

Vietnam

Bad debt plan to be implemented by early 2013 The State Bank of Vietnam's plan to address banking system bad debts has been submitted to the government for approval, and some measures could be implemented by early 2013.

View: Quick fix unlikely We expect that the bad debt problem will not be quickly resolved, and will last well into 2013. Even if the central bank is able to restructure existing bad debt, 1) many projects remain in the pipeline in an already oversupplied real estate sector, and 2) increased caution from banks on lending is causing difficulty for firms outside the banking and real estate sectors which could also be a source of further bad debt.

Cambodia

Rice exports show flat growth yoy for 10M/12 Cambodia's rice exports grew just 0.5% yoy for 10M/12 to 148,200 tonnes, up from 147,435 tonnes over 10M/11, according to the Ministry of Agriculture.

View: Long-term rice export growth trend strong Although this has been a weak year for rice export growth, the longer-term trend still looks strong. Rice exports YTD are still 43 times the tiny 3,647 tonnes exported in over FY08, and Cambodia only gained critical mass in terms of global markets as of 2011. Cambodian white rice exports have faced competition especially from lower priced Vietnam white rice so far this year.

Laos

Phongsavanh to issue Japan's JCB credit cards Private bank Phongsavanh has signed an agreement to issue Japan's most widely used credit card, JCB, by the end of 2013.

View: Credit card use growing In addition to Phongsavanh, a relatively small, but growing, bank, the two largest banks in Laos, BCEL and Lao Development Bank, have significantly expanded the credit card market. The two combined have grown their ATM networks, with most terminals international credit card-enabled, from zero terminals in 2006 to 265 as of end-2011 (the total ATMs for all banks in Laos totalled 442 as of 2011).

Myanmar

Import ban eased by US The US is in the process of almost completely reversing a ban on imports from Myanmar; the only imports still not permissible are jadeite and rubies mined in Myanmar, and any jewellery containing these gems.

View: Opens large potential market This opens Myanmar to a major new market for its exports that had been closed since a 2003 ban. Myanmar's major exports are natural gas (comprising 34% of the total), agricultural products (27%), wood (7%) and garments (5%). The US is currently a major customer for both Laos and Cambodian garment exports, and we expect to see potential growth to the US especially for this product.

Index	Value	% chg
Thailand	1,280.1	0.48
Vietnam	385.7	-0.31
Laos	1,233.1	3.06
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.1	2.2
Vietnam	9.9	1.7
Laos	6.4	0.9
Cambodia	18.4	0.0

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.7	0.10
Dong (VND)	20,850	0.00
Kip (LAK)	8,017	-0.08
Riel (KHR)	3,992	0.00
Kyat (MMK)	850	-0.04

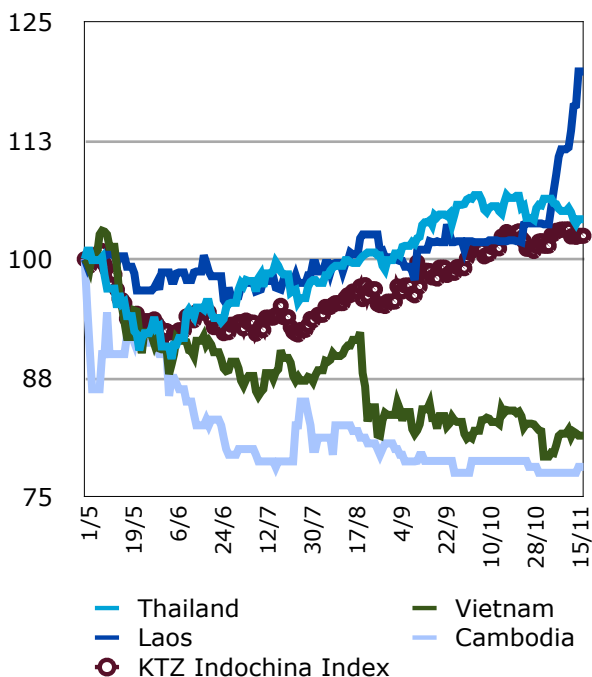
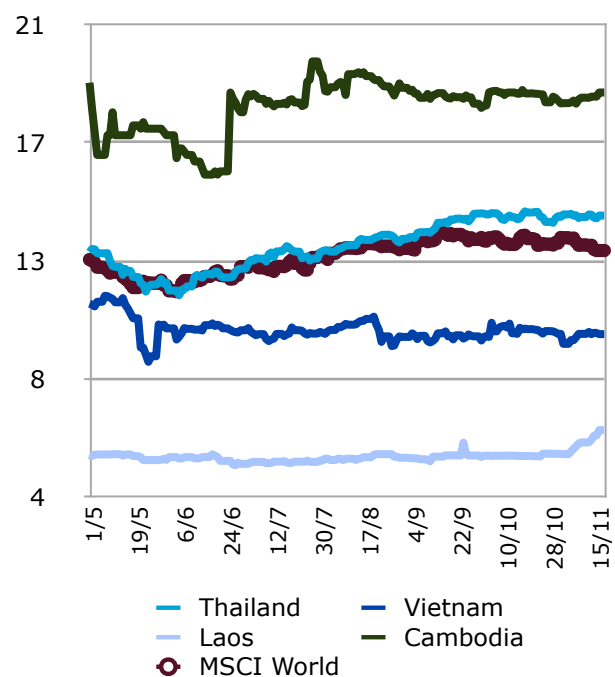
Source: Bloomberg

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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)	386	-0.3%	18,064	48,838	9,473	33,278
Vietnam (HNI)	52	0.2%	19,098	46,211	5,162	19,531
Laos (LSX)	1,233	3.1%	49	106	38	71
BCEL*	7,500	0.0%	13	24	12	22
EDL*	5,900	3.5%	36	82	27	49
Cambodia (CSX)	672	0.8%	1	49	2	93
PPWSA*	6,250	0.8%	1	49	2	93

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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