

Vietnam

Falling garment export growth rate over 9M/12 Vietnam has seen a fall in garment export growth for 9M/12 to just 7% yoy, below the 19% growth rate for total exports over the period, and less than a third of the 30% garment export growth over 9M/11.

View: Garment decline offset by other sectors The main driver of the garment export growth slowdown has been lower demand from the EU, a key customer. Although garments are Vietnam's largest export category, accounting for 20% of 9M/12 exports, other sectors continue to offset the garment growth decline. This contrasts with Cambodia, which has a far higher concentration of its exports in the sector (see below).

Cambodia

Export growth rate down by half Cambodia's exports grew 15% YTD for 8M/12, versus 34% growth yoy for 8M/11. Garment exports grew 11% (86% of total exports YTD), rubber exports (2% of the total) fell 27%, and rice (2% of total) rose 24% yoy.

View: Continued slowdown in garment exports a risk With garment exports a key growth driver for Cambodia, and most of these exports heading to the US and EU, sluggish economic growth in both of these regions continues to be a major concern. Although rice exports are strong yoy, they are still too small as a proportion of total exports to be a major growth driver, while the other key agricultural export, rubber, is seeing yoy declines.

Laos

Government passes hi speed rail project Laos has approved a 420km, US\$7bn hi-speed rail project running from Laos to China.

View: Government focussing on long-term benefit The project had been delayed when a Chinese construction firm originally expect to invest pulled out over concerns on near term profitability. The Laos government has decided that it will continue with the project alone, with funding now expected from a loan from China's EXIM bank. Although the payback time on the project may not be rapid, the government sees material long-term benefits to improved transport links with the region.

Myanmar

Woodside Petroleum enters oil and gas market Australian firm Woodside Petroleum is partnering with Korea's Daewoo to explore for oil and gas in Myanmar, taking a 40% stake in a production contract for an offshore block in western Myanmar.

View: Regional companies have largest share Most foreign operators in Myanmar's oil and gas industry are Asia-based, with China especially having a significant presence. Although the super majors have expressed recent interest in Myanmar, they are still hesitant given their comparably stringent criteria to enter a market. These delays may give smaller regional firms an opportunity to claim the 10 onshore and 10 offshore blocks still to be offered for bidding by the Myanmar government.

Index	Value	% chg
Thailand	1,307.7	-0.27
Vietnam	398.3	-0.03
Laos	1,050.0	0.10
Cambodia	677.4	-0.80

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.2	2.2
Vietnam	10.0	1.4
Laos	5.5	0.8
Cambodia	18.7	0.0

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.7	0.23
Dong (VND)	20,845	0.00
Kip (LAK)	8,007	-0.05
Riel (KHR)	4,032	0.04
Kyat (MMK)	854	0.17

Source: Bloomberg

Graeme Cunningham, CFA
 KT ZMICO Indochina Research
 Head of Indochina Research
graemec@ktzmico.com
 66 (0) 2695 - 5942

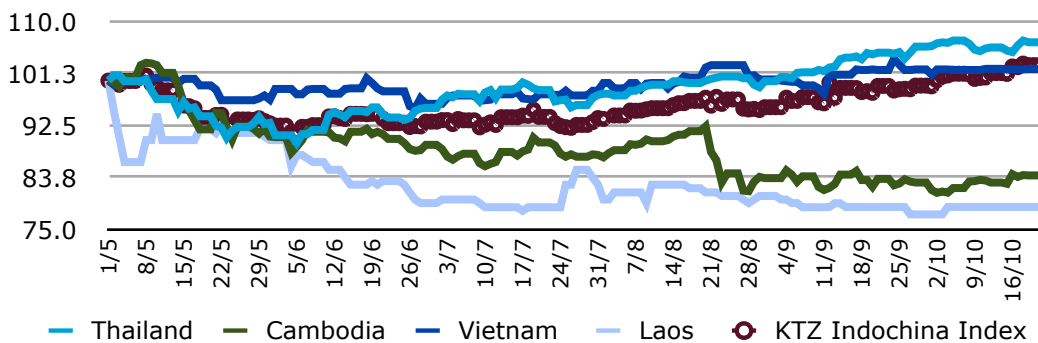
Indochina Markets

Vietnam down 0.3%: The HCM index fell 0.3% on Friday's session to 398.3, with 152 stocks declining, 65 rising, and 50 flat. Foreign investors continued to be net buyers.

Laos up 0.1%: The LSX rose 0.1% to 1,050.0 driven by a 0.7% gain in BCEL to LAK7,500 while EDL-Gen remained at LAK4,900 for a third straight week.

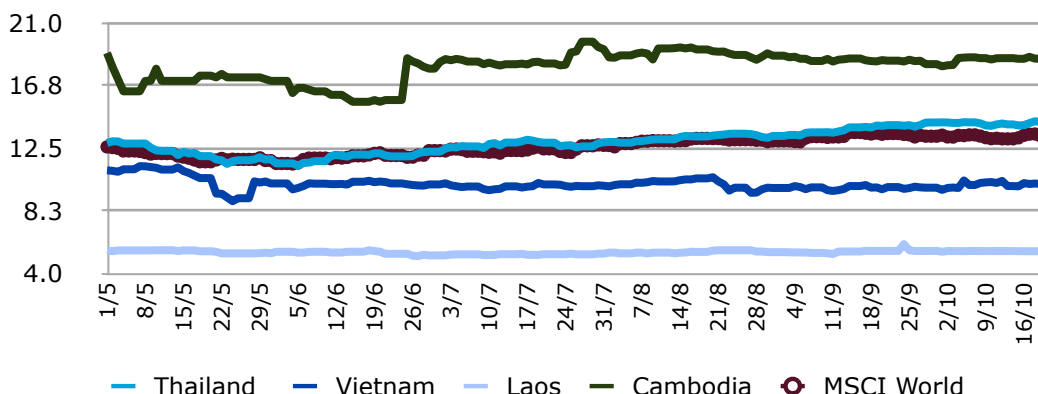
PPWSA declines back to IPO price: The CSX declined 0.8% to 677.4 as PPWSA fell back to its IPO price of KHR6,300 after trading up to KHR6,350 in the previous session (PPWSA has held at its IPO price for three weeks apart from the single session last Thursday).

Figure 2: Indochina markets relative index performance



Source: Bloomberg

Figure 3: Indochina markets price to earnings ratio



Source: Bloomberg

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