

Vietnam

Flooding hits province hits key rice producing province

Heavy rains have flooded 31,000 hectares of planted rice land in Kien Giang, Vietnam's single largest rice producing province.

View: All sectors of economy now facing difficulty Kien Giang province had 686.9k hectares (ha) of planted paddy rice in 2011, or 9% of Vietnam's 7,651.4k ha paddy rice. The 31k ha of flooding represents 4.5% of Kien Giang's rice land, and 0.4% countrywide. However, with other provinces also seeing flooding the damaged rice area could be over 1% of the total. Agriculture had been a bright spot in the Vietnamese economy but the flooding will add to already slowing growth in the industrial and service sectors.

Cambodia

Exports up 13.3% yoy for 7M/12 Cambodian exports for 7M/12 rose 13.3% to US\$3.0bn, with garment/footwear exports comprising 77.7% of the total.

View: Growth rate of key driver declining Exports are a key driver for Cambodia, and although growth is reasonable at 13.3% yoy, it marks a significant slowdown from 29%, and 32% growth in FY10 and FY11, respectively; a further drop would be a concern. Cambodia's exports to the US (based on monthly US Census Bureau data) are nearly 100% garments (and represent 63% of Cambodia's total garment exports) and rose just 9.9% YTD, implying that other export segments are growing more quickly.

Laos

Laos plans 2012-2013 price floor for rice The Laos government has set a price floor of LAK2,500 (US\$0.31)/kg on the key glutinous rice crop for the 2012-2013 wet and dry seasons.

View: Temporary measure to assist farmers There is currently a surplus of rice in Laos which has driven down prices, and the government's price floor is designed to support farmers temporarily. Farmers in Laos's key rice producing province, Champassak, have especially been facing rice oversupply, and the government is encouraging surrounding provinces to purchase rice from Champassak to offset this.

Myanmar

World bank plans US\$85mn in loans The World Bank plans to arrange US\$85mn in grants to rural communities in Myanmar. The funds are to be distributed by elected representative local councils and put towards infrastructure and other projects the communities require, over a three to five year period.

View: Rapid ramp up in foreign assistance Following Myanmar's rapid political and economic reforms over the last year, there has been the reentrance of major international institutions including the IMF, ADB, and World Bank. This bodes well for a large increase in capital becoming available for development of the country.

Index	Value	% chg
Thailand	1,274.5	-1.00
Vietnam	395.1	0.86
Laos	1,047.9	-0.87
Cambodia	677.4	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	13.9	2.2
Vietnam	9.9	1.4
Laos	5.5	0.7
Cambodia	18.4	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	31.0	0.13
Dong (VND)	20,870	0.00
Kip (LAK)	8,007	0.22
Riel (KHR)	4,064	0.52
Kyat (MMK)	862	0.12

Source: Bloomberg

Graeme Cunningham

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

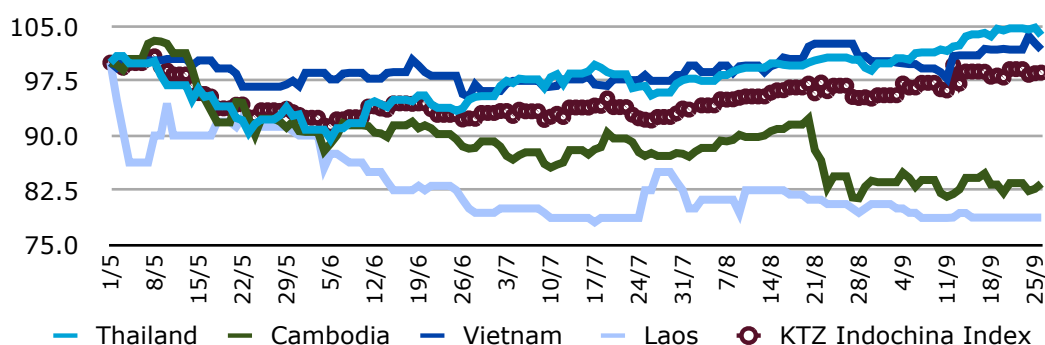
Indochina Markets

Vietnam up 0.4%: The HCM index rose 0.9% to 395.1, as most major sectors rose, with basic materials, up 1.0%, and communications stocks, up 1.5%, seeing the largest gains.

Laos falls 0.8% The LSX fell 0.8%, with BCEL flat at LAK7,400 and EDL declining 1.0% to LAK4,900, down for a second consecutive session.

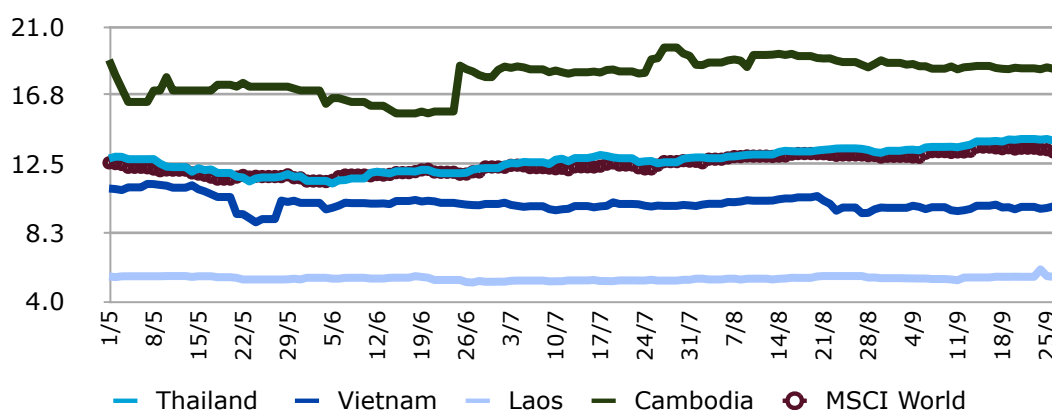
Cambodia flat: The CSX held flat at 677.4, with the single listed stock PPWSA stagnant at KHR6,300 for nearly two weeks.

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.