

Vietnam

Rice price floor set The Vietnam Food Association has established price floors for rice exports to take effect on February 6, 2013, with five percent broken rice not to be sold below US \$410/tonne, up from the previous floor of US\$390/tonne, while the floor for 35% broken rice will rise to US\$365/tonne.

View: Price floors likely to create surplus This floor could prevent the Vietnam rice price from declining to a market clearing level in an already competitive global market, and could leave some producers unable to sell their product. A high rice price floor set in 2011 in Thailand saw this previously number one global rice exporter drop to number three in the space of a year.

Cambodia

Cassava production declines 11.5% yoy The value of cassava production fell yoy in 2012 as prices remained flat yoy, but the hectares of this root cultivated declined to 346k from 391k in 2011, and the harvest declined to 6.9mn tonnes from 8.0 tonnes.

View: Only a small proportion of agricultural production Cassava is only a small proportion of the agricultural production in Cambodia, and a decline in this product alone does not pose the major risk to growth that falling rice production would. Using FAO data we estimate that cassava was only about 5% of the total value of crop production in 2009, compared to rice at 55%, maize at 11%, and vegetables at 9%.

Laos

Laos-Thailand rail connection by 2015 Laos plans to construct a railway linking the capital Vientiane to Thailand, financed by a THB1.65bn (US\$55mn) Thai government loan. The project will have two phases; 1) the construction of a THB652mn container storage and lifting facility at the border, expected to start construction by end-2013, and 2) a railway link from Thanaleng station to Vientiane station.

Transport projects to cut shipping costs Landlocked Laos is currently seeing major ongoing road and rail projects which should start to reduce transport costs over the next few years.

Myanmar

Surge in vehicle imports The Myanmar Customs Department announced that car imports have surged to 130k over the fifteen months from October 2011 to January 2013.

View: Registrations up over 1000% yoy Although the article does not give vehicle imports in a prior period for comparison, vehicle registrations reported by the government give insight into the soaring rise in vehicles reaching Myanmar's roads. Government data show that net new vehicle registration for 7M/12 rose over 1000% yoy to 537,090 units, compared to just 41,595 in 7M/11. We expect to see this high growth further buoyed as more foreign companies enter the country.

Index	Value	% chg
Thailand	1,505.7	-0.04
Vietnam	477.4	-1.04
Laos	1,424.3	0.00
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	13.9	2.3
Vietnam	10.9	1.9
Laos	8.0	1.5
Cambodia	18.4	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	29.7	-0.17
Dong (VND)	20,830	-0.02
Kip (LAK)	7,943	-0.02
Riel (KHR)	3,995	0.00
Kyat (MMK)	862	0.17

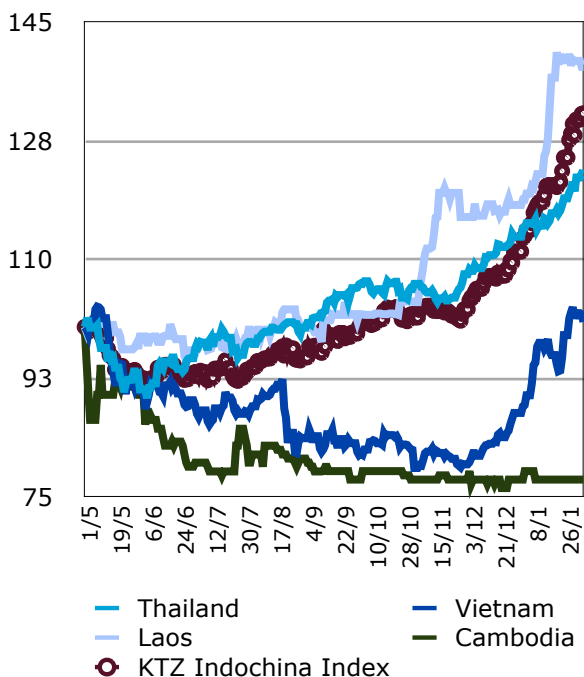
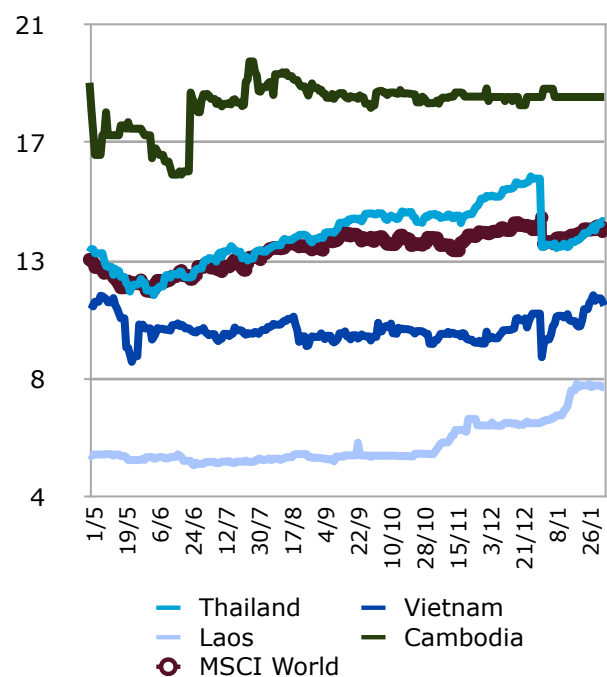
Source: Bloomberg

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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)	477	-1.0%	53,000	49,291	43,837	32,972
Vietnam (HNI)	63	-0.3%	39,974	47,972	15,411	19,215
Laos (LSX)	1,424	0.0%	53	95	47	65
BCEL*	7,900	0.0%	10	21	10	19
EDL*	6,900	0.0%	42	74	37	46
Cambodia (CSX)	667	0.0%	4	39	6	73
PPWSA*	6,200	0.0%	4	39	6	73

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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