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Abstract: Better management of listed firms will help them to attract more FDI investment capitals. There are many factors affecting business management including financial risk management.

This paper mainly uses quantitative analysis with OLS model, and qualitative analysis including synthesis, inductive and analytical methods.

OLS regression gives us results that, in a 6 factors model, LAF stock price decrease are much affected by increase in CPI and lending rate with a significant effect, then increasing the exchange rate.

From that, we can have policy and management implications. The limitation of research is that we can expand model for other industries and markets.

Keywords: Transparency, Bank stock price, GDP growth, Inflationary, Risk free rate, Market interest rate, Policy.

INTRODUCTION

Long An Export Processing Joint Stock Company (LAF stock code), previously Long An Export Processing Enterprise - a state-owned enterprise established in 1986 has performed well over years.

We see LAF business results in below chart: 1304 b VND revenues in 2017.

![Chart 1: LAF revenues planned and real](chart.png)

Below chart shows us LAF stock price moves in the same trend with VN Index and GDP growth, although it fluctuates in a smaller range.
The paper is organized with introduction, literature review, methodology, main results, discussion and conclusion.

**CONTENTS**

**Research questions**

Question 1: What are the relationship among many economic factors and stock price of LAF?

Question 2: What are the suggestions for financial risk management?

**Literature review**

We summarize relating studies in below table:

<table>
<thead>
<tr>
<th>Authors</th>
<th>Year</th>
<th>Results, contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lina</td>
<td>2012</td>
<td>Between bank stock return and exchange rate there is positive correlation.</td>
</tr>
<tr>
<td>Gunaratha</td>
<td>2016</td>
<td>Between financial risk and leverage, there is positive correlation.</td>
</tr>
<tr>
<td>Hami</td>
<td>2017</td>
<td>Between CPI in Iran and depth of finance there is negative correlation.</td>
</tr>
<tr>
<td>Kantos and Batolomeo</td>
<td>2020</td>
<td>Prefer “alpha’ more than “beta” to outperform benchmark of market.</td>
</tr>
</tbody>
</table>

**METHODOLOGY AND DATA**

This research paper establishes correlation among macro economic factors by using an econometric model to analyze impacts of six macro economic factors in Vietnam such as: GDP growth, inflation, interest rate, exchange rate,… on LAF stock price.

**MAIN RESULTS**

**General data analysis**

From below charts we recognize: between Y (stock price of LAF) and GDP growth, and VNIndex there is negative correlation, while positive correlation with lending rate and risk free rate.

Next we find out that, based on the below scatter chart, Y (LAF stock price) has negative correlation with inflation (CPI).

Chart 4: LAF stock price (Y) vs. Inflation (CPI)

Chart 5: Y vs. VNIndex

Chart 6: Y vs. Lending rate (r)
We recognize standard deviation of G is lowest while that of USD/VND is highest.

**Table 2: Statistics for macro economic factors**

<table>
<thead>
<tr>
<th></th>
<th>LAF stock price</th>
<th>GDP growth</th>
<th>Inflation (CPI)</th>
<th>VN Index</th>
<th>Lending rate</th>
<th>Risk free rate</th>
<th>USD/VND rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>10.81</td>
<td>0.06416</td>
<td>0.02588</td>
<td>758.875</td>
<td>0.09856</td>
<td>0.050485</td>
<td>22611.7</td>
</tr>
<tr>
<td>Median</td>
<td>11.85</td>
<td>0.0648</td>
<td>0.0264</td>
<td>720.67</td>
<td>0.1</td>
<td>0.05435</td>
<td>22757.5</td>
</tr>
<tr>
<td>Maximum</td>
<td>14.7</td>
<td>0.0708</td>
<td>0.0474</td>
<td>984.24</td>
<td>0.1115</td>
<td>0.06535</td>
<td>23350</td>
</tr>
<tr>
<td>Minimum</td>
<td>5.49</td>
<td>0.0552</td>
<td>0.0063</td>
<td>545.63</td>
<td>0.0886</td>
<td>0.0297</td>
<td>21405</td>
</tr>
<tr>
<td>Standard dev.</td>
<td>3.215</td>
<td>0.005549</td>
<td>0.013884</td>
<td>176.4835</td>
<td>0.007636</td>
<td>0.014066</td>
<td>610.2313</td>
</tr>
</tbody>
</table>

**Regression model and main findings**
- Scenario 1: Regression model with 1-6 variables: analyzing impact of GDP growth (G) on LAF stock price (Y)
  Note: C: constant

**Table 3: OLS results with Eviews**

<table>
<thead>
<tr>
<th></th>
<th>1 variable</th>
<th>2 variables</th>
<th>3 variables</th>
<th>4 variables</th>
<th>5 variables</th>
<th>6 variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>G</td>
<td>-349.6</td>
<td>-357.2</td>
<td>-359.9</td>
<td>-197</td>
<td>-139.2</td>
<td>-121.7</td>
</tr>
<tr>
<td>CPI</td>
<td>-60.1</td>
<td>-60.8</td>
<td>-45.7</td>
<td>-29.9</td>
<td>-28.5</td>
<td></td>
</tr>
</tbody>
</table>
The above table result shows us that:
Between LAF stock price (Y) and inflation, GDP growth and lending rate, there is negative relationship while it has positive correlation with Rf and VNINDEX.

DISCUSSION AND FURTHER RESEARCHES
LAFOOOCO (LAF) was established in 1985 as Long An Export Processing Enterprise. The company was equitized in 1995 and its current charter capital is 133 billion dong. The company operates mainly in the business of processing agricultural products of all kinds for export, with the main products being products from cashew kernel and exported frozen shrimp. LAFOOOCO is currently the national leader in cashew nut purchasing, processing and export. Cashew kernel products have been accepted in foreign markets, currently accounting for 20% of the export market share of the whole cashew processing industry in Long An province.
From the above OLS regression results we find out: LAF stock price increases when CPI and lending rate decrease with significant impact then affected by an increase in risk free rate, and next is reduction in exchange rate.

CONCLUSION AND POLICY SUGGESTION
Basically the inflation policy need to applied meaning Government and agencies need to control inflation well for specific economic stages.

Management implications
Management Board of LAF need to build risk model to estimate impacts macro effects on firm stock price.

Limitation of research
The research model can be applied for other industries and other emerging markets. We also can add more variables into OLS model.

ACKNOWLEDGEMENTS
I would like to take this opportunity to express my warm thanks to Board of Editors and Colleagues friends, and brothers in assisting convenient conditions for my research paper.

REFERENCES

17. https://www.sbv.gov.vn
18. https://nif.mof.gov.vn

Exhibit

Exhibit 1: Inflation, CPI over past 10 years (2007-2017) in Vietnam

![CPI Inflation Graph](image-url)