

The Market

Indochina index moved in a tight range on concern over fuel prices

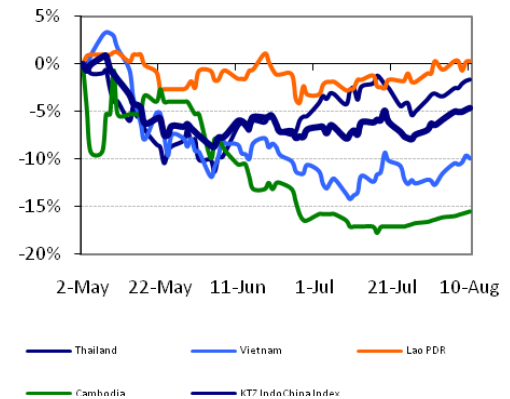
The VN index inched up slightly by 0.61 points or 0.14% to 426.17 points. A total of 29.837 million shares worth 450.763 billion dong were traded, or USD 21.61 million. Prices of 72 stocks went up, 143 stocks slipped while 94 stocks remained unchanged. Furthermore, EIB, CTG, VSH, DPM and MBB were the top five stocks in terms of foreign investors' buying, respectively.

For Lao PDR, the LSX Index plunged 9.16 points or 0.89% to 1,016.40 points on trading volume of 81,471 shares worth 475.42 million kip (USD 59,261). The two listed companies closed mixed, with BCEL remaining at 7,200 kip (USD 0.90) but EDL-Gen sliding by 50 kip to 4,750 kip (USD 0.59). The Cambodian CSX index closed flat at 709.7 points on trading volume of 8,438 shares worth KHR 55.69 million (USD 13,751), with the PPWSA remaining stable at KHR 6,600 (USD 1.62).

The News

- **Cambodia** – Vehicle imports up 45 percent in first half
- **Myanmar** – Development banks back Myanmar for credit
- **Vietnam** – Vietnam's automobile sector showing signs of recovery

Relative Performance



Source: Bloomberg

	Last	Chg	(%)
FTSE ASEAN	575.98	-0.47	-0.1%
Singapore	2,459.92	6.35	0.3%
Thailand	1,188.62	0.98	0.1%
Malaysia	1,646.32	0.96	0.1%
Indonesia	4,102.53	-39.03	-0.9%
Philippines	5,271.78	8.43	0.2%
Vietnam	426.17	0.61	0.1%
Lao PDR	1,016.40	-9.16	-0.9%
Cambodia	709.68	0.00	0.0%

Per USD	Last	Chg	(%)
Baht	31.41	-0.00	-0.2%
Dong	20,850.00	-15.00	-0.1%
Kip	8,012.95	-2.00	-0.0%
Riel	4,063.20	-3.75	-0.1%
Kyat	871.69	-1.95	-0.2%

Per Baht	Last	Chg	(%)
Dong	663.80	1.50	0.2%
Kip	255.11	0.55	0.2%
Riel	663.80	1.50	0.2%
Kyat	27.75	0.00	0.0%

Source: Bloomberg

Cambodia – Vehicle imports up 45 percent in first half

Ministry of Commerce officials maintained that low import taxes and increased demand from consumers were the causes behind the 45.26% YoY increase in vehicle imports in the first half of 2012. The data showed that 486,827 vehicles of all models and makes were imported during the first six months of the year compared to 335,131 vehicles during the same period last year; the value of the imports increased from US\$179.45 million to \$239.20 million. Kong Putheara, director of the Department of Statistics and Information at the Ministry of Commerce, said Cambodia's economic growth and tax deductions led to an increase in vehicle imports. The government decided to make the tax lower than that of Vietnam so people with a decent income are able to afford a car. Seng Voeung, director of Ford Motor Company in Phnom Penh said that demand has increased but there is still insufficient supply. *We suspect the figures include motorcycle sales; although official statistics on automobile demand are unavailable, dealers estimate that new car demand is about 1,800 units a year, whilst the demand for second hand cars is about 10,000 units per year. Toyota Cambodia sold about 500 units in 2011. Most Cambodians want to have their own vehicles rather than rent cars like the Vietnamese, who rarely own vehicles because the taxes on automobiles are high. Cambodia imports vehicles from Thailand, the United States, Germany, the United Arab Emirates, Taiwan and Singapore, though most Cambodians prefer vehicles from the US and Germany.*

Myanmar – Development banks back Myanmar for credit

The opening of the World Bank Group and the Asian Development Bank (ADB) offices in Yangon has paved the way for Myanmar to regain access to financing from official development banks and foreign governments, Moody's Investors Service said. "Engagement with the World Bank and ADB will enhance Myanmar's nascent political and economic reform process, which followed 2010 elections. If all goes according to plan, an opening and growing economy will attract new foreign investment from the private sector as well," the rating company said in a statement. It added that the offices add credit positive to Myanmar, which has not been given any ratings yet. Both multilateral development banks ceased approving new loans to Myanmar in the late 1980s after the country suspended its debt repayments. The country owes approximately US\$780 million (Bt24.5 billion) to the International Development Association (IDA), the World Bank's fund for the world's poorest countries, of which \$397 million is in arrears. Overdue loan payments to ADB's Asian Development Fund are close to \$500 million. Japan is facilitating the return of the World Bank and ADB to Myanmar. A consortium of Japanese banks may provide bridge funding worth \$900 million to allow for the repayment of the overdue amounts to the multilateral banks. The World Bank and ADB would then provide low-interest loans to Myanmar so it can repay the bridge loans. *The World Bank and ADB grants would regulate national community driven development programs and provide further support to Myanmar, which should help lay the foundation for economic growth.*

Vietnam – Vietnam's automobile sector showing signs of recovery

The Vietnamese automobile sector saw signs of recovery in July, with increasing sales of both domestically assembled and imported automobiles, according to the Vietnam Association of Automobile Manufacturers (VAMA) Monday. Total sales of automobiles nationwide in July increased 15% with 7,433 units, over 6,555 units in the previous month. Of the total figures, the number of small automobiles (tourist, multi-functional) rose by 21%, with 2,729 units, and trucks up 10% with 4,704 units. There were 6,263 domestically assembled automobiles sold during the month, with an increase of 14%, and 1,170 imported units, + 9%, reported VAMA. Twelve out of 18 auto companies having products available in the market showed rapid growth in July. Taking the lead was the Vietnam Motor Industry Corporation (VMC) with monthly growth of 656%, followed by the Vinastar with 172%, GM Vietnam Motor Company (GM VN) with 80%, Visuko with 61%, Honda with 50% and Vinamotor with 39%. Truong Hai Auto Group remained in the lead in terms of the auto sales, with 1,997 units in July (albeit with growth of only 6%), and 13,152 units in the first seven months of this year, followed by Toyota with 1,727 units + 4% and 12,084 units, respectively. However, the total sales of domestically-assembled and imported automobiles sold in the first seven months of this year decreased 39% Y-Y, with 50,361 units sold. *The recent recovery momentum of the automobile industry in Vietnam will likely continue as domestic auto companies have implemented various promotional programs, including cooperation with banks to lower interest rates of loans for their clients, the introduction of new auto brands to renew the market and a reduction of service fees. With such signs of recovery in the past three months, especially in July, in addition to the diverse promotional efforts by auto companies, the sector's total sales are expected to reach 93,000 units in Y 2012, an increase of 16% Y-Y.*