

Vietnam

Push to allow 100% foreign shareholding for listed cos. Stock market participants are asking government to allow 100% foreign ownership in sectors beyond just securities firms, which is the only listed sector permitting 100% foreign ownership.

View: Securities companies the first to see 100% limit There are already several sectors in Vietnam where foreign entities can hold 100% of a non-listed business. However, only in the securities sector, and only since September 2012, are foreign investors allowed to hold 100% of a listed business. Market participants hope to extend the 100% limit at least to listed companies in sectors where foreigners can already wholly own a non-listed firm.

Cambodia

Cambodia inflation at 2.2% for August 2012 Cambodian inflation was 2.2% for August 2012, with food and non-alcoholic beverages (over 40% of the consumption basket) rising 1.9%.

View: Inflation picks up slightly, but still benign Cambodian inflation has ticked up from a two year trough of 1.3% reached in July 2012, but still remains below the average of 3.6% YTD for 2012 and the 5.5% average for over 2011. Low inflation is net bullish for Cambodia given very low household debt, and only moderate levels of government debt, while the low food inflation keeps the main costs for garment workers low, reducing the chance of labour unrest in this key sector.

Laos

New EU foreign assistance policy The European Union plans to pass foreign assistance reforms in 2014 that will shift funding away from more rapidly developing emerging markets (such as China, Brazil, Indonesia, Thailand and Malaysia) and toward least developed countries globally.

View: New policy would benefit Laos This policy should benefit Laos, which is a least-developed nation according to the United Nations definition. It is expected that EU foreign assistance could double from an average US\$20mn/annum in recent years, to US\$40mn; this would represent about 9% of Laos' total 2011 grants.

Myanmar

Independent power producers now permitted Myanmar will soon allow private power producers to supply electricity as demand at 1,890MW now greatly outpaces a 1,500MW supply.

View: IPPs can help offset shortages medium-term Allowing small independent power producers (IPPs) to operate will be a key stopgap as the country undertakes the long process of improving its underdeveloped power system. This is as an expected imminent wave of foreign capital-driven development will likely put even more pressure on a system not able to meet current demand. For comparison, small IPPs have proved key for supplying power in Cambodia as it gradually builds out a countrywide grid.

Index	Value	% chg
Thailand	1,304.7	-0.51
Vietnam	393.5	1.36
Laos	1,047.9	0.00
Cambodia	677.4	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.1	2.2
Vietnam	10.1	1.4
Laos	5.5	0.7
Cambodia	18.6	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.7	0.26
Dong (VND)	20,888	0.01
Kip (LAK)	7,990	-0.24
Riel (KHR)	4,024	0.30
Kyat (MMK)	855	0.19

Source: Bloomberg

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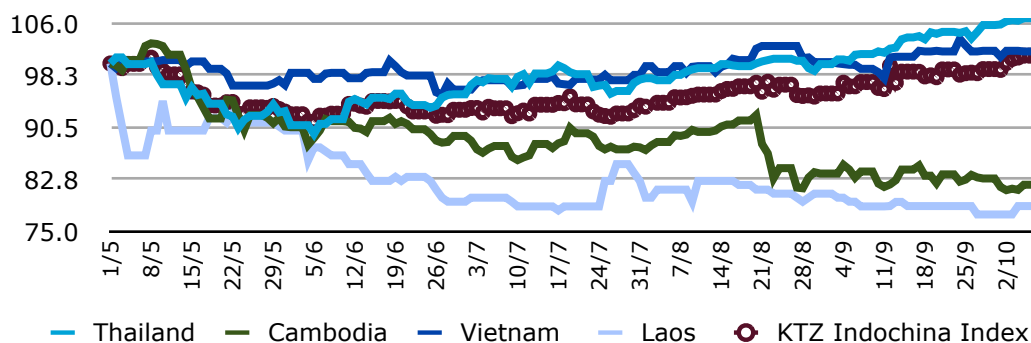
Indochina Markets

Vietnam jumps most in several weeks: The HCM index rebounded 1.4% yesterday, although volume remained relatively low, in part buoyed by a central bank decision to extend a November 25 deadline for banks to stop raising physical gold deposits.

Laos closed: The LSX was closed for a holiday.

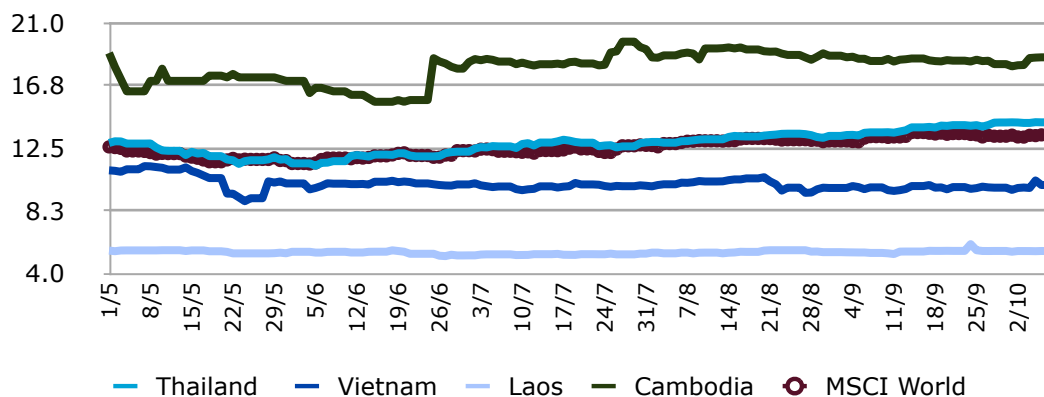
Cambodia flat with PPWSA at IPO price: The CSX was flat at 677.4 on tiny volumes of 1,800 shares, with the single listed stock closing either at its IPO price of KHR6,300, or just below at KHR6,200, in every session for the last three weeks.

Figure 2: Indochina markets relative index performance



Source: Bloomberg

Figure 3: Indochina markets price to earnings ratio



Source: Bloomberg

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