of Qatar and the crystalized changing of share were fake, because of his statement that the bearer share of the 2x companies were in his supervision. Sharif Families was no come before us

claim supervision of two Bearer Share Certificates. As per the investigation of FIA the Marriyum Nawaz was the owner of these flat and the Prince Al-Thani of Qatar was not actual owner of flats.

Who, in fact, is the real and beneficial owner of M/s. Nielson Enterprises Limited and M/s. Nescoll Limited?

There is no witness and valid documents/proof that the Hussein is owner of both companies. But as per the investigation of Error Gorge who are the director of FIA British Virgin General that the Marriyum Nawaz is the owner of these Apartments.

Letter of Qatari Prince

Qatari Prince's letter was totally a myth rather than a reality: JIT On 1980 Mr. Tariq Shafi was giving the 12 Million to Mr. Hamad Al-Thani has not legal documents / witness. All documents are faked. The spared sheets were provided have no complete documents and have not mention date Signature and stamp. As per the investigation of FIA the statement documents of Mr. Hamad Al-Thani are all faked. FIA also prove that the Qatari letters and Statement of Mr. Hamad Al-Thani were fake and wrong.

Hill Metal Establishment/ Gifts

The investigations of JIT are linked with HME with following questions;

- 1) How and when HME come into existence and where does capital come from?
- 2) Where do the huge sums running into millions gifted by respondents No.7 and No.8?

How and when HME come into existence and where does capital come from?

HME was made in 2001 the investment was made with following method.

- a. Business association and collection of fund in the short time.
- b. The Loan was taken from SIDF, NCB and the other banks of KSA.

There was not any valid proof for short terms funding. And all documents were provided was fake. SIDF loan: On 18 June 2005 SIDF Loan was registered and Hussein Nawaz was taken Loan of SR 9000, 000, 0 for HME. On 2nd July 2012 amount of SR 59400000 loan was again taken for HME. It means that the total amount of loan was SAR 149,400,000. The respondent is fail to provide valid document for taken loan/utilized. As per JIT investigation \$15,999,963 Million was taken from Mr. Saeed Sheikh during 2008 to 2009. \$10,210,400 Million loan was taken from SADF. As per the statement of NCB the amount was taken on loan \$ 9721797 Million and they refused that we are not taken these loan. This is a personal account of respondent no 7 as per IT Report. As per JIT report on 20-09-2010 respondent no 1 transfer SAR 750,000 Million the amount to personal account from Al-Raji-Bank. Respondent no 07 was transfer SR 750,000 to HME account. As per the same documents and investigation of JIT respondent no 1 has direct relation with HME and the respondent no 07 was work as employed.

Where do the huge sums running into millions gifted by respondents No.7 and No.8?

During 2010 the respondent NO.1 means Nawaz Sharif received a gift from his son and also run the business with the name of HME that is located in KSA. Respondent NO.1 received gifts from respondent No.07 almost \$10.148 Million. JIT is not trusted in these statement and documents.

Flagship investment Ltd & Companies

As per the statement of respondent No. 8, Flagship and other companies were made with the money of Qatar Al-Thani Family. Loan in 2001-2002, 2004-2005, 2007-2008, 2009-2010 and 2011-2012 was taken almost GBP 1 to GBP 100 for the companies of UK and CHUDARY SUGAR MILLS. As per the investigation of JIT

Sharif family was not put-up valid documents and witness for capital and fund. JIT was asked them to provide valid documents. Except fund taken from Financial Institution and Inter Corporate Financing not provided of the records which were received from that multiple campiness for invested.

Cases of FIA, NAB, and SECP

Following case was registered against Main Muhammad Nawaz Sharif.

1. Reference against Main Muhammad Nawaz Sharif and Saif-Ur-Rahman for the purchase of Helicopter.
2. Reference against PM and other regarding huge illegal increase in shares deposits of Huddabiya paper mills
3. Reference against PM, Ittefaq Foundry and others for willful default of loan payable to National Bank of Pakistan
4. FIR No.12/1994 case against Huddabiya Engineering Pvt. Ltd
5. FIR No. 13/1994 against Huddabiya paper mills Pvt. Limited
6. Investigation against Ramzan Sugar Mills Limited
7. The Investigation against Chaudhry Sugar Mills.

