

Vietnam

Early rice harvest sales strong Vietnam is seeing strong sales in the early days of the autumn-winter Mekong delta harvest. Paddy prices are at the same level as the 2011 harvest, ranging from VND5,500-5,600/kg (US\$0.26-0.27) to VND5,900-6,000/kg (US\$0.28-0.29) depending on grade.

View: Strong agriculture sector supports difficult economy

A strong rice harvest is key in a difficult year for the Vietnamese economy, with lackluster growth in the industrial and service segments. Agriculture represents just over 20% of the economy, and can act as a buffer against urban unemployment of migrant labour, which can be absorbed by rural subsistence agriculture.

Cambodia

Taiwan's Cathay acquires 70% of SBC Taiwanese bank Cathay United has purchased 70% of Singapore Banking Corporation (SBC), which has 16 branches in Cambodia.

View: No mergers yet even with over 30 banks SBC is a smaller bank with a loan share of 0.8%, so this not a major change for the broader commercial banking market. Given that Cambodia has over 30 banks, a merger would have been a more material event, although this remains unlikely; most foreign banks are leveraging pre-established relationships with corporates in their home countries, and rivalry between the business groups at home make mergers between the groups in Cambodia unlikely.

Laos

Xayaburi dam would sell to Cambodia as well as Thailand

Laos' Energy Minister has announced it would sell electricity to Cambodia in addition to Thailand (previously announced) from the controversial Xayaburi dam on the Mekong river, if it goes forward.

View: Xayaburi remains subject of controversy The Xayaburi Dam remains controversial; while it would be a major boost for the Laos energy sector, there are serious environmental implications, including limiting the flow downstream to Cambodia and Thailand, where the river is key for agriculture. It is still unclear whether preparation of the area near the dam is still ongoing.

Myanmar

Exile government dissolved, amnesty for prisoners A US-based group, Myanmar's 'government in exile' has dissolved itself, while Myanmar has given amnesty to 514 prisoners.

View: Rapid series of reforms continues Myanmar continues to make major political and economic progress in 2012. The tacit nod to the legitimacy of the current regime implied by the dissolution of the 'exile government' is key as it suggests that even previously vehement opponents of the administration are satisfied with recent reforms. The release of the prisoners sheds further positive light on the country as President Thein Sein prepares for his upcoming US trip; opposition leader Aung San Suu Kyi is visiting the US now.

Index	Value	% chg
Thailand	1,272.9	-0.44
Vietnam	394.5	-1.80
Laos	1,047.9	-0.10
Cambodia	677.4	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	13.9	2.2
Vietnam	9.8	1.4
Laos	5.5	0.7
Cambodia	18.4	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.9	0.29
Dong (VND)	20,850	-0.02
Kip (LAK)	8,005	0.24
Riel (KHR)	4,064	0.28
Kyat (MMK)	866	0.16

Source: Bloomberg

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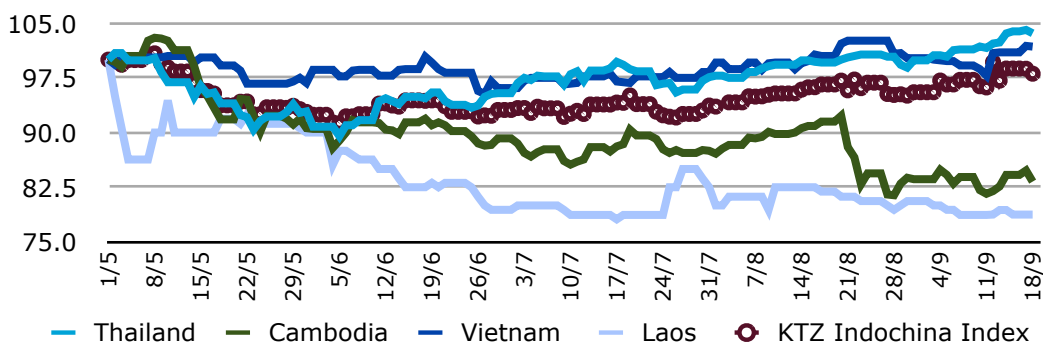
Indochina Markets

Vietnam down as QEuphoria fades: The HCM index dropped 1.8% to 394.51, as the global boost from the Federal Reserve QE3 announcement last week faded and investors returned their focus to the continued negative domestic economic situation.

Laos down slightly The Laos index fell 0.1% to 1,047.9, with BCEL trading down 0.6% on very low volumes to LAK7,400, while EDL-Gen was flat at LAK4,900, but volumes hit their highest in a month with 261k shares traded.

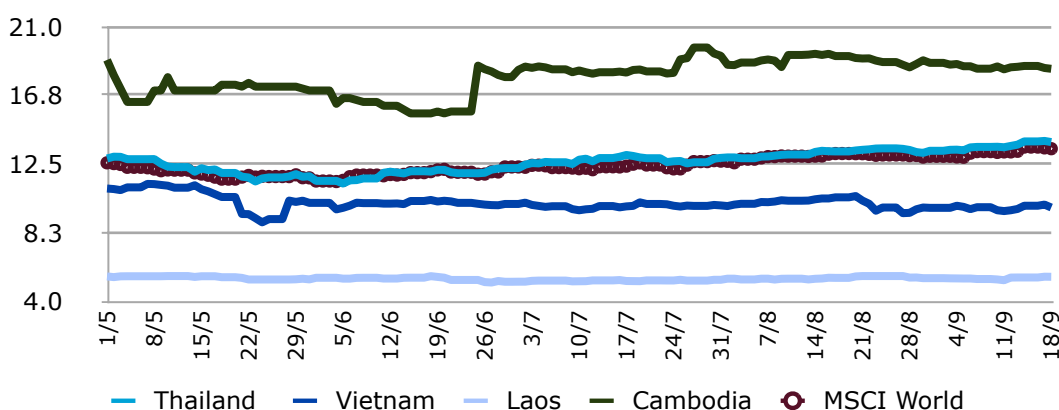
Cambodia flat for third session: The CSX traded flat at 677.42 for the third consecutive session, remaining at its IPO price of KHR6,300.

Figure 1: Indochina markets relative index performance



Source: Bloomberg

Figure 2: Indochina markets price to earnings ratio



Source: Bloomberg

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