

Vietnam

Real estate contraction continues Negative news flow continues for Vietnam real estate; 1) Savills Ho Chi Minh City residential price index fell 1.7 points qoq to 90.6 for 3Q/12, well off highs of 105.0 in 3Q/09, while 2) the government has announced it may call for developers to halt some of projects.

View: Government move could increase NPLs It is unclear if the government will implement these measures and whether it will affect only planned projects or include those under construction. NPLs could rise under such a plan; a completed building with low utilization partially servicing debt would be better for the economy than an half completed project that eventually becomes a write off.

Cambodia

Single Thailand-Cambodia tourist visa delayed Cambodian officials announced that the single tourist visa planned for travel to both Cambodia and Thailand is unlikely to be available by the November 21, 2012 date recently announced in the Thai press.

View: Likely limited effect on Cambodian tourism We expect that the single visa will have limited effect on tourist arrivals to Cambodia. Although a small percentage of the 20mn+ tourist arrivals to Thailand expected for 2012 may be coaxed into adding a Cambodia trip simply because of the easier visa acquisition, we do not expect this factor alone will have a major affect on arrivals growth to Cambodia, which has averaged above 20% this year.

Laos

Strong copper production for Sepon over 9M/12 MMG LXML Sepon produced 21.4k tonnes of copper cathode in Q3/12, and revised up FY12 targets to 80k-84k tonnes for 2012 from 78k-80k tonnes. Although gold production fell 34% qoq to 12.0k ounces for Q3/12, FY12 guidance rose to 68k-72k ounces from 60k-65k.

View: Copper exports a key driver With mining comprising over 40% of Laos' 2011 total exports (and copper the largest component), and continued strong demand for Laos copper, production above expectations for Sepon, the country's largest copper miner, is a bullish indicator for Laos export growth.

Myanmar

Pepsico to set up bottling facility Pepsico has announced that it plans to establish a bottling facility in Myanmar, having already signed a distribution agreement with a local firm Diamond Star in August this year for distribution of Pepsi-cola, 7-Up and Mirinda.

View: Increased competition in beverage market Competition in the beverage market will rise in Myanmar, with Coca cola having signed an agreement in June this year. Currently foreign branded soft drinks are imported (mainly from Thailand), and can cost up to US\$1.2/unit, more than triple the price of local soft drinks at just US\$0.35/unit. Local production of foreign brands will significantly reduce their selling prices.

Index	Value	% chg
Thailand	1,289.1	-0.42
Vietnam	385.2	-0.87
Laos	1,169.0	1.59
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.1	2.2
Vietnam	9.9	1.7
Laos	6.1	0.8
Cambodia	18.4	0.0

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.7	0.13
Dong (VND)	20,845	-0.01
Kip (LAK)	8,018	0.00
Riel (KHR)	3,992	-0.25
Kyat (MMK)	850	-0.02

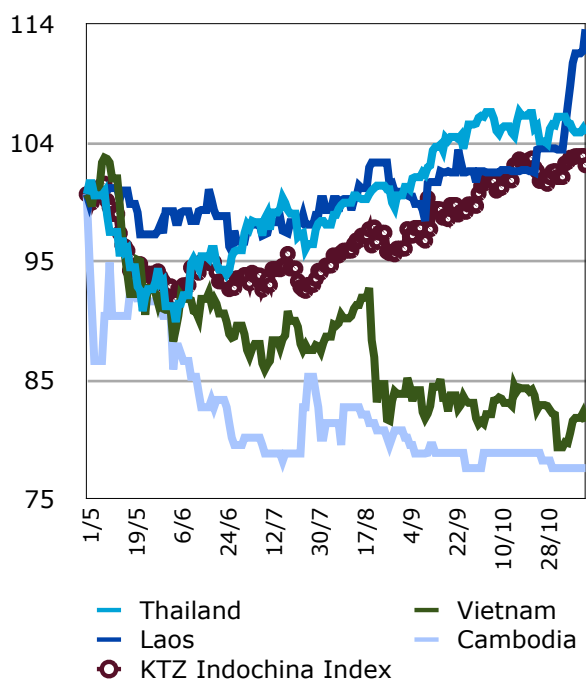
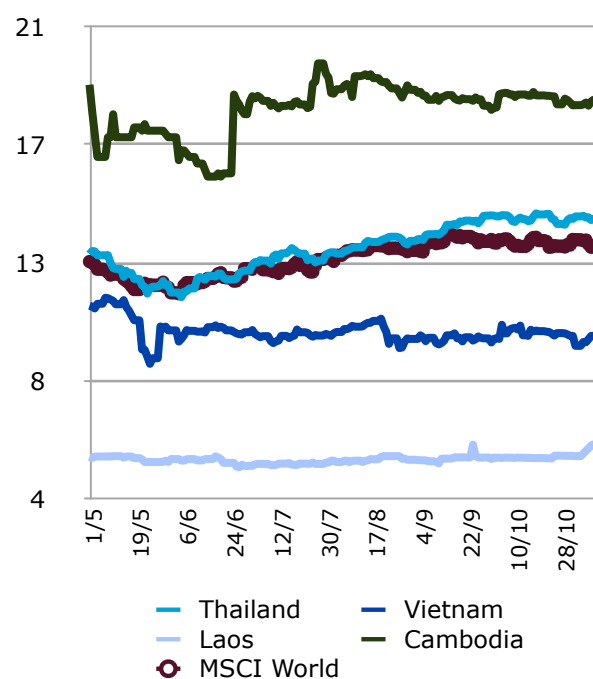
Source: Bloomberg

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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)	385	-0.9%	26,991	49,099	14,322	33,476
Vietnam (HNI)	52	-0.2%	34,280	46,446	9,506	19,659
Laos (LSX)	1,169	1.6%	79	106	56	71
BCEL*	7,500	0.0%	4	24	4	22
EDL*	5,550	1.8%	76	82	52	49
Cambodia (CSX)	667	0.0%	39	49	60	94
PPWSA*	6,200	0.0%	39	49	60	94

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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