

The Market

Indochina index was pressured by fears over Bank shares

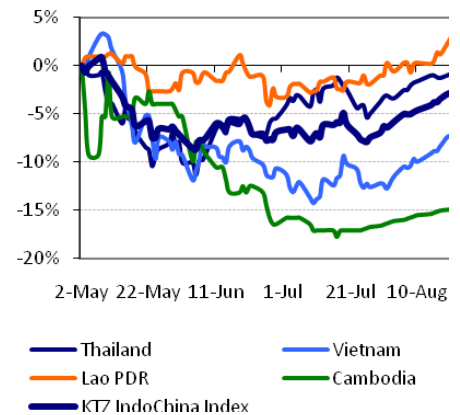
The VN index collapsed by 13.53 points or 3.38% to 386.19 points after investors lost their confidence in Bank shares. A total of 42.32 million shares worth 645.22 billion dong were traded, or USD 30.94 million. Prices of 49 stocks went up, 210 stocks plunged while 51 stocks remained unchanged. Furthermore, DRC, MBB, PGC, VSH and NTL were the top five stocks in terms of foreign investors' buying, respectively.

For Lao PDR, the LSX Index was unchanged at 1,056.10 points on trading volume of 208,071 shares worth 1.6 billion kip (USD 203,000). The two listed companies, BCEL and EDL-Gen, remained stable at 7,800 kip (USD 0.98) and 4,900 kip (USD 0.61), respectively. The Cambodian CSX index slipped by 5.38 points or 0.78% to 688.17 points on trading volume of 18,911 shares worth KHR 121.04 million (USD 29,925), with the PPWSA dropping 50 KHR to 6,400 KHR (USD 1.59).

The News

- **Cambodia** – 44th ASEAN economic summit begins in Cambodia
- **Lao PDR** – Fifth friendship bridge planned
- **Myanmar** – Myanmar president announces Cabinet reshuffle
- **Vietnam** – Vietnam industrial production at slowest pace since January

Relative Performance



Source: Bloomberg

	Last	Chg	(%)
FTSE ASEAN	574.02	-1.55	-0.3%
Singapore	2,433.06	-8.31	-0.3%
Thailand	1,188.62	0.98	0.1%
Malaysia	1,648.13	-0.09	-0.0%
Indonesia	4,145.88	0.48	0.0%
Philippines	5,143.35	-59.49	-1.1%
Vietnam	386.19	-13.53	-3.4%
Lao PDR	1,056.10	0.00	0.0%
Cambodia	688.17	-5.38	-0.8%

Per USD	Last	Chg	(%)
Baht	31.25	0.00	0.1%
Dong	20,865.00	-40.00	-0.2%
Kip	8,027.35	15.35	0.2%
Riel	4,073.25	4.70	0.1%
Kyat	873.80	0.67	0.1%

Per Baht	Last	Chg	(%)
Dong	667.68	-0.75	-0.1%
Kip	256.88	0.33	0.1%
Riel	667.68	-0.75	-0.1%
Kyat	27.96	0.00	0.0%

Source: Bloomberg

Cambodia – 44th ASEAN economic summit begins in Cambodia

The 44th ASEAN Economic Ministers Meeting and related meetings kicked off in Cambodia Monday, focusing talks on the bloc's economic growth development and tracking progress on tasks towards building an ASEAN Economic Community by 2015. Speaking at the opening ceremony, Cambodian Prime Minister Hun Sen said that Cambodia was pleased to see ASEAN economies grew by 4.7% last year despite the tightening economic conditions, higher oil prices, and volatile global capital flows. The bloc continued to post a trade surplus of 98.5 billion U.S. dollars in 2011 despite a slowdown in export growth, he said. Export value amounted to 1.24 trillion U.S. dollars while import reached 1.15 trillion U.S. dollars. Through the week-long meetings, the ASEAN Economic Ministers would discuss the ASEAN Economic Integration, especially the implementation of the ASEAN Economic Community Blueprint towards establishing the ASEAN Economic Community by 2015. They will also talk with ASEAN dialogue partners from China, South Korea, Japan, Australia, New Zealand, India, the United States, Canada and Russia. *Potential development of the AEC by 2015 would possibly strengthen economic cooperation including trade and investment between countries in ASEAN. Intra-regional trade, which now contributes just about 25% of total trade (against as high as about 70% for EU countries), could be an obvious growth area. Based on the consensus forecast, ASEAN's GDP growth is forecast at 5.0% in 2012 and 5.5% in 2013.*

