

Vietnam

Vietnam vehicle sales down 27% for 11M/12 The aggregate vehicle sales of the members of the Vietnam Automobile Manufacturers Association (which combined account for about 90% of Vietnam vehicles sales) declined 27% yoy for 11M/12 to 71,116 units, and declined 11% in November 2011 to 7,789 units.

View: Slower rate of decline over last few months Although the continued decline in vehicle sales suggests a weak consumer market for large ticket items, the rate of decline has slowed in recent months, with November's 11% drop the best month this year. However, we still see downside risk to growth in big ticket consumer purchases, with credit growth still muted.

Cambodia

CNOOC completes first test well China National Offshore Oil Corporation (CNOOC) has completed drilling its first exploration well in Cambodia's offshore Block F; although no oil was discovered, the rock structure points to oil in the area.

View: Rare news on offshore exploration This is a rare report of progress in the opaque oil exploration industry for Cambodia's six offshore blocks, with estimated reserves of 2bn barrels of oil and 10trn cubic feet of gas. Only one company, Chevron, has reported producing test wells, in Block A, and is negotiating extraction terms with the government; there have been no reports of major finds at the other Blocks to date.

Laos

Strong growth in small financial institutions The number of microfinance and small savings and credit institutions rose to 56 in 2012, up from 48 in 2011, with aggregate credit rising 21% and deposits up 41% yoy for fiscal 2012 (YE September).

View: Instrumental in rural development These smaller lending institutions are key for rural development in Laos, where bank funding is difficult to access, especially because of a lack of collateral. The growth seen by these institutions suggests that recent rapid economic growth and an accompanying credit expansion has not been limited only to the larger cities and towns.

Myanmar

Third natural gas line to be ready by end-2013 Myanmar expects to have its third natural gas pipeline, Zawtika (a JV between Myanmar Oil and Gas Enterprise and Thailand's PTTEP), operating by late 2013. The pipeline, with a capacity of 300mn cubic feet per day, is 52% complete.

View: Natural gas the largest export Natural gas is Myanmar's largest single export, comprising 34% of the total over H1/12, with most of this flowing to Thailand. Although we expect that natural gas will remain the largest export for several years, it may become a declining proportion of the total, especially given the potential to develop agricultural, mining and manufacturing exports.

Index	Value	% chg
Thailand	1,354.6	0.99
Vietnam	391.1	0.44
Laos	1,207.6	0.76
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	15.1	2.3
Vietnam	10.0	1.7
Laos	6.6	0.8
Cambodia	18.4	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.6	0.03
Dong (VND)	20,840	-0.08
Kip (LAK)	7,985	-0.12
Riel (KHR)	3,995	0.00
Kyat (MMK)	852	0.13

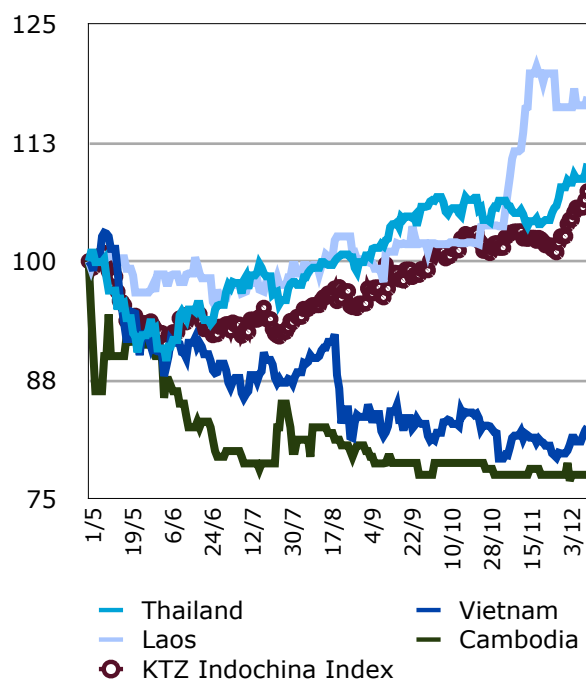
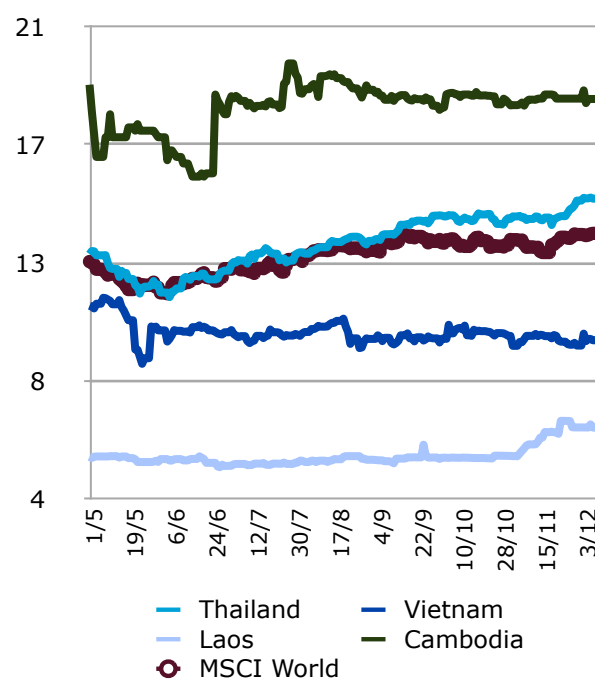
Source: Bloomberg

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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)	391	0.4%	45,364	46,827	22,646	31,692
Vietnam (HNI)	54	2.2%	54,329	44,398	14,429	18,509
Laos (LSX)	1,208	0.8%	14	101	13	68
BCEL*	7,600	0.0%	13	23	12	20
EDL*	5,750	0.9%	1	78	0	47
Cambodia (CSX)	667	0.0%	7	45	10	86
PPWSA*	6,200	0.0%	7	45	10	86

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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