Panama Decision

When the fact was declared especially with the name of any persons then the law of burden of proof will be implementing (Qanoon-e-Shahadat, 1999). It is very necessary and has the responsibility to prove him in front of the court for the business or asset. (Qanoon-e-Shahadat, 1999) If any person is failed to provide valid documents in front of court or investigation teams, then the law of burden of proof will be implemented. According to the (Qanun-e-Shahadat, 1984), if the court was agreed with put-up valid documents as per law it is called a proof. When the court called your back to back for proves truth with valid documents and witness the court will order for free as per Law. As per definition all respondent and Main Muhammad Nawaz Sharif were failed to provide the valid documents of investment and also failed to provide the document source of INCOME. Supreme Court of Pakistan gives the decision in the presence of committee of five retired Judges whose names are

1. Asif Saeed Khan Khosa
2. Justice Ejaz Afzal Khan
3. Justice Gulzar Ahmed
4. Mr. Justice Sh. Azmat Saeed:
5. Mr. Justice Ijaz Ul Ahsan:

On 28 Jul 2017 that Nawaz Sharif is disqualified for the appointment of the prime minister of Pakistan. The National Accountability Office is responsible for the prosecution of Defendant No. 1 and any other person related to him in respect of the crime of corruption and corrupt practices under paragraph 9 (a) (v) National Liability Ordinance, 1999 (Khan A. A., August 3, 2017).

Objective of the Study

The main objective of the study is:

1. To know the impact of Panama scandal on Karachi stock exchange.
2. To know the impact of Panama leaks decision on Karachi stock Exchange.

Hypothesis of the study

H_0 = There is no significant positive ARR around the Panama case scandal day.

H_0 = There is no significant positive ARR around the Panama case decision day.

Data and Methodology

The data is taken from Yahoo. Finance website for this study. This study is based on the secondary data. The data of Karachi stock exchange is used to analysis the impact. The data is taken from 2016 to August 3rd, 2017. The data of event day is also taken from Yahoo. Finance website. The event day is that day when Supreme Court of Pakistan was given their decision regarding Panama leak. To know the impact of Panama scandal news and its decision on stock prices, we used the event study methodology. According to the (Andreas Neuher, Anna Scherbinay, & Bernd Schluschez, 2011) for the abnormal return of anytime, we use this formula, $AR_{it} = R_{it} - E(R_{it} \div X_t)$. In this equation, AR is the abnormal return and ER is the expected return and X is the conditional information for event day. If the abnormal return is described by the market model than we used this formula $AR_{it} = R_{it} - \alpha_i - \beta_i R_{mt}$. In this equation, R_{mt} is the market return portfolio which we calculate by the data of Gspc 500? After this, we calculate CAAR for all the window day and by using CAAR we observed that either we reject or accept the null hypothesis. The Karachi Stock Exchange has 100 index data of 11 days before and after 5 days of decisions as like window 1 and window 2. Window 1 based on the data when Panama news was published and what its impact on Karachi Stock Exchange. The name of data before 5 days is called t_{-5} and after 5 days are called t_{+5} . In this study we assumed that the actual day of event is that day when the decision announced and then the Pakistani nation know about it. Event methodology is used for event study which is also called market model. As per the statement of brown, it is a good to model for every effect. This study is used 2x event window. Window one was used 11 days, five days before and Five days after Panama news day. The news day is called event day. The 2nd window also used the 11 days, five days before and after Panama decision day. The decision day is call event day. For this impact, Absolute Return and Average Absolute return and cumulative absolute return technology were used. For checking the null hypothesis descriptive techniques of Ms. Excel is used.

The data of stock exchange is given below: -

Table 1: *Data of stock exchange*

date	Kse	rkse	Gspc	Rgspc	
4/11/2016	33566.2	-	2041.9	-	
	2	0.01189	9	0.0027	
				4	
4/12/2016	33616.9	0.00150	2061.7	0.0096	
		9	2	16	
4/13/2016	33646.1	0.00086	2082.4	0.0099	window1
		8	2	9	
4/14/2016	33767.5	0.00360	2082.7	0.0001	
	9	4	8	73	
4/15/2016	33767.1	-1.39E-	2080.7	-	
	2	05	3	0.0009	
				8	
4/18/2016	33759.9	-	2094.3	0.0065	
	7	000021.	4	2	
4/19/2016	33729.6	-0.0009	2100.8	0.0030	
	2			8	
4/20/2016	33619.8	-	2102.4	0.0007	event day
	4	0.00326		61	

