

The Market

Indochina index up on the hope of growing economic outlook

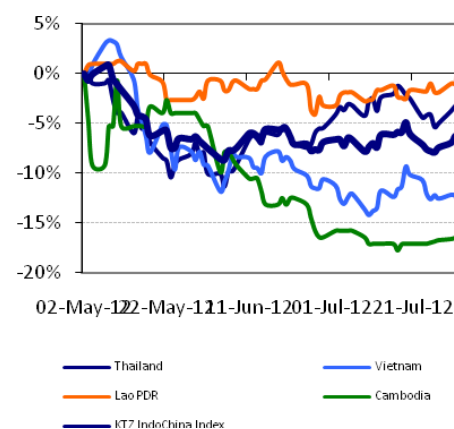
The VN index finished up by 3.41 points or 0.81% to 426.98 points in line with Asian bourses after China announced that the CPI index growth rate slowed down for a fourth consecutive month while investors expected a better economic outlook. A total of 43.063 million shares worth 728.312 billion dong were traded, or USD 34.93 million. Prices of 133 stocks went up, 78 stocks fell while 98 stocks remained unchanged. Furthermore, EIB, GAS, DPM, SSI and NVT were the top five stocks in terms of foreign investors' buying, respectively.

For Lao PDR, the LSX Index climbed up by 9.16 points or 0.90% to 1,024.54 points on trading volume of 137,076 shares worth 656.11 million kip (USD 82,162). The two listed companies closed mixed, with BCEL remaining at 7150 kip (USD 0.89) but EDL-Gen elevating by 50 kip to 4,800 kip (USD 0.60). The Cambodian CSX index slumped sharply by 16 points or 2.3% to 682.8 points on heavy trading volume of 167,168 shares worth KHR 1,066.16 million (USD 262,473), with the PPWSA declining 150 KHR at 6,350 (USD 1.56).

The News

- **Cambodia** – Casinos are 'secret strategy' to protect Cambodia: PM
- **Lao PDR** – Lao PDR to complete WTO accession process in 2012
- **Myanmar** – Pepsi to re-enter Myanmar market

Relative Performance



Source: Bloomberg

	Last	Chg	(%)
FTSE ASEAN	575.94	2.53	0.4%
Singapore	2,452.20	-18.40	-0.7%
Thailand	1,188.62	0.98	0.1%
Malaysia	1,642.52	6.60	0.4%
Indonesia	4,131.17	40.46	1.0%
Philippines	5,256.61	-52.06	-1.0%
Vietnam	426.98	3.41	0.8%
Lao PDR	1,024.54	9.16	0.9%
Cambodia	682.80	-16.12	-2.3%

Per USD	Last	Chg	(%)
Baht	31.50	-0.00	-0.1%
Dong	20,860.00	-5.00	-0.0%
Kip	8,009.95	-4.05	-0.1%
Riel	4,071.05	-8.85	-0.2%
Kyat	872.40	-1.87	-0.2%

Per Baht	Last	Chg	(%)
Dong	661.85	-0.29	-0.0%
Kip	254.21	-0.21	-0.1%
Riel	661.85	-0.29	-0.0%
Kyat	27.69	-0.07	-0.2%

Source: Bloomberg

Cambodia – Casinos are 'secret strategy' to protect Cambodia: PM

Cambodian Prime Minister Hun Sen on Thursday said that allowing the construction of a spate of border casinos is part of a "secret strategy" to protect the country's territory from its neighbors. "One can remove border markers, but one can't remove five-storey hotels.", Hun Sen said in parliament while addressing border demarcation issues with Vietnam. Cambodia's border with Vietnam and Thailand is dotted with dozens of casinos and accompanying hotels catering mostly to foreign gamblers since Cambodians are not legally allowed to gamble. Hun Sen denied long-standing claims from the main opposition party that his government was allowing Vietnam to encroach on Cambodian territory. Cambodia and Vietnam officially began demarcating their 1,270-kilometer (790-mile) border in September 2006 after decades of territorial disputes stemming from French colonial times. According to Hun Sen some 700 kilometers have been demarcated so far. *Global gambling revenue rose 5.6% YoY to a record US\$419 billion in 2011, led by growth in Macau, Singapore and Cambodia. It is expected to forward 7% growth this year, following a forecast from the UK-based Global Betting and Gaming Consultants (GBGC). Gambling companies that have exposure in Cambodia include Entertainment Gaming Asia Inc (EGT:US in NYSE) and Naga Corp Ltd (3918:HK in Hong Kong exchange).*

Lao PDR – Lao PDR on target to complete WTO accession process in 2012

The Lao People's Democratic Republic is set to complete its WTO accession process by the end of this year. "The Lao PDR has come a long way this past decade. We have made a Herculean effort," said Dr. Nam Vinhaket, Minister of Industry and Commerce. UNCTAD has been supporting the Lao PDR in its accession process since 1999. The next meeting of the WTO Working Party on the accession of Laos to be held in September 2012 is widely expected to be the final meeting before the country's WTO accession package is transmitted to the General Council before the year's end for approval by the WTO membership. *Becoming a WTO member means that best practices will be adopted to Laos' regulations and laws, which would help improve overall business sentiment and create confidence in foreign investors. We expect more FDI to pour into Lao PDR after its accession.*

Myanmar– Pepsi to re-enter Myanmar market

PepsiCo Inc. (PEP:US) said it reached a deal to distribute its products in Myanmar through a local partner, in the latest sign of rising investor interest in the once-reclusive Southeast Asian nation. The move by the N.Y. based beverage company followed a June announcement by rival Coca-Cola Co. (KO:US), which said it would be re-entering Myanmar with initial plans to support charitable programs there. Coca-Cola said it would initially import products from neighboring countries before establishing local operations. Other U.S. companies have expressed interest in going into Myanmar, too, but most so far have stopped short of signing far-reaching deals with local partners as they conduct more research on the market. PepsiCo said it will partner with Diamond Star, a unit of the Capital Diamond Star Group - a major conglomerate with more than 4,000 employees and distribution centers across Myanmar, to distribute Pepsi beverages in the country. The deal gives Diamond Star exclusive rights to import, sell and distribute Pepsi-Cola, 7-Up and Mirinda brands in the country. PepsiCo exited Myanmar in 1997, a time when many U.S. firms abandoned the country following the Western sanctions. *Myanmar's economy, with its attractiveness stemming from a sizable consumer market of 60 million people, is expected to expand rapidly if reforms continue. This move may benefit Pepsi's operation in Thailand, after Pepsi-Cola (Thai) Trading quietly took over the San Miguel beverage factory in Thailand to establish its own production base in February this year. Pepsi's bottling contract with Serm Suk will end in October this year.*