

Vietnam

Marginal credit expansion YTD The State Bank of Vietnam (SBV) has reported that bank credit nationwide has grown 3.3% yoy 'YTD' (no exact date was given), while credit growth in Ho Chi Minh city was up 1.9% since the end of 2011 and deposits rose 5.6% over the same period in HCM.

View: Credit growth may remain muted Credit growth is low in 2012; average credit growth was 37% from 2006-2010, and 11% in 2011. We do not expect a return to high growth soon. Although the SBV has reported declining NPLs from a June 2012 peak, bank sector management problems continue, with Sacombank seeing the departure of a top executive just in the past week.

Cambodia

Short-term rice price volatility in some regions October saw short-term fluctuations in paddy rice prices; 1) in the northwest, prices jumped from KHR1,350 to KHR1,500, but reverted to KHR1,360, as the harvest there had briefly been below millers' demand, while 2) prices near the Vietnam border rose from KHR1,300 to KHR1,390, on demand from Vietnamese traders.

View: Muted price rise yoy compared to 2011 Although there has been short-term volatility, average paddy prices have ranged from KHR1,300-1,390/kg, around the average 2011 price of about KHR1,350/kg. Prices rose much more rapidly last year, up about 30% from KHR1,050-1,060/kg on average in 2010.

Laos

Inflation in Laos benign at 3.67% Laos reported low September 2012 inflation of 3.7%, bringing the average for the year to 4.4%, down from 7.6% for full year 2011.

View: Inflation less volatile than neighbors We expect to see Laos inflation remain low in a frontier Indochina context, given the relatively conservative policies of the Bank of Laos with regards to new money issuance. Neighbors Cambodia and Vietnam, in contrast, have seen considerable spikes in inflation, with both seeing 20%+ inflation at certain periods in recent years, the former in 2008 and the latter in 2011.

Myanmar

Relaxed regulations for establishing public companies Myanmar has significantly relaxed regulations for opening up a public company. Effective as of late October 2012, public companies can be opened in eight industries; 1) trading, 2) services, 3) manufacturing, 4) construction, 5) jewelry, 6) hotels, 7) tourism, and 8) banking.

View: Currently only a handful of public companies This is a material development, as it will open opportunities for many potential entrepreneurs, especially given the low US\$600 initial capital requirement. Prior to the change in regulation, there were less than twenty major public companies in the country.

Index	Value	% chg
Thailand	1,300.8	-0.45
Vietnam	377.0	-0.08
Laos	1,103.9	1.69
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.1	2.2
Vietnam	9.6	1.6
Laos	5.7	0.8
Cambodia	18.3	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)	8,005	-0.41
Riel (KHR)	4,023	-0.40
Kyat (MMK)	849	-0.41

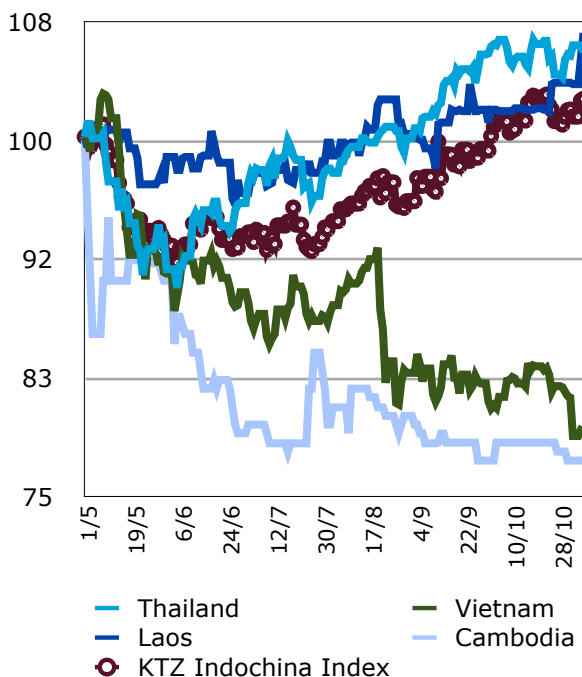
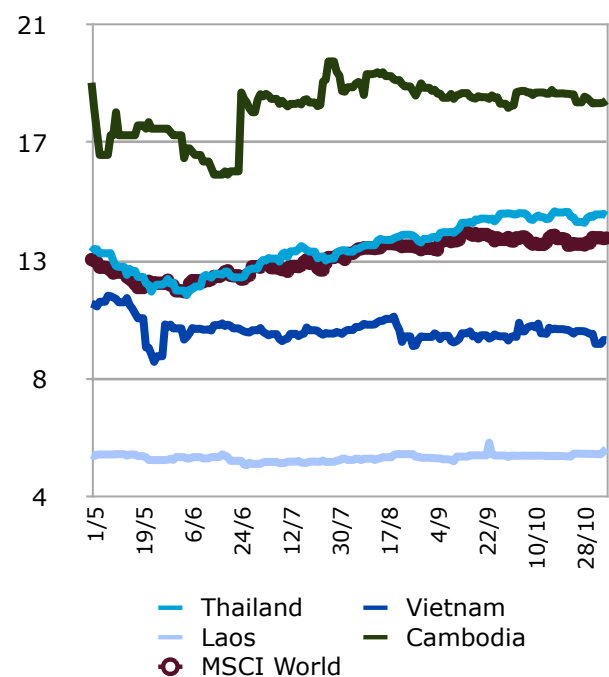
Source: Bloomberg

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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	-0.1%	13,878	49,639	7,670	33,905
Vietnam (HNI)	51	-0.2%	18,305	46,860	5,088	19,923
Laos (LSX)	1,104	1.7%	6	107	5	71
BCEL*	7,450	0.0%	1	25	1	22
EDL*	5,200	2.0%	5	83	3	49
Cambodia (CSX)	667	0.0%	6	50	9	97
PPWSA*	6,200	0.0%	6	50	9	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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