

A Comparative Analysis of Vietnamese and Chinese Stock Market Using Non-linear Approach

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Abstract

Both Vietnam and China launched economic reforms in the late of 1980s and became the examples of high-speed economic and technology development. However, these two countries experienced different economic innovation processes in different time periods and to different degrees. It is known that stock market plays an important role in contributing to the development of an economy. This paper conducts comparative analysis of Vietnamese and Chinese stock market. By comparing the market status, market size and market performance, it is concluded that the Vietnamese stock market has underperformed with low achievements since its establishment, while the Chinese market has performed fairly well and grown up dramatically to be one of the world's largest markets. This paper then focuses on the efficiency analysis of the two markets by using the Hurst Exponent analysis theory, which displays that the Vietnamese stock market exhibits lower efficiency than the Chinese stock market. From this result, it can be considered that the Vietnamese government imposed heavy control of the market.

Key words: Vietnamese Stock Market; Chinese Stock Market; Comparative Analysis; Hurst Exponent Analysis; Market Efficiency