

Monday June 25, 2012

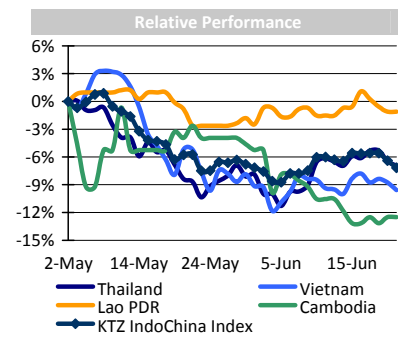
The Market

VNX Closed Below 430; Lao's EdL Gen Volume Hit Nearly 3-Mth High; CSX Unchanged

VN Index fell for the second day to close below a psychological level of 430 at 427.17, down 0.92% on Friday, in line with the regional peers amidst weak global sentiment after Moody's downgraded 15 global banks' rating. The nation's biggest listed banks i.e. Vietcombank (VCB) and Vietinbank (CTG) fell 1% and 0.48% respectively. The HCM market trading was lower than VND 1 trillion for the third day at VND 755.9 billion (USD 36 million). However, foreign investors remained net buyers for the second day worth VND 87 billion (USD 4.1 million), up over 4 folds from the day's earlier.

LSX Index was unchanged at 1,011.19 with the highest volume in nearly three months, solely contributed from EdL Gen as BCEL has no trade. EdL Gen's trading values reached LAK 1.78 billion (USD 200,000), the highest since April 4 but the closing price unchanged at LAK 4,750. CSX Index was also unchanged at 715.05 on thin turnover of KHR 79.5 million (USD 19,400).

Asian stocks markets tumbled Friday as signals of a global slowdown seen after the disappointing US, Europe and China manufacturing reports. However, we still keep our positive view on the Indochina stock markets, especially the blue chip stocks. Their earnings are largely influenced by domestic economy than the global, particularly Vietinbank (CTG) and EdL Gen (EDL).



Source: Bloomberg as of June 22

	Last	Chg	(%)
FTSE ASEAN	537	-3	-0.5
Singapore	2,828	-2	-0.1
Thailand	1,153	-6	-0.5
Malaysia	1,603	+2	+0.1
Indonesia	3,890	-12	-0.3
Philippines	5,120	+11	+0.2
Vietnam	427	-4	-0.9
Lao PDR	1,011	0	0.0
Cambodia	715	0	0.0

Source: Bloomberg as of June 22

Per USD	Last	Chg	(%)
Baht	31.81	+0.12	+0.38
Dong	20,905	-15.00	-0.07
Kip	8,008.00	+5.00	+0.06
Riel	4,143.65	+50.00	+1.22
Kyat	861.65	+11.73	+1.38

Per Baht	Last	Chg	(%)
Dong	665.52	+5.42	+0.82
Kip	252.13	-0.39	-0.15
Riel	128.00	0.00	0.00
Kyat	27.13	+0.31	+1.16

Source: Bloomberg as of June 22

The News

- **Vietnam** - Vietnam's Inflation Eases to Lowest Level in More Than Two Years
- **Vietnam** - Vietnam to Sell Shares in Dung Quat Refinery Operator
- **Myanmar** - Myanmar Signs Flurry of Oil, Gas Deals
- **Myanmar** - More Careful Planning Needed on Dawei Project: ADB
- **Lao PDR** - Lao Trade Portal Aims to Ease Import, Export Barriers

Upcoming Market Holiday:

Thailand

- Aug 2: Asarnha Bucha Day
- Aug 13: Substitution for H.M. The Queen's Birthday

Corporate Action:

Lao PDR

1) EdL Gen's Right Offering (RO)

- June 21: Ex-Right Date (XR)
- June 22: Record Date
- June 26-July 6: Subscription Period
- July 31: New Shares Listing Date

2) EdL Gen's Public Offering (PO)

- Subscription Period to be Informed Later

Thanawat Patchimkul
Global Strategist
Email: thanawatp@ktzmico.com
Tel: + 66 2 695 5451
Assisted by
Denruthai Krishnamra

Vietnam - Vietnam's Inflation Eases to Lowest Level in More Than Two Years

Vietnamese inflation slowed to the weakest pace in a year in June, an official estimate showed, mirroring slowing economic growth in the communist state. Consumer prices were up 6.9% year-on-year, after increases of 8.34% in May and 10.54% in April, according to the General Statistics Office. The inflation rate for the first six months of 2012 stood at 12.2% year-on-year. Inflation hit 23% in August of last year, forcing the government to repeatedly increase official interest rates in an effort to prevent the economy overheating. Economists say the sharp slowdown in consumer prices is the result of the tighter monetary policy and cooling demand for Vietnamese exports. Vietnam's economic growth slowed to 4.0% in the first quarter of 2012, the weakest in three years. Vietnam's economy grew 5.9% last year. *We believe Vietnam economy is regaining its stability. The inflation is coming down quickly whereas the State Bank of Vietnam has been lowering domestic interest rates 4 times this year. Going forward, the softening global commodities prices and cooling domestic demand would provide a good support for further accommodating policy through the remaining of the year.*

