

The Market

Indochina index didn't fall after blue chips took the lead

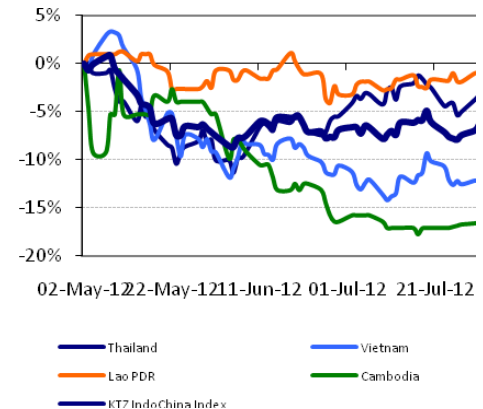
The VN index rose slightly by 3.55 points or 0.86% to 416.1 points led by blue chips. Negative economic data eroded the market and caused most investors to remain on the sidelines. A total of 21.895 million shares worth 330.81 billion dong were traded, or USD 15.86 million. Prices of 135 stocks went up, 72 stocks slipped while 78 stocks remained unchanged. Furthermore, VND, PVX, SED, CPC and VCS were the top five stocks in terms of foreign investors' buying, respectively.

For Lao PDR, the LSX Index was unchanged at 1,025.56 points on trading volume of 46,147 shares worth 277 million kip (USD 34,000). The two listed companies, BCEL and EDL-Gen, remained stable at 7,200 kip (USD 0.90) and 4,800 kip (USD 0.60), respectively. The Cambodian CSX index was unchanged at 688.17 points on trading volume of 18,928 shares worth KHR 121.139 million (USD 29,706), with the PPWSA remaining at 6,400 KHR (USD 1.57).

The News

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Relative Performance



Source: Bloomberg

	Last	Chg	(%)
FTSE ASEAN	571.32	-3.12	-0.5%
Singapore	2,428.95	-24.67	-1.0%
Thailand	1,188.62	0.98	0.1%
Malaysia	1,633.45	0.98	0.1%
Indonesia	4,093.11	-37.35	-0.9%
Philippines	5,293.40	-5.32	-0.1%
Vietnam	416.10	3.55	0.9%
Lao PDR	1,025.56	0.00	0.0%
Cambodia	688.17	0.00	0.0%

Per USD	Last	Chg	(%)
Baht	31.51	0.00	0.1%
Dong	20,865.00	5.00	0.0%
Kip	8,014.00	3.00	0.0%
Riel	4,076.90	4.65	0.1%
Kyat	874.86	1.04	0.1%

Per Baht	Last	Chg	(%)
Dong	661.85	-0.95	-0.1%
Kip	254.25	-0.29	-0.1%
Riel	661.85	-0.95	-0.1%
Kyat	27.76	-0.01	-0.0%

Source: Bloomberg

Cambodia – Rural power in need of \$1bn

Cambodia will need about US\$1 billion by 2020 to expand its electricity grid to serve for 11,205 villages or about 60% of people in the country that are still in the dark. These communities now use car batteries or candles during the night, said Toch Sovanna, director of the Department of Energy Technique at the Ministry of Industry, Mines and Energy. These villages, or about 1.8 million households, would be powered by alternative energy sources such as solar power, biomass, small-scale hydroelectric plants by 2020, not a national grid. The government aims to have 70% of the country on a national grid by 2030. *At present, Cambodia buys a significant amount of electricity from Thailand and Vietnam to feed power shortages in major cities such as Phnom Penh. The country's current capacity is about 500 megawatts annually, but demand for power is expected to increase by as much as 500% over the next 15 years, reaching about 3,000 megawatts by 2025. A hydropower plant worth 540 million US dollars in Koh Kong province that is being constructed by a Chinese company with total installed capacity of 246 MW will be completed in 2015.*

Lao PDR– German development bank to support rural infrastructure

Germany's Development Bank (KfW) will review the excellent progress made in an ongoing road construction project under a Lao-German financial cooperation. An appraisal of a further phase of the programme in Xekong province, worth a total of 60 billion kip (about US\$ 7.5 million), was also carried out. These funds were committed by the German government during bilateral intergovernmental negotiations in May this year. *Almost 1,000 kilometres of roads in Lao PDR have been rehabilitated by German Financial Cooperation since 1994. The inhabitants benefit daily from easier all-year access to markets, schools, healthcare facilities and other infrastructure. Improving regional mobility is helping to raise the income of households and lower the poverty rate of the people.*

Myanmar– World Bank set to restart aid to Myanmar

The World Bank Group is set to resume aid to Myanmar after cutting off new lending to the country since 1987. The bank opened a new country office in the commercial center of Yangon on Monday and said it will be preparing up to US\$85 million in grants to help build schools, roads, water and other projects in the country. Myanmar went into arrears of \$397 million to the World Bank since 1998. The bank will not forgive the debts, though bridge financing could be arranged to help the country settle the matter. An interim strategy to guide future activities in the country is expected to be completed in October. Community members in Myanmar will select the development projects they want and rules will be put in place to ensure transparency in releasing the funds, the World Bank authority said. *The U.S. and other Western governments have begun easing sanctions against Myanmar recently after a nominally-civilian government took power last year and began implementing economic and social reforms. The country needs to improve its education system to produce a workforce to serve its growing economy. Such a move from the World Bank is the latest major milestone that will improve people's lives and help to lay the foundation for broad economic growth.*

Vietnam – FDI in Vietnam declines 33% in first 7 months of 2012

Vietnam attracted 8.03 billion U.S. dollars in foreign direct investment (FDI) in the first seven months of this year, a sharp decline of 33.1% year-on-year, reported the Ministry of Planning and Investment (MPI) on Thursday. During the seven-month period, there were 584 newly-licensed FDI projects from 49 countries investing in the country. Of this, the manufacturing and processing sector had 258 projects, with newly-registered and expanded investment of 5.5 billion U.S. dollars accounting for 68.5% of the country's total FDI; real estate had seven projects, with 1.61 billion U.S. dollars (20.1%); the retail and repair sector had 102 projects, with 314.2 million U.S. dollars (3.9%). In the first seven months, the FDI sector's export turnover reached 39 billion U.S. dollars, up 36.6% year-on-year and accounting for 62% of the country's total export value; meanwhile, its import value hit 32.9 billion U.S. dollars, up 25.3% and accounting for 52.2% of the country's import value. Overall, the FDI sector gained a trade surplus of 6.1 billion U.S. dollars. Japan took the lead in FDI to Vietnam this year, with total newly-registered and expanded investment of 4.29 billion U.S. dollars (accounting for 53.4% of total FDI value), Samoa ranked second (11.1%) and South Korea was third (7.6%). The southern Binh Duong province attracted the most FDI capital, accounting for 27.6% of total FDI value, followed by southern Dong Nai province (18.1%). *The global recession that has hurt Vietnam's export-oriented economy, with GDP in 2009-11 growing less than the 7% per annum average achieved during the last decade, as well as the growing concern over the asset quality of financial institutions, could be the key reasons that foreign investors are taking a more cautious view on investment in the country.*