

Vietnam

Rubber production expected to rise 17% yoy The Association of Natural Rubber Producing Countries estimates that Vietnam will produce 955k tonnes of rubber in 2012, up 17% yoy, making it the third largest global producer after Indonesia and Thailand.

View: Cyclical downturn overshadows agricultural strength

Although in the short to medium term Vietnam continues to face a difficult cyclical downturn, mainly from the collapse of a credit induced real estate boom, the country continues to build on its long-term advantage in agriculture. In addition to the gains in the rubber industry, the country is now the number two rice and global coffee exporter, and could potentially reach number one for both.

Cambodia

Single visa for Thailand and Cambodia this month Tourists will be able to use a single visa to travel to both Thailand and Cambodia from November 21, 2012.

View: Marginal arrivals gains possible We expect that on net this will only give a small boost to Cambodian arrivals. Although; 1) Thailand has a large pool of visitors for Cambodia to potentially draw from, with 20 mn arrivals expected for 2012, versus just 3 mn for Cambodia, 2) a visa on arrival in Cambodia is still easy and inexpensive to acquire for many countries. The single visa may lure some travellers at the margin, we do not expect that this factor alone will drive major arrivals growth.

Laos

Kolao to establish car assembly plant Korean auto company Kolao, which has a 40% share of auto sales, and a 35% share of motorcycle sales, in Laos, plans to establish a car assembly plant, the largest in the country, to meet local demand.

View: Rapid growth expected for vehicle sales Improving infrastructure and lower wages compared to neighboring China continues to draw foreign manufacturers to Laos as an export base. However, the Kolao plant is particularly interesting given that it will target the domestic market, with plans to manufacture 6,000 pickup trucks in 2013, 10,000 in 2014 and 15,000 in 2015.

Myanmar

Earthquake in the north A 6.8 magnitude earthquake hit northern Myanmar on Sunday, causing 12 casualties and the collapse of a gold mine and bridge. The government has been praised for its rapid response to the crisis.

View: Earthquake risk remains high Myanmar has a long history of earthquakes, as it is situated along major fault lines. These disasters remain especially problematic for the country as; 1) the majority of the population are still in rural dwellings that cannot withstand earthquakes, and 2) rural road infrastructure is underdeveloped, making it difficult for government and other relief workers to access affected areas.

Index	Value	% chg
Thailand	1,294.5	0.28
Vietnam	388.6	0.49
Laos	1,150.7	0.18
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.1	2.2
Vietnam	9.9	1.7
Laos	6.0	0.8
Cambodia	18.4	0.0

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.6	0.00
Dong (VND)	20,848	0.04
Kip (LAK)	8,018	0.19
Riel (KHR)	4,002	0.04
Kyat (MMK)	850	0.04

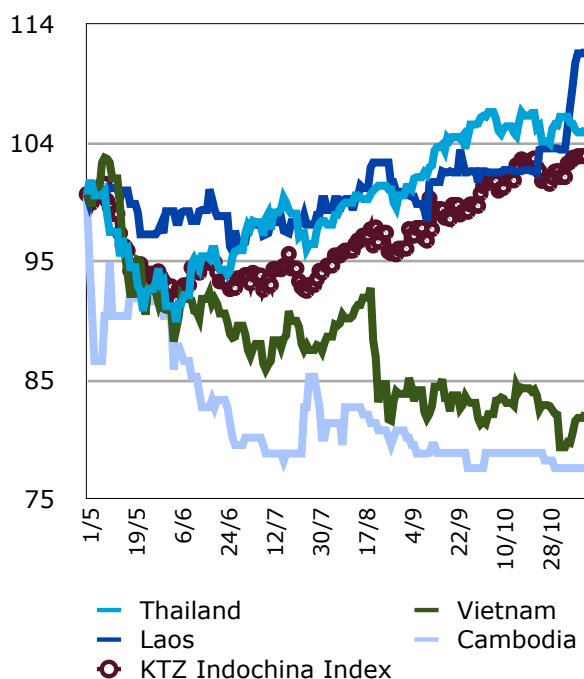
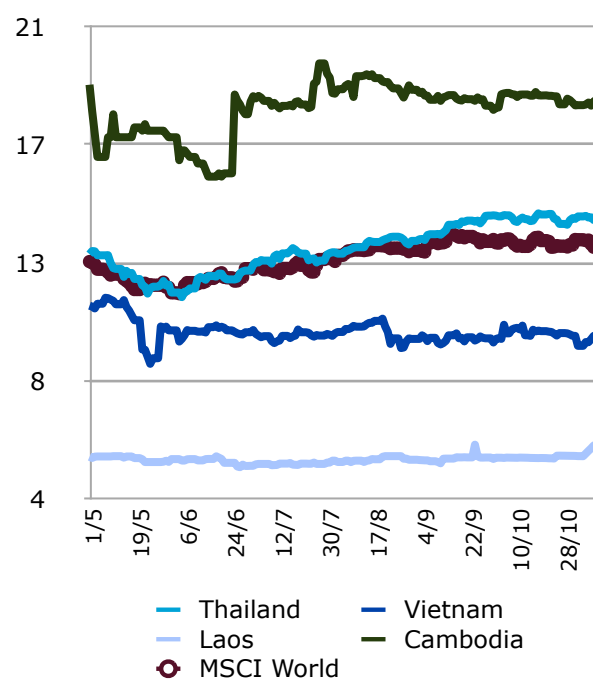
Source: Bloomberg

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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)	389	0.5%	32,685	49,169	17,169	33,536
Vietnam (HNI)	53	1.8%	41,492	46,485	12,051	19,691
Laos (LSX)	1,151	0.2%	2	106	1	71
BCEL*	7,500	1.4%	0	24	0	22
EDL*	5,450	0.0%	2	82	1	49
Cambodia (CSX)	667	0.0%	5	49	7	95
PPWSA*	6,200	0.0%	5	49	7	95

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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