

The Market

Indochina index was quiet as investors waited for new positive factors

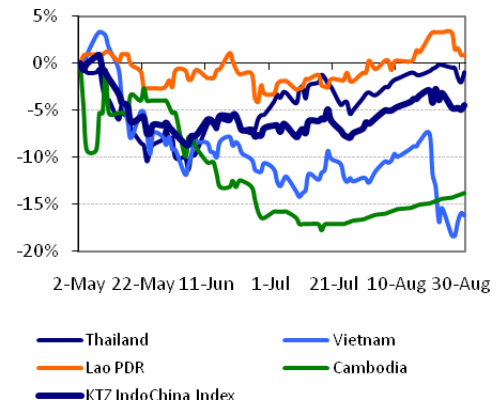
The VN index's two-day gain streak was snapped after it dropped 1.23 points or 0.31% to 396.02 points due to profit taking and some investors choosing to stay on the sidelines. A total of 33.35 million shares worth 505.38 billion dong were traded, or USD 24.23 million. Prices of 79 stocks went up, 119 stocks plunged while 111 stocks remained unchanged. Furthermore, GAS, HAG, PVF, KBC and PVD were the top five stocks in terms of foreign investors' buying, respectively.

For Lao PDR, the LSX Index closed flat at 1031.67 points on light trading volume of 1,671 shares worth 12.45 million kip (USD 1,556). Both BCEL and EDL-Gen remained stable at 7,500 kip (USD 0.94) and 4,800 kip (USD 0.60), respectively. The Cambodian CSX index was unchanged at 693.55 points without matching orders, with the PPWSA remaining at 6,450 KHR (USD 1.59).

The News

- **Cambodia & Thailand** – Gulf talks with Cambodia and oil-concession bids pushed back
- **Myanmar** – Japan launches biz support center in Myanmar
- **Vietnam** – US businesses optimistic about Vietnam opportunities

Relative Performance



Source: Bloomberg

	Last	Chg	(%)
FTSE ASEAN	568.62	3.73	0.7%
Singapore	2,423.86	21.70	0.9%
Thailand	1,188.62	0.98	0.1%
Malaysia	1,646.11	0.53	0.0%
Indonesia	4,060.33	34.75	0.9%
Philippines	5,196.19	46.88	0.9%
Vietnam	396.02	-1.23	-0.3%
Lao PDR	1,031.67	0.00	0.0%
Cambodia	693.55	5.38	0.8%

Per USD	Last	Chg	(%)
Baht	31.30	-0.00	-0.3%
Dong	20,840.00	-20.00	-0.1%
Kip	8,032.10	9.05	0.1%
Riel	4,079.80	34.80	0.9%
Kyat	874.39	-0.48	-0.1%

Per Baht	Last	Chg	(%)
Dong	665.23	0.58	0.1%
Kip	256.21	0.58	0.2%
Riel	665.23	0.58	0.1%
Kyat	27.89	0.02	0.1%

Source: Bloomberg

Cambodia & Thailand – Gulf talks with Cambodia and oil-concession bids pushed back

The Thai Government's plan for talks with Cambodia on a solution to the countries' overlapping claims in the Gulf of Thailand and the plan to open a 21st round of bidding for petroleum exploration and production concessions are likely to be delayed until next year. The Thai Government had planned to finish its preparations for the negotiations next month and send them to the Cabinet and Parliament for approval. However, completion of the preparations might be postponed until next year, as the government does not want to run the risk of the opposition raising the issues in the upcoming censure debate, an Energy Ministry source said. The Ministry has proposed that the solution be based on a Memorandum of Understanding signed by the two countries last year that the bilateral negotiations will be divided into two parts. The first stage of the talks would cover the upper part of the overlapping area, in which the military and national security agencies would be responsible for negotiations. These talks would use demarcation principles to divide the area. For the overlapped areas, the Joint Development Area (JDA) basis would be used. *Both Thailand and Cambodia would benefit from the development of natural gas fields in the overlapping 26,000 square-kilometre area if they can solve the problem quickly. It is expected that if the negotiations lead to collaboration and exploration, it will help increase Thailand's natural gas reserve by 30%.*

Myanmar – Japan launches biz support center in Myanmar

The Japan External Trade Organization (JETRO) has launched a business support center in Myanmar's Yangon in a bid to boost trade with the country, official media reported Sunday. The report quoted Yangon Region Chief Minister U Myint Swe as saying that Myanmar has had friendly ties with Japan for a long time, expressing delight with Japanese businessmen's planned heavy investment in Myanmar in various sectors. The newly-opened center would contribute to strengthening bilateral cooperation between the two countries and help boost investment, he told the inaugural function which was also attended by JETRO Chairman Hiroyuki Ishige, Japanese Ambassador to Myanmar Takashi Saito and Counselor Aimoto. Meanwhile, the Mizuho Financial Group Inc of Japan, the second largest financial services group in the country, will provide technical aid for development of Myanmar's financial and economic sectors. According to figures, Japan injected a total of 221.25 million U.S. dollars as of May 2012 since 1988, standing 12th in Myanmar's foreign investors' lineup. In the fiscal year 2011-12 which ended in March, trade between Myanmar and Japan nearly doubled, reaching 822.5 million dollars compared with 2010-11's 493.8 million dollars. *The flow of new investment and rising trade with the region should help strengthen the country's economic growth outlook. The Asian Development Bank recently said that Myanmar's political and economic reforms could allow it to achieve annual economic growth of as much as 8 percent and more than triple its per capita income to \$3,000 by 2030 if reforms stay on track. The forecast came in a new report on Myanmar that upgrades the 2012 growth estimates of the ADB and other key international organizations by 0.5 to 1 percentage point to 6 percent.*

Vietnam – US businesses optimistic about Vietnam opportunities

Vietnam is rated as a top location in Southeast Asia for planned investment with 57% of respondents reporting that their businesses plan to expand business in the nation, according to a recent survey by the US Chamber of Commerce in Singapore. It is only 11 per cent for Thailand and 6 per cent for Indonesia in the eyes of US investors. For US firms working in Vietnam, 82 percent of them predict their revenue in the market will go up in 2013 and over half plan to hire new employees to expand their workforce. However, the American investors in the poll also note concerns about infrastructure, corruption and legal regulations in Vietnam. The advantage is based on the major strengths of Vietnam like political stability, according to the survey posted on the website of the US Chamber of Commerce on August 29 and published in the Wall Street Journal this week. The survey of 356 senior-level executives from US companies across the Southeast Asia reveals that 90 percent of them expect that trade and investment of their businesses in the region will go up over the next five years. *The global economic slowdown, which has led to lower demand for imports while weakening the domestic economy, should be the key reason for lower-than-expected GDP growth of less than 5% in 2012 (versus an average of about 6% in the past three years). However, Vietnam should remain an attractive investment destination among global businesses due to its labor cost advantage and the large size of the domestic market, with a total population of about 90mn. Meanwhile, economic growth is forecast to recover to above 6% again in 2013.*