

The Market

Indochina index continued to subside with light volume

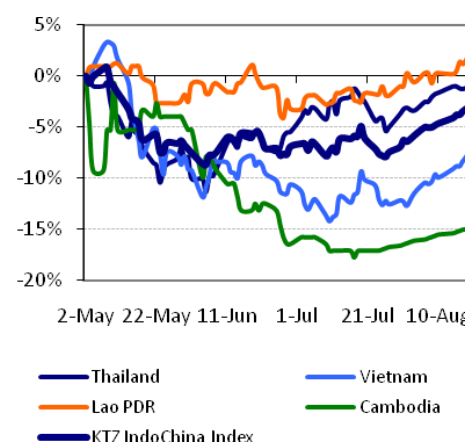
The VN index closed down slightly by 0.41 points or 0.11% to 385.78 points as investors traded cautiously due to concerns over the banking system. A total of 41.22 million shares worth 539.57 billion dong were traded, or USD 25.87 million. Prices of 101 stocks went up, 141 stocks plunged while 67 stocks remained unchanged. Furthermore, STB, DRC, PVD, DPM and ITC were the top five stocks in terms of foreign investors' buying, respectively.

For Lao PDR, the LSX Index decreased by 18.31 points or 1.73% to 1037.79 points on trading volume of 394,801 shares worth 3 billion kip (USD 377,000). BCEL was unchanged at 7,800 kip (USD 0.98) but EDL-Gen fell 100 kip to 4,800 kip (USD 0.60). The Cambodian CSX index tumbled by 5.37 points or 0.78% to 682.8 points on trading volume of 33,862 shares worth KHR 215.04 million (USD 53,164), with the PPWSA sinking 50 KHR to 6,350 KHR (USD 1.57).

The News

- **Cambodia** – Indonesia to sign rice pact with Cambodia
- **Lao PDR** – Vietnam to build power plants in Laos
- **Myanmar** – Myanmar signs industrial zone pact with Japanese consortium
- **Vietnam** – FDI disbursements reach \$7.3b

Relative Performance



Source: Bloomberg

	Last	Chg	(%)
FTSE ASEAN	572.86	-1.16	-0.2%
Singapore	2,427.20	-5.86	-0.2%
Thailand	1,188.62	0.98	0.1%
Malaysia	1,647.11	-1.02	-0.1%
Indonesia	4,142.85	-3.03	-0.1%
Philippines	5,175.62	32.27	0.6%
Vietnam	385.78	-0.41	-0.1%
Lao PDR	1,037.79	-18.31	-1.7%
Cambodia	682.80	-5.37	-0.8%

Per USD	Last	Chg	(%)
Baht	31.30	0.00	0.1%
Dong	20,855.00	-10.00	-0.0%
Kip	8,025.70	-1.65	-0.0%
Riel	4,077.55	4.30	0.1%
Kyat	874.93	1.13	0.1%

Per Baht	Last	Chg	(%)
Dong	666.93	-0.75	-0.1%
Kip	256.41	-0.46	-0.2%
Riel	666.93	-0.75	-0.1%
Kyat	27.95	-0.01	-0.0%

Source: Bloomberg

Cambodia – Indonesia to sign rice pact with Cambodia

Indonesia plans to sign an agreement to import rice from Cambodia if needed to supplement domestically produced supply, Iman Pambagyo, director general of international trade cooperation at the Trade Ministry of Indonesia, said on Tuesday. "The agreement will be similar with the ones Indonesia has with Thailand and Vietnam," he said, without providing further details. Thailand and Vietnam agreed to supply rice to Indonesia when needed, he added. Indonesia, which was self-sufficient in rice in 2008 and 2009, turned to imports the next year after stockpiles fell and output failed to meet targets. Indonesia's Trade Minister Gita Wirjawan said on Aug 14 that Indonesia does not need to import rice this year because stock levels are adequate. The country's buffer stock amounts to 2.2 million tonnes to 2.3 million tonnes, which is enough for the year, but the stock levels are reviewed every month, Wirjawan said. *Cambodian rice exports have bounced back strongly over the past 8-10 years with production growing at about an 8% annual rate. The country aims to double its rice production by 2015 to about 9.5 million tons and export around 5 million tons annually, and it has signed several deals with importers from the EU towards that goal.*

