

Vietnam

Push for free trade agreement with EU Government economic advisors would like to see more rapid progress on a proposed free trade deal with European Union (EU), which will see the amount of goods seeing zero tax exports to the EU rise from 42% currently to 90%.

View: EU is increasingly key export destination Exports to the EU have been a rising proportion of Vietnam's total exports, to 25% in 2010, up from 19% in 2000. Vietnam's key exports to the EU include textiles and footwear, seafood, coffee and wood products. Currently Vietnam faces some anti-dumping taxes on its exports to the EU.

Cambodia

Garment factories may be next listing Two Taiwanese garment factories are rumored to be the next listings on the CSX.

View: Previously planned SOE listings unlikely before 2013 Originally the next two listings were expected to be state owned enterprises Telecom Cambodia and Sihanoukville Port (SAP), but both are still readying their accounts to meet listing requirements. We would view the garment factories listing as a boon in general for the CSX, especially in boosting liquidity, but there is the risk longevity of such listings. While garment factories have a history of moving often and quickly in response to rising wages, a major seaport, for example, can't relocate in short order.

Laos

Investment in remote Sekong province rising Investment in Laos' second smallest province, Sekong, has risen 30% in 2012, with 7 new projects with a total value of over US\$60mn. Sekong has 64 investment projects ongoing, worth US\$755mn, with US\$380mn in domestic investment and US\$375mn foreign.

View: Investment reaching the periphery The growth in Sekong province shows that development is starting to reach the economic periphery of Laos. Historically one of Laos' most isolated provinces, major road projects funded by the Vietnamese have opened up Sekong to development in recent years.

Myanmar

Western Union enters Myanmar US company Western Union will be the first foreign company to offer international remittance services in Myanmar, partnering with Myanmar Oriental Bank (which has 19 branches), starting at the end of September. Initially only incoming transfers will be facilitated, but the venture plans outbound transfers in the future.

View: Major developments in financial system this month Myanmar will have achieved two major financial system milestones in just the second half of September alone; 1) debit card usage introduced for the first time earlier this week, and 2) the introduction of international remittance.

Index	Value	% chg
Thailand	1,285.5	0.99
Vietnam	394.6	0.01
Laos	1,047.9	0.00
Cambodia	677.4	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.0	2.2
Vietnam	9.8	1.4
Laos	5.5	0.7
Cambodia	18.3	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.8	-0.32
Dong (VND)	20,870	0.10
Kip (LAK)	8,006	0.01
Riel (KHR)	4,068	0.11
Kyat (MMK)	867	0.11

Source: Bloomberg

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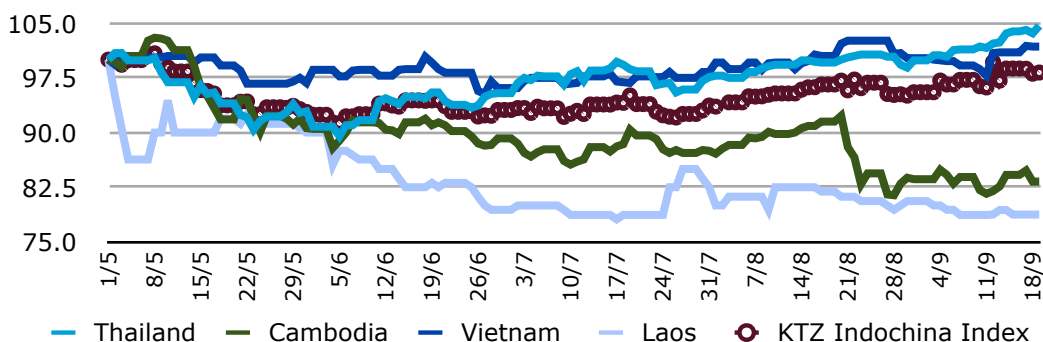
Indochina Markets

Vietnam broadly flat: The HCM index was broadly flat, rising just one basis point to 394.55, while regional markets remained mixed.

Laos flat while foreign buying continues Both stocks in the Laos traded flat with index remaining at 1,047.9 for a second session. Foreign investors continued to be net buyers while domestic investors sold off holdings.

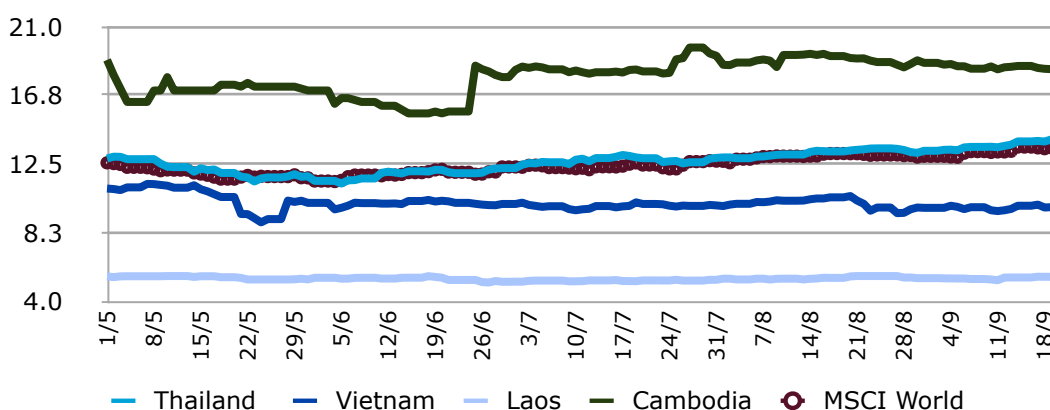
Cambodia flat for fourth session: The CSX traded flat at 677.42 for the fourth consecutive session, remaining at its IPO price of KHR6,300.

Figure 1: Indochina markets relative index performance



Source: Bloomberg

Figure 2: Indochina markets price to earnings ratio



Source: Bloomberg

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