4/21/2016	33572.1	-	2091.4	-	
	3	0.00142	8	0.0052	
				1	
4/22/2016	33739.5	0.00497	2091.5	4.79E-	
	4	4	8	05	
4/25/2016	33684.5	-	2087.7	-	
	6	0.00163	9	0.0018	
				1	
4/26/2016	33847.7	0.00483	2091.7	0.0018	
	4	3		71	
4/27/2016	34269.2	0.01237	2095.1	0.0016	
	8	7	5	48	
7/19/2017	45418.7	-	2473.8	0.0053	
		0.00478	3	58	
7/20/2017	45059.9	-	2473.4	-	
	3	0.00793	5	0.0001	
				5	
7/21/2017	45294.3	0.00519	2472.5	-	window 2
	9		4	0.0003	
				7	
7/24/2017	45529.2	0.00517	2469.9	-	
		1	1	0.0010	
				6	
7/25/2017	45917.9	0.00850	2477.1	0.0029	
		1	3	19	
7/26/2017	45908.3	-	2477.8	0.0002	
	9	0.00021	3	83	
7/27/2017	45905.7	-5.73E-	2475.4	-	
	6	05	2	0.0009	
				7	
7/28/2017	45912.0	0.00013	2472.1	-	event day
	3	7		0.0013	
				4	
7/31/2017	46010.4	0.00214	2470.3	-	
	5	1		0.0007	
				3	
8/1/2017	46533.4	0.01130	2476.3	0.0024	
	3	2	5	46	
8/2/2017	46949.0	0.00889	2477.5	0.0004	
	4	2	7	93	
8/3/2017	47084.3	0.00287	2472.1	-	
	4	8	6	0.0021	
				9	
8/4/2017	46877.3	-	2476.8	0.0018	
	7	0.00441	3	87	

Results

Table 2 shows the result of 11 days to the data of Karachi Stock Exchange from 2015 to August, 8th, 2017. This table shows the result of Expected Return (ER), Absolute Return (AR), Average Absolute Return (ARR), T-statistics of absolute return, Cumulative Average Absolute Return (CAAR). The null hypothesis of the study is

tested by using descriptive analysis techniques of Microsoft Excel. Table 2 shows the result of window 1. There is a consistent pattern of AAR is shown in the table for stock exchange data. On the day of Panama scandal, the market shows the negative and slow response. In the days of t_{+2}, t_{+4} and t_{+5} , there are a significant and positive AAR and CAAR. It means that the news of Panama Scandal has the positive impact on the index of Karachi Stock in these days and the return to the stock is increased from these days. On the event day, the ARR shows negative but increased in return by 26%. On 22nd April, 26th April and 27th April, the ARR show positive and significance return after the event, it means that on these days' Panama scandal has a positive impact as compared to earlier. On April 27th the table shows that we accept the null hypothesis because it shows that there is no significant and positive ARR around the event day.

Table 2: Result of First Window

Date	ER	Ab. Return	AAR	t-stat AR	Decision	CAR	t-test CAR	Decision
4/13/2016	0.11%	-0.03%	-0.03%	-3.39%	NO	-0.03%	-3.39%	NO
4/14/2016	0.01%	0.35%	0.32%	43.33%	NO	0.32%	39.94%	NO
4/15/2016	0.00%	0.00%	0.32%	-0.42%	NO	0.32%	39.52%	NO
4/18/2016	0.08%	-0.10%	0.22%	-	NO	0.22%	27.05%	NO
				12.46%				
4/19/2016	0.04%	-0.13%	0.08%	-	NO	0.08%	10.38%	NO
				16.67%				
4/20/2016	0.02%	-0.35%	-0.26%	-	NO	-0.26%	-32.84%	NO
				43.22%				
4/21/2016	-	-0.10%	-0.36%	-	NO	-0.36%	-45.46%	NO
	0.04%			12.62%				
4/22/2016	0.01%	0.48%	0.12%	60.61%	NO	0.12%	15.15%	NO
4/25/2016	-	-0.16%	-0.04%	-	NO	-0.04%	-4.42%	NO
	0.01%			19.58%				
4/26/2016	0.03%	0.45%	0.42%	56.52%	NO	0.42%	52.09%	NO
4/27/2016	0.03%	1.21%	1.63%	151.11	NO	1.63%	203.20%	YES
				%				

Table 3 shows the result of window 2, in which there is no consistent pattern of ARR. On the day of Panama decision, the market shows the negative and slow response about -0.04%. In the days of t_{+1} to t_{+4} , there is a significant and the positive ARR and CAAR. It means that the decision day has positive and significant impact on the stock of Karachi and the return of the stock is also increased in these days. From July 31st to August 4th, there is a significant and positive increased in the return of stock market and market show positive response towards AAR and CAAR and we reject null hypothesis because there is a significant impact of Panama decision on stock market. According to this result, we conclude that this decision has the positive impact on the stock and there is a positive and significant ARR around the event day.

