

Friday June 29, 2012

The Market

VNX Fluctuated, Bank & Energy Led Gains; LSX Up On EdL; CSX Hit New Low

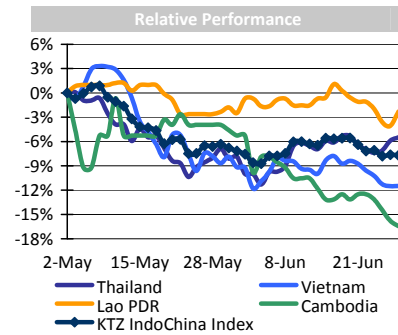
VN Index managed to close in positive territory at 418.16, up 0.03%, snapping its five-day losing streak, after moving in a negative territory for most of the day Thursday. The market gain led by banking and oil & gas sectors. Vietcombank (VCB) advanced 1.39% after reporting low bad debt while PetroVietnam Gas (GAS) jumped 1.32% on higher gas price. The HCM market turnover was still low at VND 776.4 billion (USD 37.1 million), a 4.9% increase from the day earlier. Foreign investors turned into net buyers worth VND 285 million (USD 13,600), reversing VND 11.3 billion (USD 500,000) net sold a day ago.

LSX Index rebounded, snapping its six-day of losses to close at 998.81, up 1.83%. The market led by EdL Gen which jumped 2.17% to close at LAK 4,700 with only 9,000 shares traded while BCEL has no trade. Meanwhile, the CSX Index hit a new record low for the fourth consecutive days at 682.80, down 0.78%. The market turnover was thin at KHR 73 million (USD 17,900).

The focus now is on the outcome from the EU leaders meeting during June 28-29. However, many foreign investors are more positive on Vietnam stock market in the coming quarters. According to CNBC report, Asean Investment Management and PXP Viet Nam Asset Management forecasted that the VN Index would jump by 25-35% over the next six months. Meanwhile, Templeton's Mark Mobius said its valuations look compelling with PE of 9x earning this year.

The News

- **Vietnam** - Vietcombank: Bad Debt Still Under Control At 3%
- **Vietnam** - Vietnam Trade Deficit Tumbles in the First Half of 2012
- **Cambodia** - General Director of PPWSA Will Leave His Post on July 1 on Retire
- **Myanmar** - Myanmar Seeks Investors to Develop a Second Yangon Airport
- **Lao PDR** - Renewable Energy Potential Huge in Laos



Source: Bloomberg as of June 28

	Last	Chg	(%)
FTSE ASEAN	539	-1	-0.2
Singapore	2,847	+5	+0.2
Thailand	1,171	+5	+0.5
Malaysia	1,594	-8	-0.5
Indonesia	3,888	-47	-1.2
Philippines	5,256	-2	-0.0
Vietnam	418	+0	+0.0
Lao PDR	999	+18	+1.8
Cambodia	683	-5	-0.8

Source: Bloomberg as of June 28

Per USD	Last	Chg	(%)
Baht	31.88	0.00	0.00
Dong	20,910	+20.00	+0.10
Kip	8,016.00	+2.50	+0.03
Riel	4,081.95	+16.95	+0.42
Kyat	868.61	+8.57	+1.00

Per Baht	Last	Chg	(%)
Dong	655.56	+0.26	+0.04
Kip	251.40	+0.03	+0.01
Riel	128.00	0.00	0.00
Kyat	27.24	+0.26	+0.98

Source: Bloomberg as of June 28

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

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Vietnam - Vietcombank: Bad Debt Still Under Control At 3%

The Bank for Foreign Trade of Viet Nam (Vietcombank) announced on Tuesday that its bad debt is still under control at 3%. Deputy General Director of Vietcombank Nguyen Thu Ha attributed her bank's low bad debt ratio to a careful credit policy and the timely control of loans and strict lending policies. By June 2012, the bank's total assets are estimated to reach more than VND329 trillion (US\$15.6 billion) or an increase of 6.5% against the same period last year. Currently, the bank's lending interest rate has decreased to a low rate of 12% while outstanding credit debt by the end of June is estimated to reach VND215 trillion (\$10.2 billion), or an increase of 3.6% against late last year. The lowest lending rate earlier in February was 14.5%. By the end of this month, the bank pre-tax profit is estimated to reach VND2.6 trillion (\$123.8 million) or 15% lower than the same period last year. *We expect to see NPLs among Vietnamese banks to rise further following last year's economic difficulties. Banks are now busy restructuring the loans in an effort to curb the rising NPLs while become more stringent in extending new loans. Bad debts in Vietnam's banking system rose to 4.14% of total loans as of April. The total NPLs at banks stood at 108.6 trillion dong (\$5.18 billion) according to the central bank governor's report to the National Assembly. Bad loans at banks were about 3.06% of total loans at the end of 2011. During Jan-Apr 2012, bad debts rose at an average of 8.6% a month, according to central bank.*

