

The Market

Indochina index traded on light volume but remains on the positive side

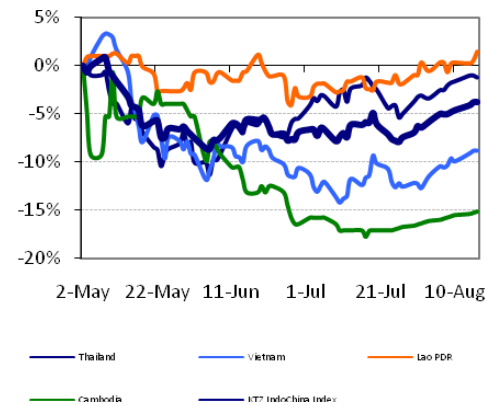
The VN index inched up slightly by 0.06 points or 0.01% to 430.83 points on light volume while the market expected that the Bank sector could take the lead in the next step. A total of 26.76 million shares worth 488.18 billion dong were traded, or USD 23.41 million. Prices of 80 stocks went up, 131 stocks plunged while 77 stocks remained unchanged. Furthermore, GAS, MBB, VSH, IJC and VIC were the top five stocks in terms of foreign investors' buying, respectively.

For Lao PDR, the LSX Index elevated by 9.15 points or 0.89% to 1,036.75 points on trading volume of 28,371 shares worth 152 million kip (USD 19,000). BCEL remained stable at 7,300 kip (USD 0.91) while EDL-Gen soared 50 kip to 4,850 kip (USD 0.61). The Cambodian CSX index was unchanged at 709.7 points on trading volume of 3,200 shares worth KHR 21.12 million (USD 5,221), with the PPWSA remaining stable at KHR 6,600 KHR (USD 1.63).

The News

- **Cambodia** – Drought hits 11 provinces in Cambodia
- **Myanmar** – Japan to help Myanmar develop capital market
- **Vietnam** – Vietnam will provide funds to banks to spur credit growth
- **Thailand** – Bidding for high-speed train planned

Relative Performance



Source: Bloomberg

	Last	Chg	(%)
FTSE ASEAN	576.58	-0.87	-0.2%
Singapore	2,451.29	1.80	0.1%
Thailand	1,188.62	0.98	0.1%
Malaysia	1,650.09	-3.69	-0.2%
Indonesia	4,160.51	18.52	0.4%
Philippines	5,219.51	-47.15	-0.9%
Vietnam	430.83	0.06	0.0%
Lao PDR	1,036.75	9.15	0.9%
Cambodia	709.68	0.00	0.0%

Per USD	Last	Chg	(%)
Baht	31.54	-0.00	-0.0%
Dong	20,850.00	5.00	0.0%
Kip	8,028.90	0.35	0.0%
Riel	4,052.95	-15.10	-0.4%
Kyat	874.11	0.11	0.0%

Per Baht	Last	Chg	(%)
Dong	660.86	-0.32	-0.0%
Kip	254.48	0.01	0.0%
Riel	660.86	-0.32	-0.0%
Kyat	27.71	0.00	0.0%

Source: Bloomberg

Cambodia – Drought hits 11 provinces in Cambodia

Drought has been hitting 11 out of the 24 cities and provinces in Cambodia and affecting tens of thousands of hectares of rice seedlings, Keo Vy, spokesman and chief of the Cabinet of the National Committee for Disaster Management, said Thursday. Generally, the rainy season begins in May and lasts until October. But this year, there is a lack of rain in some provinces. As a result, to date, the drought has damaged 4,811 hectares of rice seedlings and affected 101,365 hectares of rice seedlings. The drought-hit provinces are Kampong Speu, Takeo, Svay Rieng, Kandal, Prey Veng, Kampot, Battambang, Pursat, Banteay Meanchey, Uddar Meanchey and Preah Vihear. Prime Minister Hun Sen appealed Wednesday to all levels of authorities to help rescue farmers' rice seedlings through pumping water to irrigate those affected. "Weather is hard to predict. It was predicted that three storms would impact Cambodia in past weeks, but they had diverted to the upper part...flooding China, the Democratic People's Republic of Korea, and some areas in Japan. Cambodia's rainy season this year could be prolonged until early December," the prime minister said. *Cambodia's economy is primarily agriculture based. More than 80% of the population is farmers. The country produced some 8.25 million tons of paddy rice last year, according to a report of the Ministry of Agriculture. Such an unexpected drought could be an obstacle to Cambodia's plan for rice exports to the Philippines that PM Hun Sen proposed early this year.*