Vietnam - Vietnam to Sell Shares in Dung Quat Refinery Operator

State oil and gas Petrovietnam group will sell shares in its subsidiary, Binh Son Refining and Petrochemical Co which is the operator of the country's only oil refinery, to the public within this year, the government said. The operator of the \$2.2-billion Dung Quat refinery will have less state ownership along with 92 other state-owned enterprises this year, the Finance Ministry said in a statement issued late on Friday, but gave no values or any specific dates. It uses the term 'equitisation' instead of privatisation to describe the process of reducing state ownership via initial public offerings, in which the state retains a majority of shares. The ministry did not say how much of the stake in Binh Son would be offered to the public. An IPO in Vietnam is separate from a listing, which can come several years after the shares have been sold to the public. The refinery operator is the only firm run by Petrovietnam to go public this year, according to a Finance Ministry. *We believe this is good news to the Vietnam stock market. Increasing privatization trend could translate into more listing of larger scale companies. Apart from oil & gas, we believe privatization of the major firms in the banking and telecommunication sectors, which currently dominated by Vietnam government, would make the Vietnam stock market more attractive.*

Myanmar – Myanmar Signs Flurry of Oil, Gas Deals

Burma has signed nine oil and gas exploration deals with foreign companies since March as part of its push to jump-start the economy, according to domestic media. "It was the first time in the history of Myanma Oil and Gas Enterprise to sign nine agreements within such a short period," the article said. It provided no financial details, but said Burmese companies are involved in all nine deals. The foreign firms are EPI Holdings of Hong Kong, Geopetro International Holding of Switzerland, Petronas of Malaysia, Jubilant Energy of India, PTTEP of Thailand, Istech Energy of Indonesia and CIS Nobel Oil of Russia. The ministry said 10 foreign companies were exploring for oil at 24 offshore energy fields, while eight overseas firms were exploring 20 inland fields. *We believe Myanmar would continue to attract foreign investors due to its rich in natural resources, particularly oil & gas and mining sector. It is estimated that Myanmar hydrocarbon reserves are estimated at 2.5 trillion cubic meters of natural gas and 3.2 billion barrels of crude oil. Mining might be the next top spot but more slowly due to the country's inferior logistics.*

Myanmar - More Careful Planning Needed on Dawei Project: ADB

The capital-intensive Dawei project in Myanmar needs time to ensure adequate preparation, while investment and assurance from relevant governments are also critical, says the Asian Development Bank. The ADB, which is part of the Greater Mekong Subregion secretariat, has concluded that the GMS's Southern Economic Corridor should be extended to include Dawei on Myanmar's eastern coast, said Arjun Goswami, the bank's director of regional cooperation and operations coordination in Southeast Asia. But he said this type of large infrastructure project requires time for good preparation and careful planning. "The project needs to complete all feasibility studies including environmental and social impact assessments as well as due diligence. You should not rush into it," Mr Goswami said. The ADB's Dr Goswami said the Dawei project will require public investment and assurance from relevant governments in order to attract multilateral agencies and private investors. Myanmar is the only Asean country that is not a member of the Asean Infrastructure Fund, which was set up last year to invest in regional Dawei-scale projects. *At this point, we believe Italian Thai Development is in a difficult position and has an increasing possibility of losing the project. We expect to see more support from the Thai government to secure the project or else some or a part of the mega-project might be handed over to better-funded and highly experienced Japanese, South Korean, and Singaporean firms.*

Lao PDR - Lao Trade Portal Aims to Ease Import, Export Barriers

The Ministry of Industry and Commerce has unveiled a portal which provides local and foreign businesses with guidelines on the import and export of goods. Industry and Commerce Minister Dr Nam Vinhaket, local and international senior officials yesterday cut a digital ribbon to launch the Lao Trade Portal in Vientiane, marking a significant milestone in Laos' preparations to join the World Trade Organisation (WTO). The Lao Trade Portal, which was built with support from AusAID, GIZ, the EU and the World Bank, will allow local and international traders to access laws, regulations, decrees and other legal instruments, enabling them to expedite imports and exports. The www.laotradeportal.gov.la also provides other trade and import related information, such as regulations on animal health control, food safety, licensing for specific products, prohibitions and restrictions, and technical conformance standards. Businesses can also access official announcements on import and export measures, and learn how these may positively or negatively impact their operations. This will help them to adjust to the new business environment. *We believe the trade portal would help boost trade and investment between Lao PDR and its trading partners as it will be more transparent and reach larger markets. However, we believe better enforcement of tax law should be done in parallel. Numbers of exporting businesses have been complaining that they still have to pay 10% value added tax on raw materials which should be exempt, according to the Investment Promotion Law. Having said that, we believe Lao is moving into the right track and would benefit from joining WTO this year.*