Table 3: Result of Second Window

Date	ER	AR	AR	AR	DECISION	CAR	CAR T-STATE	DECISION
7/21/2017	0.000568154	0.46%	0.46%	46.35%	NO	0.46%	46.35%	NO
				%		%		

7/24/2017	0.0005556	0.46%	0.92	92.64	NO	0.92	92.64%	NO
	73		%	%		%		
7/25/2017	0.0006270	0.79%	1.71	171.6	NO	1.71	171.61%	NO
	64		%	1%		%		
7/26/2017	0.0005798	-0.08%	1.63	163.7	NO	1.63	163.72%	NO
	14		%	2%		%		
7/27/2017	0.0005573	-0.06%	1.57	157.5	NO	1.57	157.56%	NO
	06		%	6%		%		
7/28/2017	0.0005506	-0.04%	1.53	153.4	NO	1.53	153.40%	NO
	95		%	0%		%		
7/31/2017	0.0005616	0.16%	1.69	169.2	NO	1.69	169.25%	NO
	93		%	5%		%		
8/1/2017	0.0006185	1.07%	2.76	276.4	YES	2.76	276.40%	YES
	91		%	0%		%		
8/2/2017	0.0005835	0.83%	3.59	359.7	YES	3.59	359.73%	YES
	76		%	3%		%		
8/3/2017	0.0005355	0.23%	3.82	383.2	YES	3.82	383.22%	YES
	67		%	2%		%		
8/4/2017	0.0006085	-0.50%	3.32	332.9	YES	3.32	332.93%	YES
	75		%	3%		%		

Conclusion

Event study methodology is the best way to find out the impact of any event on the stock of market. Many researchers used this method to find out the impact of the event on the stock price of any country. In this study we observed in the first window that when Panama scandal starts in the Pakistan then there is no significant and the positive impact of this on the stock price, but when we observed the second window than we seem that there is a significant and the positive impact of Panama decision on the Karachi Stock Exchange. So we conclude that the decision of Panama has the greater impact on the stock price rather than its scandal.

Limitations and Future Recommendations

There are also certain limitations to the study. Sample size was small as it was chosen from only Karachi Stock Exchange (100 indexes). The data was collected only from the website of Yahoo. Finance. Findings of the study are only generalizable to Karachi Stock Exchange in Pakistan. In addition to this, Panama case scandal and its decision measurement was limited to Event Study Methodology instead of other measure like Descriptive Techniques of Eviews. Therefore, Future researchers must overcome these deficiencies in their studies.

Future researchers can also conduct research on this topic keeping in view the following recommendations. Future researcher would get better results by increasing in number of cross sections and years. Researchers can also extend application of event model to all stocks like Pakistan stock exchange. Such study can also be conducted in order to compare the impact of Panama Scandal on stock price of different countries at international level. Moreover, the impact of Panama Scandal and its decision can also be measured by comparing government and private organizations.

References

Andreas Neuher, Anna Scherbinay, & Bernd Schluschez. (2011). Market Reaction to Corporate Press Releases.

- Harding, L. (Aprl,2016). *What are the Panama Papers? A guide to history's biggest data leak*. Panama: the guardian.
- Jessica, C., Melanie, L., & Christopher, R. (2016). *Research Associate at the Council on Hemispheric Affairs* , 2-4.
- Khan, A. A. (August 3, 2017). *Historical Decision of Panama Case*. Islamabad: Insaaf Television.
- Khan, M. N., Nadeem, B., Islam, F., Salman, M., & Gill, H. M. (2016). Impact of Divident Policy on Firm Performance: An Empirical Evidance From Pakistan Stock Exchange. *American Journal Of Economics, Finance And Managment* , Vol.2, No.4, pp, 28-34.
- Lin, C., Morck, R., & Yeung, B. (2017). Anti Curreption Reforms And Shareholder Valuations: Event Study Evidance From China. *Natonal Bureau Of Economic Research* , 2-65.
- Mc Williams, A., & Siegel, D. (1997). Event Studies in Managment Research :Theoretical and Empirical Issues. *Academy of managment* , Vol.40, No.3, pp. 626-657 .
- Norani, A. (July 11, 2017). *Final Investigation Of Joint Investgation team (Panama Case)*. Islamabad: Dawn.com.
- Qanoon-e-Shahadat. (1999). *Article 117, 119 &129 of Qanoon-e-Shahadat and Section-9(a)(5) of NAtional Accountability Ordinance*.
- Qanun-e-Shahadat. (1984). *Article 2(4), (7) and (8) of the Qanun-e-Shahadat Order*..
- Shireen , R., & Kavita, C. (2016). Market Reaction on Divident Announcement in Oman: An Event Study Methadology. *International Journal Of Economics And Financial Issues* , 6(1), 103-108.
- Sultan, K., Khalid, A., & Nasrat, A. M. (2013). Comparison Between Kuwait and Pakistan Stock Exchange Market: Testing Weak From Of Effecient Market. *Academy Of Contemporary Research Journal* , 59-70.
- Thomas, P. M., & Victoria, B. M. (2013). Another Look At Theoretical And Empirical Issues In Event Study Methodology. *The Journal Of Applied Bussiness Research* , Vol 16, No 3 pp 3-5.
- Yahoo. Finance website <https://finance.yahoo.com/>