

Vietnam

Vietnam PMI rises to 49.2 The HSBC Vietnam manufacturing purchasing managers' index (PMI) rose to 49.2 in September 2012, up from 47.9 in August 2012, and well above a multiyear year low of 43.6 in July 2012.

View: Still indicates worsening conditions PMI figures below 50 indicate worsening economic conditions; the 49.2 print suggests that the Vietnamese economy continues to deteriorate, but at a slower rate. The PMI has not seen a reading above 50 for an entire year, since September 2011. Recent news flows has continued to be net negative, and we expect that the risk remains to the downside for the economy short to medium term.

Cambodia

IMF revises up GDP forecast The International Monetary Fund has revised up its GDP forecast for Cambodia in 2012 to 6.5%-7.0% from its previous 6.2% growth estimate.

View: Key sectors seeing reasonable growth YTD Cambodia's three key sectors have seen reasonable growth YTD: 1) textiles exports, which are 90% of total exports and the core of the manufacturing base, rose 9.1% yoy for 7M/12, 2) tourist arrivals rose 26% over 7M/12 and 3) agriculture production has likely improved yoy given severe flooding last year. However, the rate of garment export growth has slowed considerably compared to 2010-2011; a continued slowdown would be a concern for 2013.

Laos

PanAust undertaking prefeasibility study at Phonsavan Australian listed miner PanAust, which runs gold, copper and silver mining operations in Laos, is running a prefeasibility study on its Phonsavan project, to be completed by June 2013, targeting 25k tonnes/year of copper, and 20k oz/year gold production.

View: Could represent significant growth for Laos mining PanAust produces nearly all of Laos's concentrated copper and the majority of its silver output, and a third of its gold output. If Phonsavan meets these targets, copper concentrate production in Laos would rise over 30% and gold production over 10%.

Myanmar

ADB boosts GDP forecast for 2012-2013 Asia Development Bank has raised its real GDP forecast for Myanmar to 6.3% and 6.5% for 2012 and 2013, respectively from 6.0% and 6.3% previously, even as it cuts its regional growth forecasts.

View: Reforms likely to drive higher growth A dramatic set of economic reforms implemented this year has prompted a wave of new foreign investment, debt forgiveness, loans and grants, which should lead to a major increase in the capital available to Myanmar to drive economic growth. We are already seeing capital flow into the energy business, especially the oil and gas sectors, as well as agriculture, and the increased openness should also drive tourism.

Index	Value	% chg
Thailand	1,307.6	0.14
Vietnam	385.4	0.27
Laos	1,048.9	0.00
Cambodia	677.4	1.61

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.2	2.2
Vietnam	9.8	1.4
Laos	5.5	0.7
Cambodia	18.4	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.7	0.03
Dong (VND)	20,890	0.02
Kip (LAK)	8,011	-0.10
Riel (KHR)	4,058	-0.08
Kyat (MMK)	860	-0.19

Source: Bloomberg

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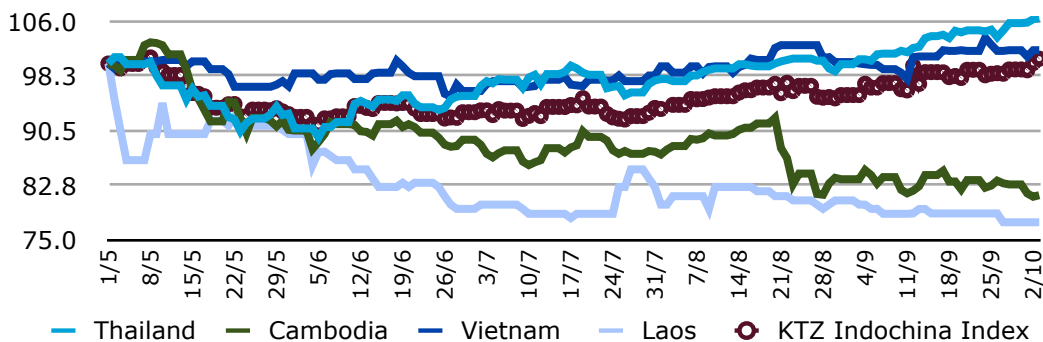
Indochina Markets

Vietnam up 0.3%: The HCM index rebounded marginally, up 0.3% to 385.4, with most major industry groups seeing a recovery following a week of declines.

Laos flat The LSX traded flat at 1,048.9, with BCEL holding at LAK7,450 and EDL remaining at LAK4,900, on relatively light volume of 18,269 shares.

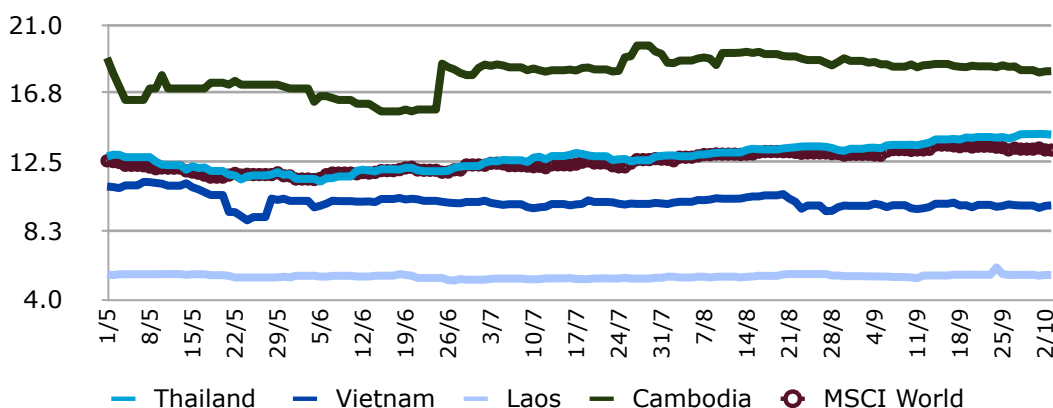
Cambodia up 1.6%: The CSX rose 1.6% to 677.4, with the only listed stock, PPWSA, rising back to its IPO price of KHR6,300, from KHR6,200 in the previous session.

Figure 1: Indochina markets relative index performance



Source: Bloomberg

Figure 2: Indochina markets price to earnings ratio



Source: Bloomberg

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