

Vietnam

Banks cutting rates on deposits Commercial banks have been cutting deposit rates; 1) Sacombank has cut its 12-month deposit rate to 11.5%, 2) Agribank is now paying 11.0-11.5% on long-term deposits, and 3) Asia Commercial Bank has cut rates on 12-36 month deposits to 12% from 13% previously.

View: Lending rate cap expected to decline Banks are cutting their deposit rates in anticipation of a lower lending rate cap expected to be introduced by the State Bank of Vietnam (SBV) as early as this year, in order to maintain their spread. Interest rates in Vietnam have eased as inflation has pulled back to high single digits in 2012 after reaching above 20% in mid-2011.

Cambodia

Central bank launches clearing system The National Bank of Cambodia launched its National Clearing System this week, after several years of development with technical assistance from the Asian Development Bank.

View: Brings system up to date with the region This modern system will help bring Cambodia's banking system inline with the region, facilitating more rapid interbank operations, and allowing for same day electronic debit and credit transfers. The old system was used only for clearing cheques and was under pressure from an increasing cheque volume driven by Cambodia's rapid credit growth, averaging nearly 40% per year for the past six years.

Laos

BCEL gets trade finance line from IFC Laos' largest bank by loans, BCEL, will get a US\$5mn trade finance line from IFC (part of the World Bank Group), under the latter's Global Trade Finance Program Network.

View: Support for smaller private firms This brings Laos into a network of 400 emerging market bank members participating globally with a focus on small import and export companies. Although most of BCEL's lending is to large corporates, it still fits the program as the bank also lends to SMEs and has the country's largest trade finance business.

Myanmar

Enter Western Union, and Japan telecom SDDI Two more major foreign firms announced their entry into Myanmar this week; 1) Western Union will make person to person money transfers through a deal with the Co-operative Bank of Myanmar, while 2) Japanese telecom KDDI has entered a joint venture to supply IT infrastructure services mainly for business customers.

View: FDI to GDP likely to jump from regional lows Another week, another several foreign entrants into Myanmar. In 2013 we expect to see approved FDI to GDP, which has been historically very low versus the region, come more inline with the level of this ratio seen in neighboring nations.

Index	Value	% chg
Thailand	1,358.5	0.35
Vietnam	392.2	0.26
Laos	1,215.8	0.00
Cambodia	666.7	0.81

Source: Bloomberg

Valuation	P/E	P/B
Thailand	15.1	2.3
Vietnam	10.0	1.7
Laos	6.7	0.8
Cambodia	18.4	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.6	-0.10
Dong (VND)	20,840	0.00
Kip (LAK)	7,995	0.01
Riel (KHR)	3,995	0.00
Kyat (MMK)	853	0.36

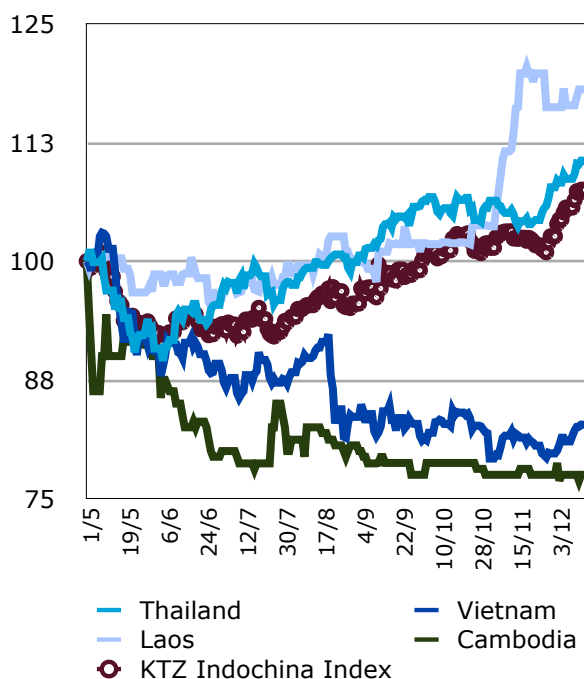
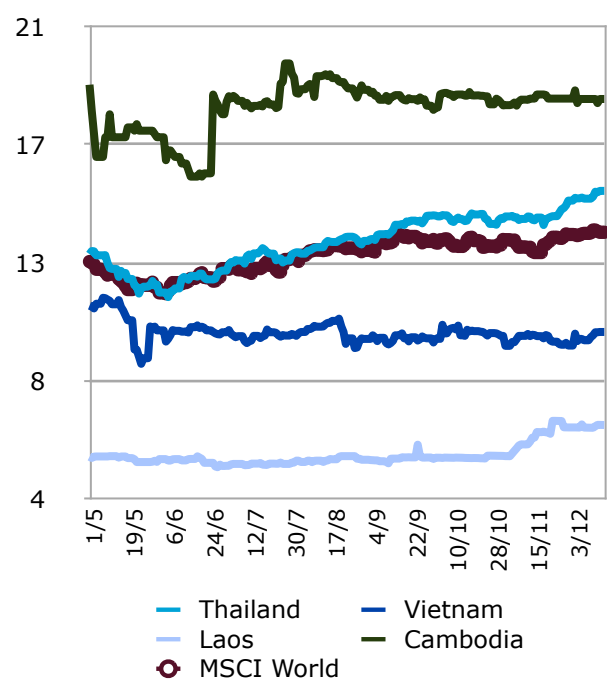
Source: Bloomberg

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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)	392	0.3%	33,857	46,774	18,851	31,623
Vietnam (HNI)	54	0.7%	39,131	44,426	11,393	18,481
Laos (LSX)	1,216	0.0%	17	101	15	68
BCEL*	7,550	0.0%	13	23	12	20
EDL*	5,800	0.0%	4	78	3	47
Cambodia (CSX)	667	0.8%	7	45	10	86
PPWSA*	6,200	0.8%	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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