

Vietnam

Car unit sales down 38% yoy for 8M/12 Car sales in Vietnam continued to see major declines, down 4% m-o-m and down 33% y-o-y to 6,448 units in August, and down 38% for 8M/12. Passenger cars sales dropped 52% yoy to 2,012 units, while commercial vehicle sales were down just 10% to 2,927 units.

View: Some consumption indicators negative in 2012

Economic difficulties appear to be shifting beyond the industrial sector and are now hitting the consumer. In addition to the car sales indicators, sales of holiday 'mooncakes' have been reportedly down 40% yoy, suggesting that consumers are reining in spending across the board from big ticket to small ticket items.

Cambodia

New telecom regulator A new regulator for the telecom industry was officially launched last week by the government.

View: Bringing order to the (telecom) universe? The previous regulator was hands off, and generally let the industry self regulate, even though there were official price floors. However, given eight operators (in a market that could probably support just three to four), many with foreign shareholders with deep pockets and prepared to face short-term losses, destructive, EBITDA-slashing price wars arose. It is expected that the new regulator will more actively enforce the price floors, returning some players to profitability, while forcing the exit of others.

Laos

Inflation at 4.5% for 8M/12 The Laos Statistics Bureau reported inflation of 3.4% for August 2012, for an average inflation of 4.5% over 8M/12. Food inflation averaged 6.4% over 8M/12, and non-food inflation just 3.2%.

View: Inflation generally well controlled in Laos In the context of its neighbors, Laos inflation has been low. Cambodia saw periods of 20%+ inflation in the months before the 2008 financial crisis, and Vietnam saw 20%+ inflation last year. Over the last four years Laos has not seen monthly inflation exceed 11% (monthly inflation data for Laos is available from 2008).

Myanmar

ADB releases draft reengagement strategy The Asian Development Bank has released a draft of its reengagement strategy with Myanmar this week, after opening an office in the country for the first time in 24 years on July 30, 2012.

View: Key potential source of development loans Like many other multilateral institutions long absent from Myanmar including the World Bank and IMF, reentrance of the ADB bodes well for an increased availability of project funding. The ADB focusses especially on key infrastructure projects, and has already been long involved in funding major projects encompassing irrigation, road and energy development in Laos and Cambodia.

Index	Value	% chg
Thailand	1,284.3	-0.15
Vietnam	390.4	-1.29
Laos	1,067.3	1.84
Cambodia	677.4	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.0	2.2
Vietnam	9.7	1.4
Laos	6.0	0.7
Cambodia	18.3	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.9	0.49
Dong (VND)	20,870	0.02
Kip (LAK)	8,025	0.35
Riel (KHR)	4,070	0.32
Kyat (MMK)	865	0.24

Source: Bloomberg

Graeme Cunningham

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

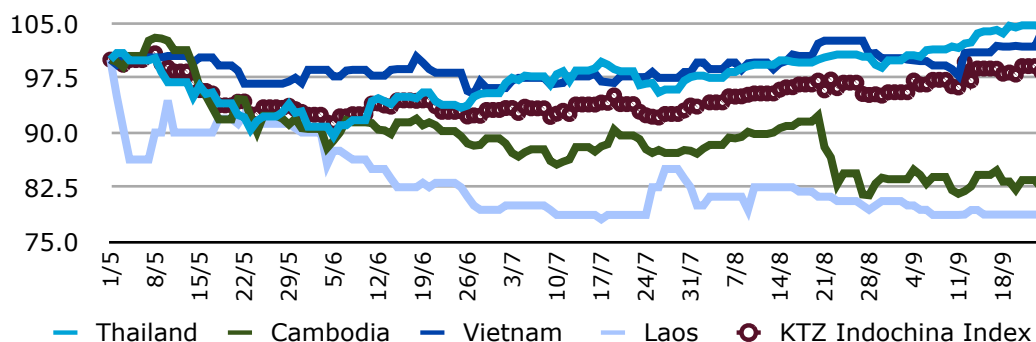
Indochina Markets

Vietnam down 1.3% as negative news flow continues: The HCM index fell 1.3% to 390.4, with major banks and construction companies continuing to face selling pressure.

Laos has strong session, up 1.8% The LSX rose 1.8% to 1,067.3, with BCEL up 0.6% to LAK7,450 and EDL-Gen up 2.0% to LAK5,000.

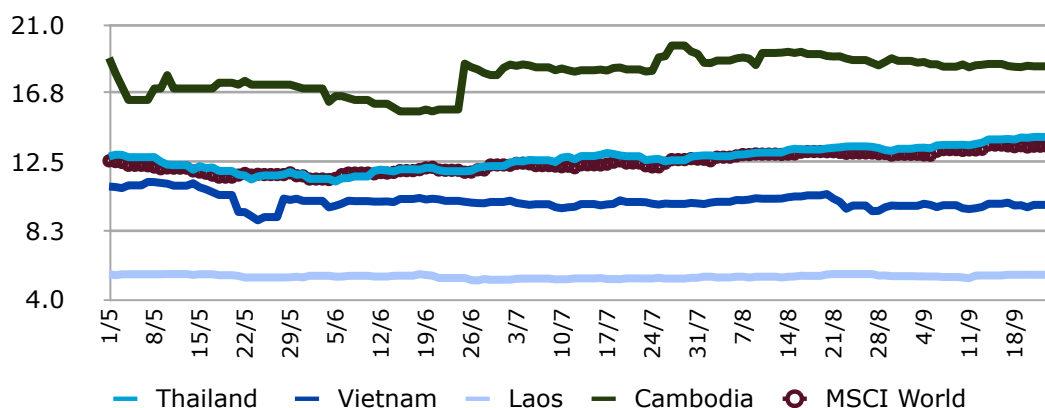
Cambodia closed: The CSX was closed for a holiday celebrating the anniversary of the signing of the 1993 constitution.

Figure 1: Indochina markets relative index performance



Source: Bloomberg

Figure 2: Indochina markets price to earnings ratio



Source: Bloomberg

This document is produced using open sources believed to be reliable. However, their accuracy and completeness cannot be guaranteed. The statements and opinions herein were formed after due and careful consideration for use as information for the purposes of investment. The opinions contained herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell any securities. The use of any information contained in this document shall be at the sole discretion and risk of the user.