

Vietnam

Credit growth at just 2.1% for 8M/12 The State Bank of Vietnam reported that total bank system loans rose just 2.1% from late 2011 to VND2,904trn (US\$139bn), while deposits from individuals (65% of total deposits) increased 20.0% to VND1,555trn (US\$74bn), and deposits from economic institutions (35% of the total) rose 2.0% yoy to VND840trn (US\$40bn).

View: Lending growth still sluggish Lending growth is extremely low in the context of an average 37% credit growth from 2006 to 2010, and even well below the 11% growth in a difficult 2011. We believe banking sector problems will cloud the economic outlook well into 2013.

Cambodia

Only European direct flight cancelled Air France will cease its Paris to Phnom Penh flights, the only direct flights from Europe to Cambodia (albeit with a refuelling stop in Thailand), by March 2012 after running them for only 6 months, citing a lack of passenger demand.

View: Cambodia not yet a 'stand alone' destination We view the cancellation as a minor negative. France's arrivals to Cambodia are the country's 9th highest, so demand remains strong. However, these trips are still mainly an adjunct to trips to Thailand or Vietnam, and Cambodia will need to develop its tourism industry further to become more of a 'stand alone' destination.

Laos

Zhongya Yuxi Cement builds market share Chinese firm Zhongya Yuxi Cement Lao has seen strong demand from its Saravan province plant, targeting Laos' four southernmost provinces, and now plans exports to Cambodia. The factory will be the country's third largest, with a capacity for 500k tonnes/annum, after an 800k tonne/annum capacity plant in Khammuam province in central Laos, and a planned 1mn tonne plant in VangVieng.

View: Materials industry developing Laos has historically been reliant on imports for much of its building materials demand, but the domestic industry has expanded considerably in 2012.

Myanmar

Korean banks open offices Several major Korean banks are looking to build a presence in Myanmar. Woori and Hana opened offices in October of 2012, the Industrial Bank of Korea plans to open an office this year, and Shinhan by early next year.

View: Surge in entrants if ban lifted Foreign banks cannot yet operate in Myanmar, but many are betting these limits will soon be lifted. If so, we may see a similar situation to Cambodia, with a surge in foreign bank entrants following associated home country business groups into Myanmar. The rate spread is narrower than in Cambodia, but this may be offset by the lure of a much larger potential market, at four times Cambodia's population.

Index	Value	% chg
Thailand	1,290.9	0.71
Vietnam	377.9	-1.00
Laos	1,233.1	0.00
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.2	2.2
Vietnam	9.7	1.7
Laos	6.8	0.8
Cambodia	18.4	0.0

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.7	-0.03
Dong (VND)	20,865	0.00
Kip (LAK)	7,976	-0.52
Riel (KHR)	3,992	0.00
Kyat (MMK)	847	-0.40

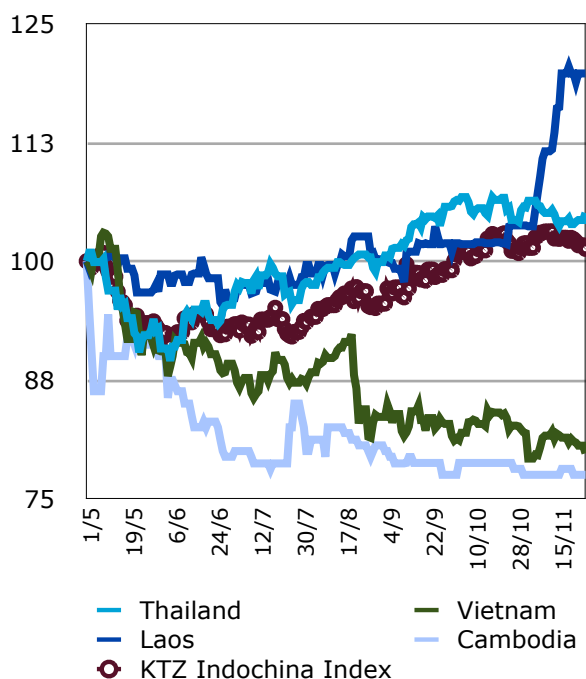
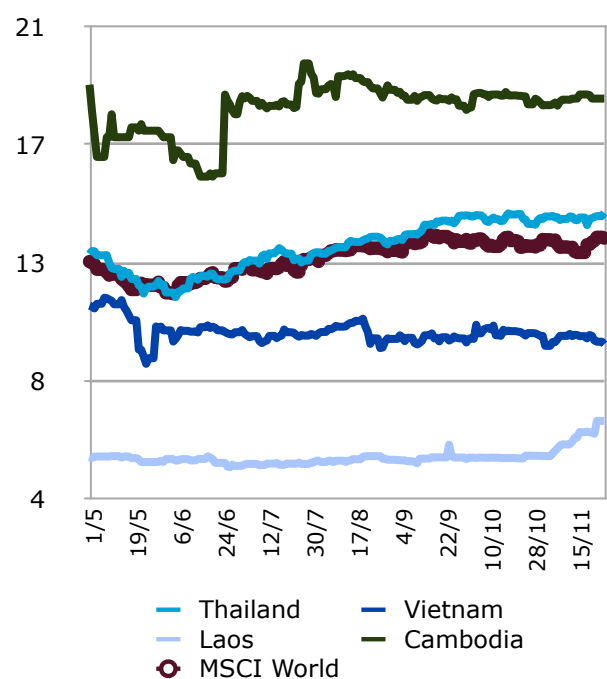
Source: Bloomberg

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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)	378	-1.0%	19,090	47,912	10,430	32,597
Vietnam (HNI)	51	-0.5%	15,914	45,353	4,479	19,083
Laos (LSX)	1,233	0.0%	49	105	41	70
BCEL*	7,500	0.0%	28	24	26	21
EDL*	5,900	0.0%	21	81	15	49
Cambodia (CSX)	667	0.0%	8	47	12	90
PPWSA*	6,200	0.0%	8	47	12	90

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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