

Vietnam

Moody's maintains negative outlook on banks Moody's rating agency is maintaining its negative outlook for Vietnamese banks. They see a high probability that the government will be required to intervene to deal with non-performing loan (NPL) levels that reached 8.2% as of the most recently reported government figures in September 2012.

View: Estimates of NPL levels up to 20% The government estimate of 8.2% NPLs is relatively bullish; other sources estimate NPLs as high as 20%. With the real estate market, the source of much of the bad debt, still facing oversupply, we expect banking sector balance sheets to remain weak in 2013.

Cambodia

Asia comprises 45% of total FDI in 2012 A recent press report cites Council for the Development of Cambodia data showing Asia as the largest contributor of FDI to Cambodia in 2012, at 44% of the total approved while the EU was just 2% of total. (Cambodia reports FDI by sector monthly, but does not widely release FDI by country, although periodic press reports give some detail.)

View: FDI plummets yoy for 9M/12 Cambodia's approved foreign direct investment has dropped significantly yoy as of the most recently reported September figures, down to US\$1.1bn over 9M/12 from US\$5.6bn over 9M/11, with fewer large scale projects being undertaken last year.

Laos

Laos targets 3.7mn tourist arrivals for 2013 Laos targets 3.7mn tourist arrivals for 2013, up 19% from 3.1mn in 2012.

View: Growth at long term average required to hit target This target appears achievable, as Laos would need to see arrivals growth of about 19% to reach this target, which is just below the 20% average growth rate in arrivals seen from 2004-2012. Meeting the target mainly hinges on growth from two countries that account for nearly 80% of arrivals to Laos; 1) Thailand, which accounted for 58% of 2011 arrivals, and 2) Vietnam, which accounted for 21% of 2011 arrivals.

Myanmar

Government boost loans to agriculture 20% The Ministry of Agriculture and Irrigation will increase its loans to the agricultural sector by 20% to MYR100,000/hectare, from MYR80,000/hectare, to offset declining paddy prices which are the result of heavy flooding. The payback period for rainy season crop loans will also be extended to March 2012.

View: Partially offsetting farmers' costs The move by the government will reduce pressure on farmers somewhat. However, with outlays of MYR140,000-MYR200,000/hectare, even with the increase in government loans, farmers will still need to source additional (often high interest rate) loans.

Index	Value	% chg
Thailand	1,439.2	0.36
Vietnam	443.4	0.12
Laos	1,437.5	0.64
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	13.3	2.2
Vietnam	10.2	1.7
Laos	8.0	1.5
Cambodia	18.4	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	29.8	0.17
Dong (VND)	20,845	0.00
Kip (LAK)	7,950	-0.28
Riel (KHR)	3,995	0.00
Kyat (MMK)	858	-0.08

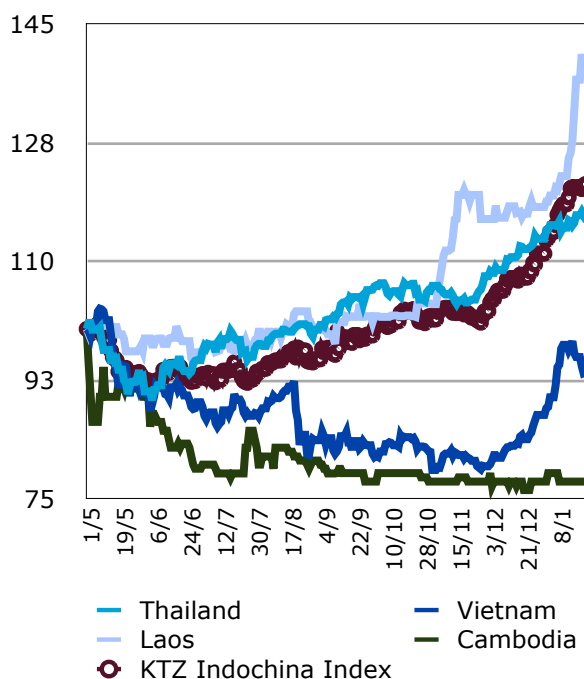
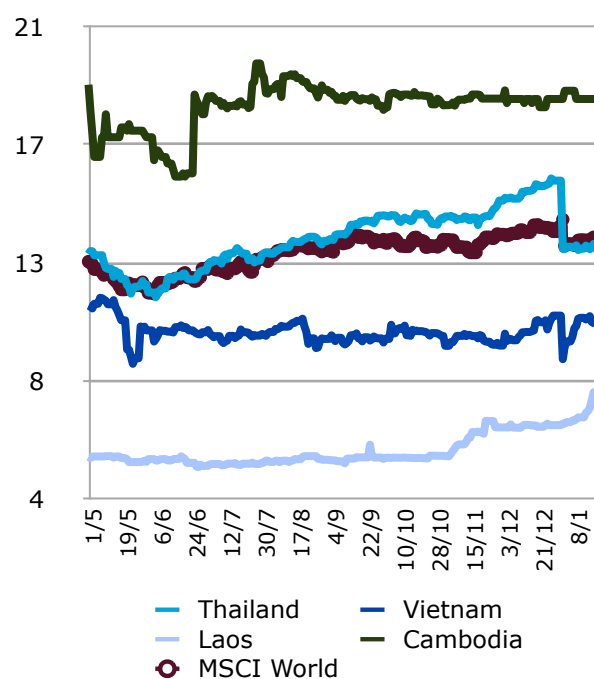
Source: Bloomberg

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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)	443	0.1%	46,401	48,609	28,190	32,451
Vietnam (HNI)	60	0.1%	49,781	47,454	16,265	19,072
Laos (LSX)	1,438	0.6%	196	97	173	66
BCEL*	8,100	0.0%	8	21	8	19
EDL*	6,950	0.7%	188	75	165	47
Cambodia (CSX)	667	0.0%	4	40	5	76
PPWSA*	6,200	0.0%	4	40	5	76

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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