

Vietnam

Ban on foreign currency lending and deposits by 2015/2016

The State Bank of Vietnam (SBV) plans to prohibit commercial banks from taking deposits or lending in foreign currencies and gold by 2015/2016.

View: Could add volatility for importers and exporters The SBV appears to be attempting to boost demand for the local currency by eliminating substitutes. The move will likely have the most detrimental effect on exporters and importers. Instead of being able to keep foreign currency at a bank on hand for buying or selling goods, they will constantly be forced into the (volatile) foreign exchange market short-term when they make transactions.

Cambodia

Exports grow 13% yoy over 9M/12 Cambodia's exports rose 13% yoy for 9M/12 to US\$4.0bn, with textiles up 10% to US\$3.4bn, agriculture down 10% to US\$283mn and other exports up 140% to US\$326. Imports rose 25% to US\$6.0bn.

View: Garments export growth could remain slow Cambodia exports mainly garments to the US and the EU. Both these markets face slow economic growth, and Cambodian garments could benefit as they are at a low price point and some consumers are downshifting to these segments. However, some of these gains should have been seen by now, yet the growth rate has still declined from 30%+ in 2011. A further decline remains a risk.

Laos

Controversy over reported start date for Xayaburi There have been conflicting press reports on the launch of the Xayaburi dam on the Mekong river. Reports earlier this week suggested an official launch this week, but Laos has subsequently denied this.

View: Limited clarity still The details on Xayaburi remain opaque. It is confirmed that; 1) a redesign of the dam is being undertaken, and 2) some service providers have reported contract signings. However, it is not clear that Vietnam and Cambodia, both downstream on the Mekong and having the highest potential environmental disruption, have yet to approve the redesign.

Myanmar

Visa card use could be available by January 2013 Visa has announced deals with three domestic banks; Kanbawza, Cooperative Bank and Myanmar Oriental Bank, that will make Visa credit and debit cards available as early as January 2013. Mastercard signed an agreement to distribute its cards through Cooperative Bank in September.

View: Credit card availability a catalyst for foreign arrivals Combined with the government's push to expand tourism and renewed global business interest in Myanmar after economic reforms, the ability to use credit cards is a catalyst that should drive arrivals growth for both tourists and business travellers.

Index	Value	% chg
Thailand	1,299.7	-0.08
Vietnam	380.9	1.05
Laos	1,121.2	1.57
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.1	2.2
Vietnam	9.8	1.7
Laos	5.8	0.8
Cambodia	18.2	0.0

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.7	-0.32
Dong (VND)	20,850	0.00
Kip (LAK)	7,997	-0.09
Riel (KHR)	4,048	0.63
Kyat (MMK)	850	0.02

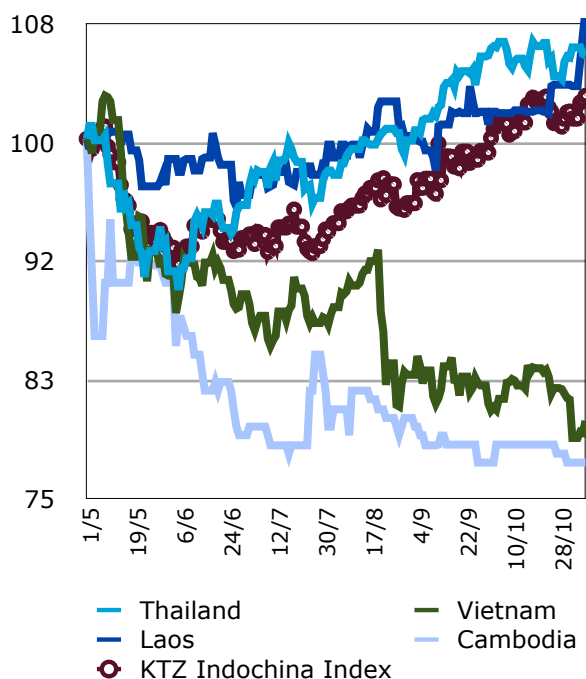
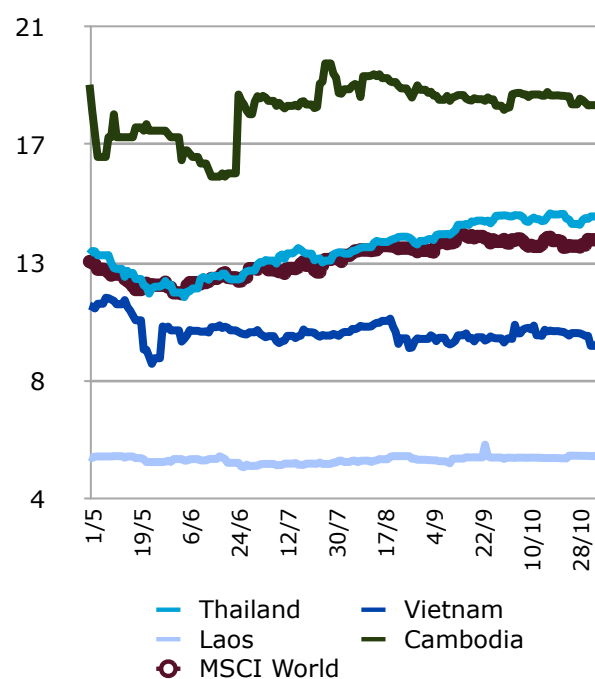
Source: Bloomberg

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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)	381	1.0%	26,810	49,565	14,363	33,842
Vietnam (HNI)	52	1.6%	30,552	46,807	8,247	19,885
Laos (LSX)	1,121	1.6%	33	107	24	71
BCEL*	7,400	-0.7%	8	25	7	22
EDL*	5,300	1.9%	25	82	17	49
Cambodia (CSX)	667	0.0%	18	50	27	96
PPWSA*	6,200	0.0%	18	50	27	96

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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