Myanmar – Japan to help Myanmar develop capital market

Japan's Finance Ministry said Wednesday that it has signed a memorandum of understanding with Myanmar's central bank to support the development of the capital market in the Southeast Asian country. Japan will help Myanmar draw up a securities exchange law to ensure fair transactions of stocks and bonds, and protect investors. A group of Japanese securities experts and lawyers will provide advice to develop human resources in Myanmar. Japan will also accept trainees from the country. The move comes after Prime Minister Yoshihiko Noda announced in April that Tokyo will resume yen loans to Myanmar for the first time in 25 years due to progress in the country's democratization. Japanese companies are eager to expand into Myanmar, which is sometimes called Asia's last economic frontier. *This development should be considered a crucial step toward the access to sources of long-term funding and foreign investment, which will boost the economy and enable the country to build basic infrastructure to support its people. Myanmar has been going through a series of economic and political reforms aimed at attracting foreign investment to improve its country.*

Vietnam – Vietnam will provide funds to banks to spur credit growth

Vietnam's monetary authority will inject funds into commercial banks to spur lending after credit growth missed targets amid a slowing economy. "Credit growth has been very slow so far this year," Nguyen Thi Hong, head of the central bank's monetary policy department, said in an interview in Hanoi today. The regulator will "provide funds to banks that have the potential to make good loans but face difficulties with funding," she said. Lenders can access funds through daily open-market-operations or loans using bonds and bills as collateral, she said. Vietnam's bank lending has stagnated as businesses contend with growing inventories and decreased demand. Credit growth was 1.07% as of Aug. 8, according to a release from the central bank. That compares to the regulator's target of 14% to 15% in 2012. *Vietnam will have to cope with challenges in order to balance the country's growth and inflation in the near future. Deputy Prime Minister Vu Van Ninh said that the country may miss its 6% growth target after the economy grew 4.66% YoY in 2Q12. Meanwhile, consumer prices may rise in August from July because of higher power and fuel costs, the Ministry of Finance said yesterday.*

Thailand – Bidding for high-speed train planned

The government is planning to open bidding for the first phase of the high-speed train project with a total investment of Bt400 billion in order to make Thailand a hub for Asean connectivity. Under the plan, four routes (covering 250 kilometres of track -Bangkok-Pitsanulok, Bangkok-Nakhon Ratchasima, Bangkok-Pattaya and Bangkok-Hua Hin) will be opened for international bidding early next year. China, Japan, South Korea and France have expressed interest in bidding for the routes. Pansak Vinyaratn, chief adviser to Prime Minister Yingluck Shinawatra, said yesterday in an interview with Krungthep Turakij newspaper that the Transport Ministry would propose the master plan for Cabinet approval this year. Approval will allow the government to open international bidding by next year. "Construction work on those four routes would start at the same time to ensure their completion as planned in 2018," said Pansak, noting that in the same year, Dawei Port will also be completed. This will encourage Thailand to be the logistics hub of the Asean region with all the basic infrastructure such as inland transportation, rail and deep seaports in the East and West. The government also plans to continue the second-phase construction - to be completed by 2022. This includes the Bangkok-Chiang Mai, Bangkok-Nongkhai, Bangkok-Rayong, and Bangkok-Hat Yai routes. The construction of the high-speed train will be on the side of the existing railway routes. *The completion of the full phase of the high-speed train plan should support Thailand's logistics connectivity with neighbouring countries and make it a hub of Indochina transport. It is expected that the first phase plan will boost Thailand's economy by reducing energy costs by Bt400 billion and increasing the value of farm goods by Bt300 billion per year. In addition, it will also create a new city and industrial zone, link trading points with tourist destinations, and upgrade the living standards of Thais.*