

Vietnam

US\$1bn to be invested in agricultural irrigation The Vietnam government plans to invest US\$1bn to upgrade the country's irrigation system to 80% efficiency. The country currently has 904 medium to large sized irrigation facilities for 5.5mn hectares (ha), or 38.5% of Vietnam's total 14.3mn ha total crop growing area.

View: Irrigation overhaul a prudent investment With agriculture representing over 20% of Vietnam's GDP and 16% of total exports, we view government directing resources to the sustainability of this key sector as prudent. Historically agriculture sector growth has been less volatile than the industrial and service sectors, and tends to provide a buffer in economic downtrends.

Cambodia

Cambodia, Thailand to meet on OCA Thailand and Cambodia will soon resume talks regarding an offshore overlapping claims area expected to hold 11 trn cft in natural gas reserves.

View: OCA very material for Cambodia If the OCA resources were split evenly between the countries, it would boost Thailand's 9.9 trn cft in reserves over 50%, but be even more significant for Cambodia, which has no fossil fuel production. In addition to the OCA, Cambodia has offshore blocks, with an estimated 2.9 bn bbls in oil and 13.5 trn cft of natural gas reserves. If these gas reserves were proven, along with half of the OCA gas, Cambodia would have 19.0 trn cft, higher than Thailand or Myanmar.

Laos

Government forecasts 8.3% GDP growth for fiscal 2013 The Laos Ministry of Planning and Development has estimated that GDP growth will reach 8.0% for fiscal 2012 (running to Sept 30) and 8.3% in 2013, with the agriculture sector growing 3.3% and the industrial sector growing 15.9%.

View: IMF expecting lower growth at 7.4% for 2013 The IMF is forecasting lower real GDP growth than the Laos government, at just 7.4% for fiscal 2013 (weighting the IMF's 2012 8.4% and 2013 7.1% calendar year GDP growth estimates for a comparable fiscal year 2013 estimate).

Myanmar

President Thein Sein off sanctions list The United States has removed Myanmar President Thein Sein, and Lower House of Parliament speaker Shwe Mann from its sanctions list, acknowledging both for driving democratic reform in the country.

View: Wave of bullish developments continues The last two weeks have seen a series of extremely bullish news flow on Myanmar's political and economic reintegration with the world. The removal from the list is a vote of confidence for the President in advance of his high profile trip to the US beginning next week. This week opposition leader Aung San Suu Kyi visited the US, encountering a 'hero's welcome' for her efforts towards democracy.

Index	Value	% chg
Thailand	1,282.7	-0.22
Vietnam	389.3	-1.34
Laos	1,049.0	0.10
Cambodia	677.4	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.0	2.2
Vietnam	9.7	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	0.32
Dong (VND)	20,875	0.02
Kip (LAK)	7,994	-0.15
Riel (KHR)	4,049	-0.47
Kyat (MMK)	862	-0.59

Source: Bloomberg

Graeme Cunningham

KT ZMICO Indochina Research
Head of Indochina Research
graemec@ktzmico.com
66 (0) 2695 - 5942

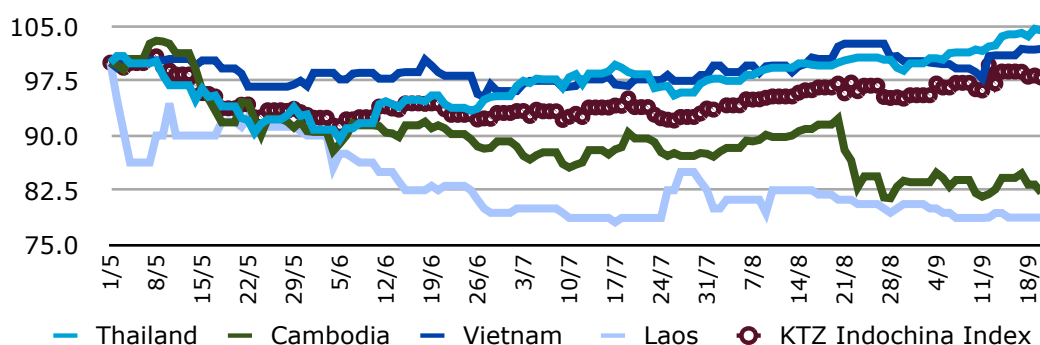
Indochina Markets

Vietnam down as regional data disappoints: The HCM index dropped 1.34% to 389.28, mainly on negative regional data, with China's manufacturing likely contracting for the 11 consecutive month and Japan exports declining for the third straight month.

Laos up 0.1% bucking regional downtrend The Laos index maintained its recent lack of correlation to regional markets, up 0.1% to 1,048.96 on reasonable volumes of 155k shares, with BCEL up 0.6 % to LAK7,450 and EDL-Gen flat at LAK4,900.

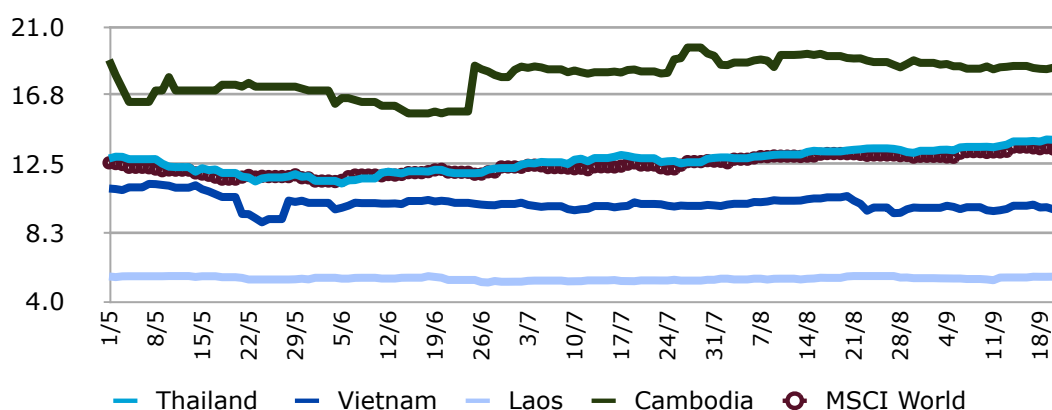
Cambodia flat so far this week: The CSX traded flat at 677.42 for the fifth consecutive session, remaining at its IPO price of KHR6,300, with PPWSA currently trading on a premium to current regional water multiples.

Figure 1: Indochina markets relative index performance



Source: Bloomberg

Figure 2: Indochina markets price to earnings ratio



Source: Bloomberg

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