Lao PDR – Fifth friendship bridge planned

The new bridge will be located about 12km east of downtown and will link Bung Kan to Bolikhamxay in Laos with an estimated investment cost of about 2 billion baht. The construction, according to Bung Kan Governor Pornsak Jearanai, should begin within the next three years. Lao PDR's cabinet has approved the project and the governments of both countries have agreed in principle to have the fifth bridge built. The bridge will increase trade between the two countries from the present 5.4 billion baht to some 24 billion baht, which is at the same level of the trade value in Nong Khai (the first Thai-Lao friendship bridge). If the bridge is built in Bung Kan, this will shorten the traveling distance from Thailand to Vietnam as the distance from the border to Vietnam's Vinh town is 335km. "Bung Kan will be one of the closest access points to deliver products to Vietnam and China and will also benefit travelers," Pornsak added. *The new bridge should further enhance the connectivity between the countries in the region, which is an important item on the agenda for AEC development in 2015. The key benefit for both countries will be the boosting of trade, with the main trade products from Thailand being consumer products, construction materials, electronic equipment and machinery, and the main imported products from Laos being processed wood.*

Myanmar – Myanmar president announces Cabinet reshuffle

Myanmar's president announced a major Cabinet reshuffle on Monday, a move analysts see as advancing the once-pariah nation's reformist agenda. The shake-up is the biggest since President Thein Sein's government took office from the former military junta in March 2011 and launched a wave of dramatic reforms that have surprised the world and prompted Western powers to ease crippling sanctions. The announcement made on the president's official website said the overhaul affects nine of several dozen Cabinet posts. Some 15 new deputy ministers are also being appointed. Among the most prominent changes is the replacement of former Information Minister Kyaw Hsan, widely seen as a hard-liner. He was replaced by Labor and Social Welfare Minister Aung Kyi, who has also acted as a liaison between the government and pro-democracy opposition leader Aung San Suu Kyi. The Information Ministry overseeing local and foreign media and the film industry and supervising the approval of visas for foreign correspondents, Kyaw Hsan, was kept in government; however, and appointed to head the Cooperatives Ministry. The presidential statement did not name all of the new ministers, but said several outgoing ministers — most considered reformists — would be moved to four new ministerial-level posts in the president's office. They include the ministers of finance, national planning and economic development, and Railways Minister Aung Min, who has played a key role in negotiating cease-fires with ethnic rebel groups. *Over the last year, Thein Sein's government has spearheaded unprecedented change in Myanmar, relaxing decades of harsh rule and allowing freedoms previously unheard of in the Southeast Asian nation. Media censorship has eased dramatically, the government has signed cease-fire deals with multiple armed insurgent groups, and crucial investment laws are being rewritten.*

Vietnam – Vietnam industrial production at slowest pace since January

Weaker demand at home and abroad pushed Vietnam's industrial production to its slowest pace since January, prompting one bank to scale back its growth forecasts for this year. Vietnam's industrial production index rose 4.4% in August from a year earlier, slowing from July's 6.1% rise, government data showed Monday. Through the first eight months of this year, the index was up 4.7% from the year-earlier period. "Domestic demand is still very weak, while firms' inventory levels are too high now, making it difficult for the country to boost industrial production," independent economist Le Dang Doanh said. A series of rate increases brought inflation way down, but—together with the euro-zone crisis and the sluggish U.S. recovery—put a brake on Vietnam's export-led growth. Gross domestic product increased 4.38% YoY in the first half of the year, its slowest pace in three years. *Although it is expected that real GDP growth would pick up in 2H on loosened monetary policies, the pace of recovery will likely be slower than initially anticipated. Based on the market consensus, Vietnam's GDP growth in 2012 is projected to slow down to 5.2% versus average growth of about 6.1% in the past three years.*