Lao PDR – Vietnam to build power plants in Laos

Vietnam and Laos yesterday signed an agreement in the capital city of Vientiane to build two hydropower plants in two southern Lao provinces, namely the Sekong No 3 and Sekaman No 4 projects in the provinces of Lao Attapeu and Sekong. These projects are located near the border of Laos and Vietnam. The Sekong No 3 project, invested in by Song Da Group with US\$278.5 million and a capacity of 205MW, is expected to be completed by 2015 and produce 804 million kWh per year. Meanwhile, the Sekaman No 4 project, invested in by Viet-Lao Joint Stock Hydro Power Company with investment of \$128 million and a capacity of 80MW, is expected to be completed by 2016 and produce 316 million kWh per year. Duong Khanh Toan, president of Song Da Group's member council, says the construction of the two projects suits the two countries' development policies by contributing to energy security, enhancing export turnover, developing social security and national border defence, as well as creating an investment environment in the region that develops the economies of the two provinces. *Based on Laos' PDP (2010-2020), the country's total electricity supply will more than triple from the current level to nearly 9,000MW, with over 5,000MW to be exported to two major countries, Thailand and Vietnam.*

Myanmar – Myanmar signs industrial zone pact with Japanese consortium

Myanmar's government has agreed a deal with a Japanese consortium to jointly develop a special economic zone on the edge of the commercial capital, Yangon, as part of moves to expand industry and bring in much-needed investment. Mitsubishi Corp, Marubeni Corp and Sumitomo Corp will team up for a 49% share in the 2,400-hectare (5,900-acre) estate in Thilawa, close to a deep-sea port, with the government set to invite private domestic firms to get involved. Myanmar will set up a public consortium so that the general public can invest in this project. Meanwhile, the Japanese government would provide financial assistance to support the development of infrastructure for the industrial zone, which will include factories and a gas-fired power plant, said Win Aung, chairman of the Union of Myanmar Federation of Chambers of Commerce and Industry. *Japanese firms seem eager to expand their footprint in Myanmar. They are expected to invest in Myanmar's other economic zone projects, such as Kyaukphyu on the Bay of Bengal and Dawei, a \$50 billion project on the southern peninsula with access to the Indian Ocean and mainland Southeast Asia. At this point, Myanmar's law governing economic zones is in the revision process.*

Vietnam – FDI disbursements reach \$7.3b

Foreign direct investment (FDI) disbursement in Vietnam during the first eight months of this year was slightly lower than the same period last year, said the Ministry of Planning and Investment's Foreign Investment Agency (FIA). Disbursement reached US\$7.3 billion during the period, or 99.7% of last year's corresponding period figure. A total of 672 new FDI projects worth \$5.52 billion registered across the country, dropping by 43.5% year-on-year. The country attracted total FDI of \$8.47 billion during the period, a 34% reduction from the same period last year. The processing and manufacturing industry took the lead in terms of investment capital with 281 new registered projects, gobbling up \$5.74 billion or 67.8% of total national FDI. Real estate ranked second, attracting \$1.72 billion with eight new FDI projects and accounting for 20.4% of the total FDI. Retail sector and repairing attracted the third-largest FDI with 124 projects totaling \$377 million, accounting for 4.4%. Japan remained the country's leading source of foreign investment among 52 countries that invest in Vietnam, investing \$4.33 billion, accounting for 51% of the total FDI. Samoa came in second, investing \$889.8 million, followed by South Korea with \$654.7 million in investments. The southern province of Binh Duong continued to be a favourite location for foreign investors, drawing \$1.84 billion or 21.8% of the total FDI. Hai Phong City took second place, followed by Dong Nai, HCM City, Bac Giang and Ha Noi. *The global economic slowdown, which has led to lower demand for imports (while Vietnam is an export base for processing and manufacturing industries), as well as a weakening domestic economy, should be the key reasons for lower than expected FDI into the country. However, this situation should be temporary as Vietnam is still an attractive investment destination due to its labor cost advantage and the large size of the domestic market with a total population of about 90mn.*