

Vietnam

Hanoi inflation at 6.0% yoy for 11M/12 The General Statistics Office reported that Hanoi inflation rose 6.7% yoy in November 2011 and rose 6.0% yoy over 11M/12. Month on month inflation slowed to 0.2% in November, after jumping to 0.4% in October.

View: Inflation remains benign Overall inflation continues to remain relatively benign, especially in the context of an average 18.6% rate in 2011. Inflation has generally trended down over 2012, although it is now marginally above its 5.0% August 2012 trough. Constricted lending by the commercial banks and low wage pressure from a sluggish economy do not indicate a major pickup in inflation short term.

Cambodia

Mfone to officially exit the wireless market Thailand's Thaicom will sell all of its shares in Mfone, Cambodia's fourth largest wireless telecom, to local investor, INT.

View: Potential step towards consolidation This had been expected since late 2011 when Mfone announced it would leave the market. However, it is still important as it may finally alleviate some competitive pressure in an industry with eight players engaged in over three years of fierce price competition. This could be a step towards industry consolidation, although it is unclear whether INT will operate the business as a going concern, or sell off the assets.

Laos

ADB to assist in development of major highway The Asian Development Bank will provide US\$40mn in loans and grants for the development of towns along National Road 9, linking Laos with both Thailand and Vietnam, which could become an increasingly important shipping route between the two latter countries.

View: Road and rail development key for landlocked Laos Landlocked Laos has no direct access to the sea, and therefore will depend on road and rail transport to drive an export-led growth model. In addition to road projects, two high speed rail projects have been initiated extending to Vietnam and China.

Myanmar

Items for border trade with India expanded India has expanded the number of approved items for border trade with Myanmar from 40 previously to 62, adding 22 items.

View: India third largest export market India is Myanmar's third largest export market, accounting for 12% of 6M/12 trade, after Thailand and China. We expect that the additional items should boost India-bound exports, as the previously permitted items were mainly agricultural, and Myanmar's exports to India reflected this, with vegetables comprising 47% of the total in 2011. The expanded list includes garments and fabrics, some light equipment and vehicles, as well as construction materials.

Index	Value	% chg
Thailand	1,276.4	0.00
Vietnam	383.9	-0.32
Laos	1,233.1	0.00
Cambodia	666.7	-0.80

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.1	2.2
Vietnam	9.9	1.7
Laos	6.4	0.9
Cambodia	18.4	0.0

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.7	0.07
Dong (VND)	20,850	0.00
Kip (LAK)	8,021	0.04
Riel (KHR)	3,992	-0.10
Kyat (MMK)	851	0.01

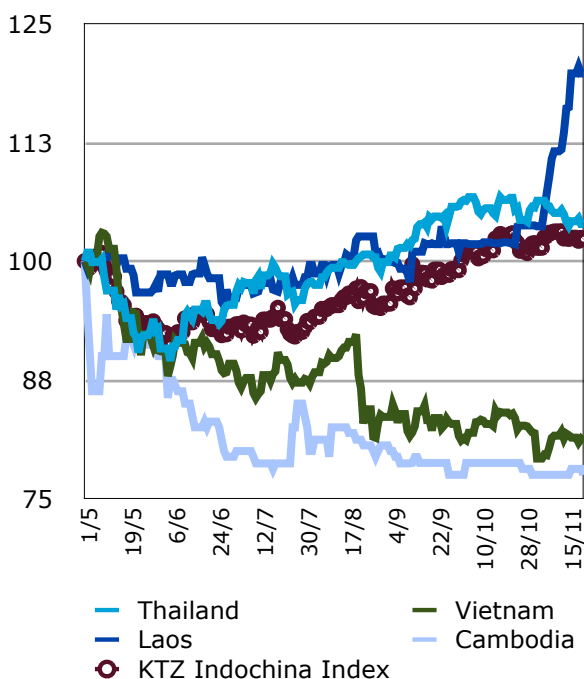
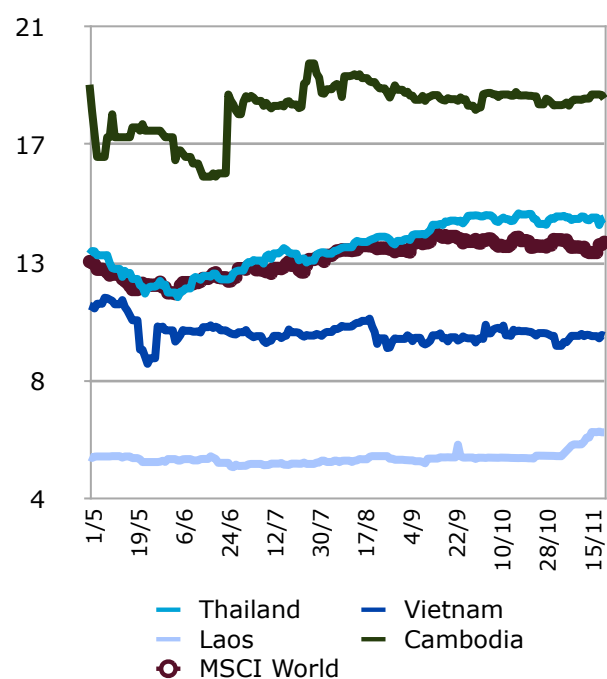
Source: Bloomberg

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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)	384	-0.3%	18,737	48,377	12,567	32,937
Vietnam (HNI)	51	-0.9%	14,543	45,793	3,943	19,309
Laos (LSX)	1,233	0.0%	67	105	50	70
BCEL*	7,500	0.0%	1	24	1	21
EDL*	5,900	0.0%	66	81	49	49
Cambodia (CSX)	667	-0.8%	0	47	0	91
PPWSA*	6,200	-0.8%	0	47	0	91

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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