

Vietnam

Record coffee exports for 10M/12 Vietnam saw record high coffee exports of US\$1.4mn tonnes, up 38% yoy, for a value of US \$3bn, up 33% yoy, with strong demand from key markets the US (12% of total coffee exports) and Germany (12% of the total).

View: Vietnam close to becoming world coffee export leader

From April-Sept 2012, Vietnam accounted for 22% of global coffee exports, a strong number two just behind Brazil, which shipped 23% of global coffee exports over the period. Vietnam has been gaining on Brazil, however, as it comprised just 15% of worldwide coffee exports in 2006, and has the potential to become the market leader in the next few years.

Cambodia

Arrivals up 23% yoy for 9M/12 International visitor arrivals reported by the Ministry of Tourism have risen 23% yoy for 9M/12 to 2.6mn, and were up 16% yoy for September 2012.

View: On track for 3mn+ arrivals in 2012 Arrivals are well on track to beat our 3.2mn target for 2012, needing only low single digit growth yoy for 3Q/12 to meet this figure, whereas the actual growth is averaging above 20%. Although arrivals numbers have been much stronger than expected this year, they may not necessarily translate to a commensurate rise in tourist receipts. This is because the arrivals mix is shifting towards a much higher proportion from lower income regional countries.

Laos

Movement on Xayaburi continues Although Laos's US\$3.8bn Xayaburi Dam project on the Mekong river is officially on hold to assess its impact after downstream nations including Cambodia and Vietnam voiced environmental concerns, deals are still being done related to the dam. Mostly recently a Thai contractor involved in the project, CH Karnchang, placed an order with Austrian firm Andritz for US\$300mn+ in equipment related to Xayaburi.

View: Satisfactory dam redesign will be crucial Laos is having the dam redesigned to allow water and sediment flow through it; this will be key in allaying the neighbors' environmental concerns.

Myanmar

World Bank approves US\$325mn in grants The World Bank has approved US\$325mn in grants to Myanmar, with US\$245mn in financial assistance and US\$80mn in rural community projects.

View: Grants key in Myanmar development This year marks the return of multilateral institutions like the World Bank and ADB to Myanmar, and they will be instrumental in providing capital to bring the nation up to speed with the rest of Southeast Asia. The US\$0.3bn in grants would likely help fund a considerable proportion of the state deficit, given the government's most recently reported 2010 fiscal deficit of about US\$0.2bn, on revenue of US\$3.1bn and expenditure of US\$3.2bn.

Index	Value	% chg
Thailand	1,306.6	0.66
Vietnam	375.3	-3.27
Laos	1,067.3	-0.85
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.2	2.2
Vietnam	9.5	1.5
Laos	5.5	0.8
Cambodia	18.2	0.0

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.8	0.20
Dong (VND)	20,850	0.00
Kip (LAK)	8,040	0.08
Riel (KHR)	4,044	-0.05
Kyat (MMK)	855	0.08

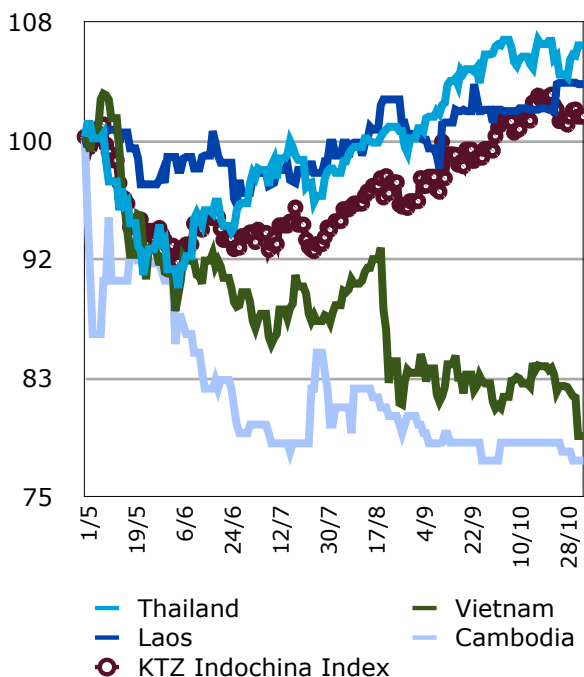
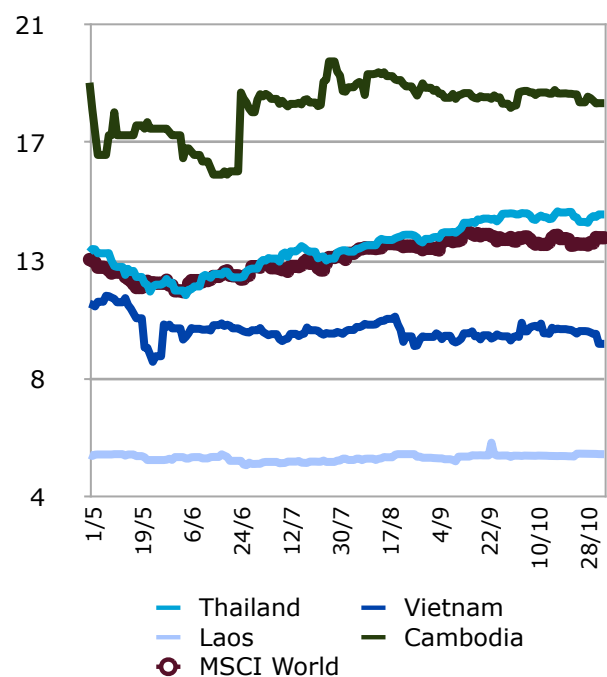
Source: Bloomberg

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Figure 1: Indochina Markets

	Index/ Price*	% chg	Volume('000)	YTD avg daily volume ('000)	Value (US\$ '000)	YTD avg daily value (US\$ '000)
Vietnam (HCI)	375	-3.3%	50,796	49,821	28,271	34,091
Vietnam (HNI)	51	-3.0%	46,551	47,037	13,503	20,059
Laos (LSX)	1,067	-0.9%	20	108	16	72
BCEL*	7,450	0.0%	11	25	10	22
EDL*	5,000	0.0%	9	83	5	50
Cambodia (CSX)	667	0.0%	1	51	1	99
PPWSA*	6,200	0.0%	1	51	1	99

Source: Bloomberg *Laos- LAK, Cambodia - KHR

Figure 2: Relative performance*

Figure 3: Market price to earnings ratio


Source: Bloomberg, KT Zmico estimates, * from May 1, 2012

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