Vietnam - Vietnam Trade Deficit Tumbles in the First Half of 2012

The nation's trade deficit shrank to \$690 million, a fraction of the \$6.65 billion reported in the same period last year, the General Statistics Office said. Exports in the period were up 22%, or \$53.12 billion while imports rose at a slowed pace of 6.9%, reaching \$53.81 billion. In June, Vietnam's inflation rate stood at 6.9% year-on-year, the weakest pace in more than two years. Economists said the sharp slowdown in consumer prices is the result of the tighter monetary policy and the fall of purchasing power in the local market. According to government figures more than 21,000 businesses have gone bankrupt in the first five months of the year. Vietnam's economic growth has slowed to 4.0% in the first quarter of 2012, the weakest pace in three years. Last year, Vietnam's economy grew 5.9% while the government aims for a 6.0-6.5% expansion this year. *Vietnam economy is regaining its stability after the government decided last year to curb economic growth. So far this year, the cooling inflation allows the central bank to cut deposit interest rate cap 4 times, 1% each for the first 3 times and 2% in the latest move in June, making the total reduction of 5% to 9%. Given the obvious economic improvement, S&P raised Vietnam rating to stable from negative.*

Cambodia - General Director of PPWSA Will Leave His Post on July 1 on Retire

The Ministry of Industry, Mines and Energy will retire the general director of Cambodia's only listed company just a few months after its initial public offering, according to an unofficial letter from the ministry obtained late yesterday. Ek Sonn Chan, general director of the Phnom Penh Water Supply Authority (PPWSA), will leave his post on July 1 after nearly 20 years on the job, according to the letter, signed by MIME minister Suy Sem. Sim Sitha, the director of Sihanouk Water Supply, confirmed yesterday he would take the reins of the state-owned company, known for the clean book-keeping and high efficiency that helped put it on the Cambodia Securities Exchange. According to the ministry's letter, Ek Sonn Chan was due to retire in 2010. MIME, however, requested a two-year extension on his position, which Prime Minister Hun Sen and King Sihamoni approved. *PPWSA, Cambodia's only listed company, floated a 15% stake in mid-April. PPWSA was priced at Riel 6,300 (USD 1.57) in its IPO. The stock prices rose sharply to Riel 10,200 (USD 2.51), 2 days after listed. The stock has been declining to close slightly above IPO at Riel 6,350 yesterday on thin trade.*

Myanmar - Myanmar Seeks Investors to Develop a Second Yangon Airport

Myanmar is looking for investors to develop a second international airport for the commercial capital, Yangon, on the site of an old Japanese-built air strip from World War Two, state media said on Thursday. After Myanmar opens up to the world, an influx of tourists and business travelers are seen. "The Ministry of Transport would like to cooperate with local and foreign investors for the development of Hanthawady International Airport, and for upgrading and modernising some other domestic airports," the Air Transport directorate said in an announcement. Hanthawady would be built on a disused airfield near Bago town, about 50 miles (80 km) north of Yangon. Yangon's current airport, which was renovated in 2007 and looks modern in comparison with many of the neglected buildings in the city, can handle 2.7 million passengers a year, although only 1.45 million passed through in 2011, Transport Ministry figures show. Myanmar also has international airports in the administrative capital, Naypyitaw, and Mandalay. *Numbers of airlines are on course to expand their route to Myanmar. At least six foreign airlines have planned to resume flights to Myanmar since a year ago in wake of changes in the country but only two of them seem to be in readiness to start operation and the remainings are expected to follow the move after a time. The six foreign airlines are Sri Lankan Airline, Bangladesh's Biman Airline, Hong Kong Express Airline, Pakistan International Airline, Japan's All Nippon Airways and Qatar Airways. Of them, All Nippon Airways and Qatar Airways are making preparations for the move having the most possibility of resuming regular direct flights to Yangon respectively, prompted by Myanmar's economic reforms and changes. Myanmar Airways International also plans to launch direct flights from Yangon to Vientiane at the end of this year as the two countries step up economic and trade cooperation.*

Lao PDR - Renewable Energy Potential Huge in Laos

Electricite du Laos (EDL) Deputy Managing Director, Mr Savath Phoumlavanh, said yesterday that a sugar producer in Savannakhet province, Mitr Lao Sugar Co Ltd, started supplying energy to the EDL power grid at the end of last year. Mitr Lao uses waste sugarcane as a fuel to generate energy. This is the first project to use the waste product for energy generation in Laos and is environmentally friendly. It will supply 3MW of energy to EDL for the first year and 6MW in the second year. Power generation will increase each year thereafter depending on generation capacity. The Lao Indochina Group Public Company Tapioca Factory will run a test on tapioca production using biogas to fuel the process in Vientiane next month. The biogas will replace the use of coal, and will help to reduce air pollution. *Hydropower is the most important energy resource currently, with technical potential estimated to be around 26,000MW. This figure doesn't include small scale hydropower sites below 15MW, which have an estimated potential of around 2,000MW on their own. Laos currently has 16 hydropower plants with an installed capacity of 2,559.7MW. Electricity exports ranked second in terms of export revenue after the mining products. The buyers are Thailand, Vietnam, China, and Cambodia.*