

Vietnam

Rice exports rise to 6.5mn tonnes for 10M/12 Vietnam exported 6.5mn tonnes of rice over 10M/12, up 2.7% yoy, for a value of US\$2.9bn, down 5.9% yoy. The country is expected to export a record 7.5mn-7.7mn tonnes this year. Of the total, 67.5% went to Asia while 24.7% went to African markets.

View: Global number two for rice and coffee exports Even amidst a difficult cyclical downturn on the industrial side of the economy, evidence of Vietnam's long-term sustainable strengths in agriculture continue to shine. This year, the country has come close to surpassing Thailand and Brazil as the leading global rice, and coffee, exporter, respectively.

Cambodia

Court rules against MFONE A court in Cambodia has ruled that wireless telecom MFONE must pay US\$3.7mn to Eltek Valere for equipment that the Norwegian firm supplied.

View: MFONE set to be first operator to exit The case suggests that MFONE, once the fourth largest of eight operators, may make its previously announced exit of the industry soon. We expect that operators below the top three are likely experiencing a similar profitability squeeze. The case against MFONE could prove a turning point in industry consolidation, as we are finally seeing unsustainable price competition drive at least one operator to the point where cash flow is insufficient to cover accounts receivable.

Laos

Malaysia's Giant to invest in US\$5bn railway Giant Consolidated, a subsidiary of Malaysia's Giant Group, has been contracted to build a US\$5bn, 220 km railway from Savannkhet province to Lao Bao province near the Vietnam border.

View: Rail projects good longer-term This is the second major rail project seeing progress in the last month, after the government said it would continue with its US\$6.7bn rail link to China, even after a Chinese contractor backed out of the project. Although we believe that both projects are good long-term for Laos, the main risk lies in raising the substantial funding required.

Myanmar

Foreign investment law passed Myanmar has passed its foreign investment law with key items including; 1) a guarantee that foreign businesses will not be nationalised prior to the end of contracts, 2) a restriction of investment in some agricultural sectors, 3) a Burmese-only policy for unspecialized labour jobs.

View: Increased clarity should drive investment The passing of the foreign business law is a key milestone for Myanmar, as many foreign firms required clarity on the legal framework before beginning their investment plans in the country in earnest. The law appears to strike a reasonable balance between openness to foreign investment as well as protecting domestic interests.

Index	Value	% chg
Thailand	1,306.7	0.01
Vietnam	377.3	0.54
Laos	1,085.6	1.72
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.2	2.2
Vietnam	9.6	1.5
Laos	5.6	0.8
Cambodia	18.2	0.0

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.8	0.13
Dong (VND)	20,850	0.00
Kip (LAK)	8,038	-0.02
Riel (KHR)	4,039	-0.12
Kyat (MMK)	853	-0.24

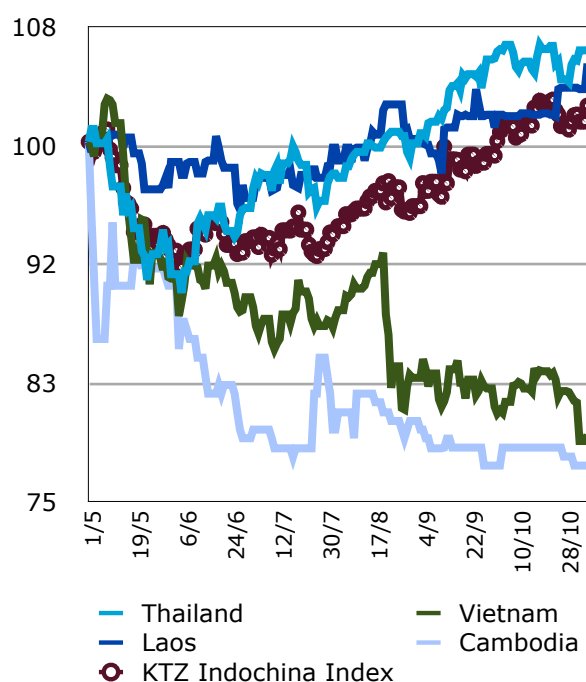
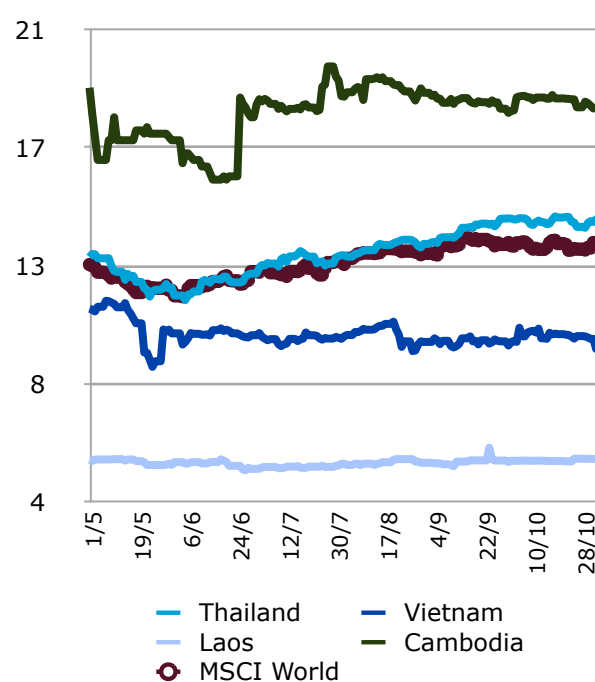
Source: Bloomberg

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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)	377	0.5%	27,167	49,754	14,283	33,989
Vietnam (HNI)	51	-0.6%	21,494	46,952	5,700	19,970
Laos (LSX)	1,086	1.7%	43	108	31	72
BCEL*	7,450	0.0%	11	25	10	22
EDL*	5,100	2.0%	32	83	20	50
Cambodia (CSX)	667	0.0%	1	50	1	97
PPWSA*	6,200	0.0%	1	50	1	97

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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