

Vietnam

Real estate development stalling in HCM Ho Chi Minh city authorities have reported that many real estate firms are facing problems raising financing to complete their projects. Of 1,108 property projects under development in the city this year 212 have been completed, 606 are currently being built, 122 have not started and 14 have been suspended.

View: Unfinished projects will hit the banking sector Rising incomplete property projects are bad news for the banking sector, as they are likely to show up as additional non-performing loans in a sector already reeling from a spike in NPLs this year. Unwinding these malinvestments could take considerable time.

Cambodia

Gold miner continues exploration Australian miner Renaissance Minerals estimates current gold resources at its Okvau site of 729k ounces, continues to invest US\$1mn/month on exploration and will double the exploration area over the next six months.

View: No major mineral extraction yet In contrast to the other Indochina frontier markets Laos and Myanmar, which already have mines in the extraction phase, Cambodia's modern exploration period, dating back to the 1990s, has yet to lead to a producing mine. However, material levels of capital (US\$1mn+/year) have really only been seen since 2005, and exploration results over the last few years have been reasonably promising.

Laos

Government revenue 5% above target The government collected LAK15bn (US\$1.8bn) in revenue for fiscal 2011-2012, 5% above its target, with tax revenue, up 10%, the main driver.

View: Tax revenue has room to grow Laos still has room to increase its tax revenue; 1) Most remittance flows through local officials where there are leakages; soon to be introduced payments through banks should reduce these; 2) As the 70% of the population still engaged in subsistence farming integrates into the formal economy, tax revenues will expand. Both should help Laos cut its reliance on foreign assistance to fund most of its deficit.

Myanmar

Trade with India expected to grow Myanmar's government targets rising trade growth with neighbor India from US\$1.3bn in fiscal 2010-2011 to US\$3.0bn by 2014-2015, a 33% CAGR. Expected growth especially in Myanmar's mineral and agriculture sectors could lift the country's exports to India.

View: Border trade remains low One of the major potential trade growth drivers is an expansion of border trade between the two countries. Currently border trade is just US\$13mn, or only 1% of the total bilateral US\$1.3bn trade. For comparison, Thailand's border trade with its neighbors is about 60-70% of the total bilateral trade.

Index	Value	% chg
Thailand	1,294.9	0.43
Vietnam	394.2	-0.12
Laos	1,050.0	0.19
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	0.8
Cambodia	18.6	0.0

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.7	-0.07
Dong (VND)	20,860	0.02
Kip (LAK)	8,004	-0.04
Riel (KHR)	4,025	-0.47
Kyat (MMK)	854	-0.53

Source: Bloomberg

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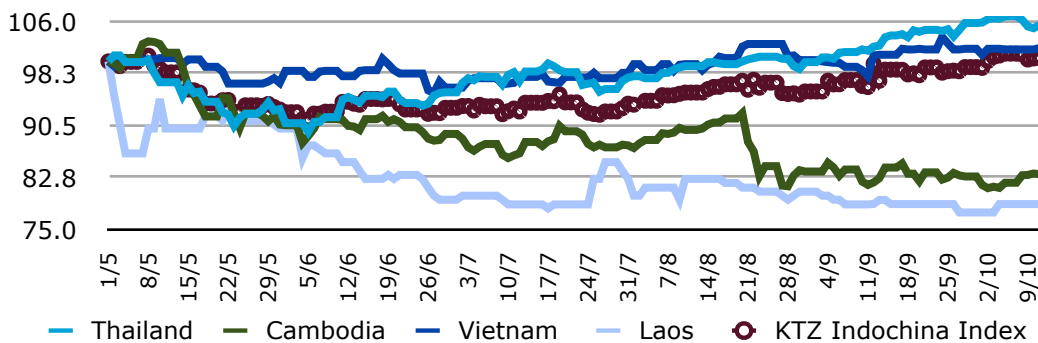
Indochina Markets

Vietnam down for first time in five sessions: Vietnam declined 0.12% yesterday, with the index closing at 394.2, with broad gains in the morning session reversed in the afternoon.

Laos up 0.2% on BCEL rise: The LSX rose 0.2% to 1,050.0 driven by BCEL up 1.4% (although on very light volume of 660 shares) to LAK7,500 while EDL-Gen was flat at LAK4,900.

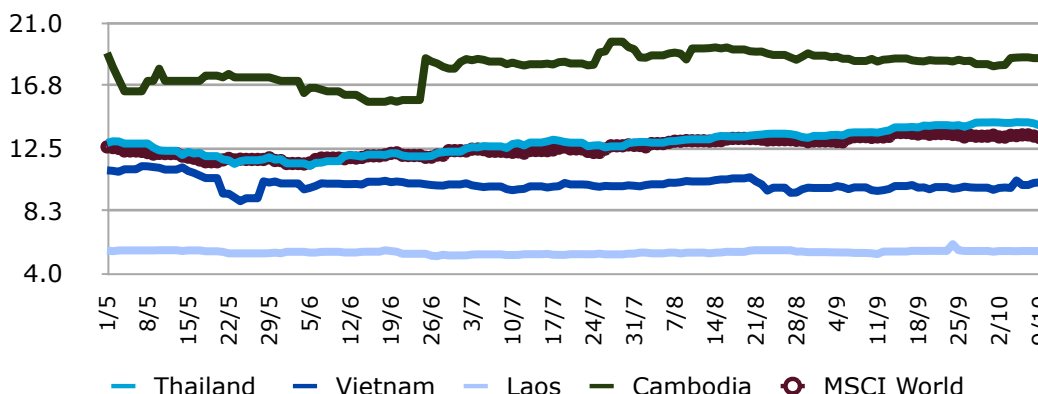
Cambodia flat, volume tiny: The CSX was flat at 677.4, with PPWSA holding at KHR6,300, on low volume of 1,000 shares, down from a surge in the previous session to the fourth highest volume day ever for the exchange, with 407,489 shares traded.

Figure 2: Indochina markets relative index performance



Source: Bloomberg

Figure 3: Indochina markets price to earnings ratio



Source: Bloomberg

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