

## **Vietnam**

**Licensed foreign investment down 30% yoy for 9M/12** The Foreign Investment Agency has reported that licensed foreign investment declined 30% yoy to US\$9.5bn for 9M/12, with investment from Japan accounting for about half of this amount.

**View: Still well off US\$64bn peak in 2008** Licensed foreign investment is still far off its peak US\$64bn in 2008, which had marked a material jump on investment of US\$12bn in 2006 and US\$23bn in 2007. However, approved investment has declined 63%, 14%, and 21%, respectively, in 2009, 2010 and 2011. Licensed foreign investment does not translate directly to actual FDI data, as projects are implemented over a number of years.

## **Cambodia**

**Transport costs remain high compared to neighbors** A recently released report shows that Cambodia transport costs (based on FOB 10-container shipments) are US\$35/tonne, more than double Thailand at US\$17, and Vietnam at US\$16.

**View: Major projects underway will help cut transport costs** We believe that Cambodia's major improvements in transport infrastructure over the last 10 years will continue, and transport costs will drop over the next few years, with several key projects already underway. Cambodia expects to complete the rebuild of its rail system within two years and an expansion of both major ports within 2-4 years, while major road improvements are ongoing.

## **Laos**

**Laos imports from Thailand up 39% yoy, exports up 18%** Laos imports from Thailand grew 39% over 7M/12, while Laos exports to Thailand grew 18%.

**View: Thai data are key read across for Laos** The Thailand trade data by country is a key source of timely interim data for Laos, as it is released monthly with about a three month lag. Laos statistics are released annually, with several months delay from year-end. Thailand represents 63% of Laos's imports and 19% of its exports; growth in Thai imports this year has been above the average 31% over 2011-12, suggesting that growth continues.

## **Myanmar**

**Clinton confirms move towards easing ban on imports** US Secretary of State Hilary Clinton, in talks with Prime Minister Thein Sein, has confirmed previous expectations that the US is moving towards lifting imports bans on Myanmar.

**View: Exports to US at pre-ban level would be 6% of total** The ban on imports to the US has been in effect since Sept 2003; for the 12 months prior to the ban, Myanmar exports were US \$398mn, or about US\$500mn in current dollars. If we were to assume that Myanmar resumed exports to the US at just the same level as 2003, they would represent 6.2% of Myanmar's total reported fiscal 2011 exports of US\$8.1bn.

| Index    | Value   | % chg |
|----------|---------|-------|
| Thailand | 1,286.1 | 0.91  |
| Vietnam  | 393.3   | -0.45 |
| Laos     | 1,047.9 | 0.00  |
| Cambodia | 666.7   | -1.59 |

Source: Bloomberg

| Valuation | P/E  | P/B |
|-----------|------|-----|
| Thailand  | 14.1 | 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) | 31.0   | -0.03 |
| Dong (VND) | 20,885 | 0.07  |
| Kip (LAK)  | 7,998  | -0.11 |
| Riel (KHR) | 4,058  | -0.14 |
| Kyat (MMK) | 861    | -0.15 |

Source: Bloomberg

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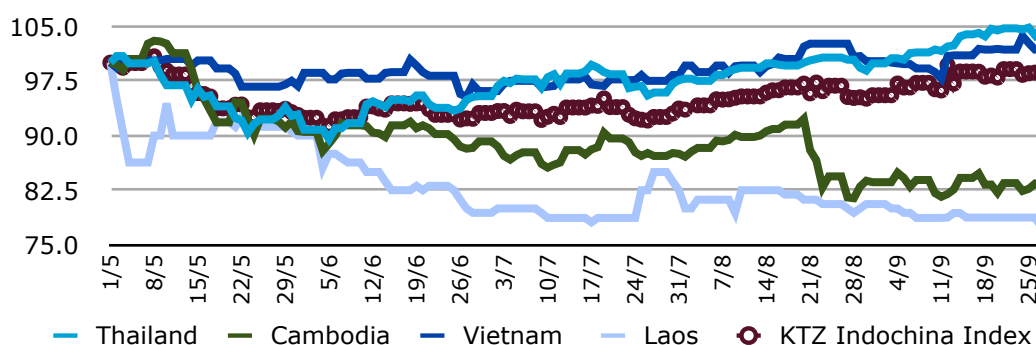
## Indochina Markets

**Vietnam down 0.5%:** The HCM index fell 0.5% to 393.3, driven by financials down 0.3%, and energy stocks down 0.8%. Over the last 12 months, the index remains down 9.3%.

**Laos flat** The LSX fell traded flat yesterday at 1,047.9, with BCEL holding at LAK7,400 and EDL remaining at LAK4,900 for a second consecutive session.

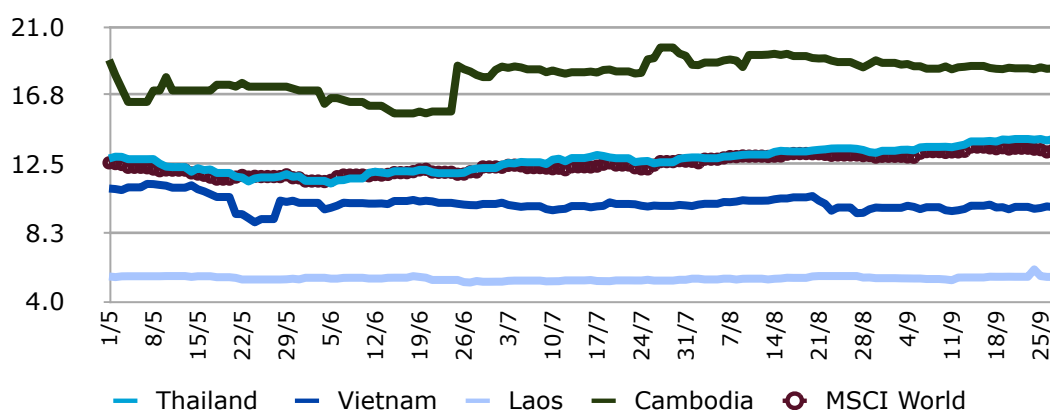
**Cambodia down 1%:** After trading flat at 677.4 for nearly two weeks straight the Cambodia index finally saw movement yesterday, down 1.6% to 666.7.

**Figure 1: Indochina markets relative index performance**



Source: Bloomberg

**Figure 2: Indochina markets price to earnings ratio**



Source: Bloomberg

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