

The Market

Indochina index was boosted by external factors

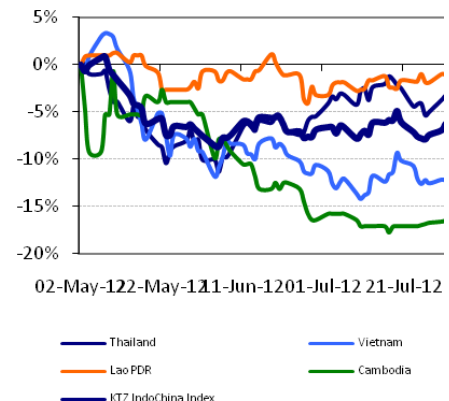
The VN index rose 4.90 points or 1.18% to 423.16 points in line with Asian bourses after the US Department of Labor announced that non-agricultural employment soared more than expected to 163,000 positions. A total of 44.569 million shares worth 661.714 billion dong were traded, or USD 31.73 million. Prices of 206 stocks went up, 41 stocks fell while 62 stocks remained unchanged. Furthermore, MBB, GAS, NVT, HBC and VIC were the top five stocks in terms of foreign investors' buying, respectively.

For Lao PDR, the LSX Index ascended by 9.16 points or 0.90% to 1,025.56 points on trading volume of 225,652 shares worth 1,079.58 million kip (USD 135,023). The two listed companies had an unclear direction, with BCEL remaining at 7200 kip (USD 0.90) but EDL-Gen rising by 50 kip to 4,800 kip (USD 0.60). The Cambodian CSX index closed flat at 698.9 points on trading volume of 15,200 shares worth KHR 98.80 million (USD 24,293), with the PPWSA remaining stable at 6,500 (USD 1.59).

The News

- **Cambodia** – International visitors up 27% in first 6 months
- **Lao PDR** – Upgrades stall Thai AirAsia's Myanmar expansion plans
- **Vietnam** – Korea, Vietnam announce start of FTA talks
- **Vietnam** – The Trans-Asia Highway – province hopes to make hay from corridor

Relative Performance



Source: Bloomberg

	Last	Chg	(%)
FTSE ASEAN	575.03	3.38	0.6%
Singapore	2,476.48	20.87	0.9%
Thailand	1,188.62	0.98	0.1%
Malaysia	1,639.43	4.39	0.3%
Indonesia	4,105.50	5.69	0.1%
Philippines	5,284.16	-1.75	-0.0%
Vietnam	423.16	4.95	1.2%
Lao PDR	1,025.56	9.16	0.9%
Cambodia	698.92	0.00	0.0%

Per USD	Last	Chg	(%)
Baht	31.49	0.00	0.0%
Dong	20,855.00	-10.00	-0.0%
Kip	8,012.00	-6.00	-0.1%
Riel	4,077.25	-29.60	-0.7%
Kyat	873.97	-7.32	-0.8%

Per Baht	Last	Chg	(%)
Dong	662.05	1.06	0.2%
Kip	254.35	0.25	0.1%
Riel	662.05	1.06	0.2%
Kyat	27.75	-0.18	-0.7%

Source: Bloomberg

Cambodia – International visitors up 27% in first 6 months

Cambodia attracted 1.76 million foreign tourists in the first six months of this year, a 27% rise compared with the same period last year, following a report released by the Ministry of Tourism. About 60% of the tourists visited the world heritage site, Angkor archeological park, in Siem Reap province located about 315 kilometers northwest of the capital. Vietnam topped the chart among the top ten arrivals with 378,130 tourists, up 30%, followed by South Korea with 227,200, up 32%, and Chinese visitors at third with 151,890, up 33%. Thai visitors increased significantly by 91% to 91,860, ranking fifth due to easing military tensions over disputed border areas between the two neighbors since last July. *The tourism industry is one of the four major pillars supporting the economy of Cambodia. Last year, the sector received 2.88 million foreign tourists, generating total revenue of 1.91 billion U.S. dollars.*

Myanmar– Upgrades stall Thai AirAsia's Myanmar expansion plans

Airport constraints at Bagan and Nay Pyi Taw are holding up plans by Thai AirAsia (TAA) to serve the two cities as part of its expanding coverage of Myanmar from Thailand. Chief Executive Tassapon Bijleveld yesterday said TAA now stands ready in terms of aircraft availability, but airports in the heritage destination and the new capital still need an upgrade, which will probably be completed next year. Bagan and Nay Pyi Taw are the next two cities on TAA's radar screen after the low-cost carrier yesterday announced the launch of the Bangkok-Mandalay route and the addition of a third daily service between Bangkok and Yangon, both due to commence on Oct 4. TAA will become the second international airline to serve Mandalay, Myanmar's second-largest city after Yangon, and the first discount airline to fly there. TAA will offer four flights a week on the Bangkok-Mandalay route, expecting an initial load factor of 70% in the first three months before ramping up to 80%. Promotional fares will be rather low at 1,500 baht one-way inclusive of taxes and fees, in order to ensure high load during the initial operation. *At least five international airlines plan to establish direct connections with Yangon in the coming months, bypassing Bangkok, the main transit point for flights to the country. Thirteen foreign airlines now serve Yangon, where arrivals are expected to surge to 3 million this year following political reform that has drawn an influx of business and leisure travelers to the country.*

Vietnam – Korea, Vietnam announce start of FTA talks

Korea and Vietnam declared the launch of talks on a bilateral free trade agreement Monday as part of efforts to strengthen economic ties. In a meeting held in Hanoi earlier in the day, South Korean Trade Minister Bark Tae-ho and his Vietnamese counterpart Vu Huy Hoang agreed to launch their free trade talks, the ministry said. Korea already has a free trade pact on merchandise with the 10-member Association of Southeast Asian Nations that took effect in 2010. Similar deals on services and investments also have come into effect. Vietnam is a member of ASEAN, but Korea and Vietnam have been seeking to seal their bilateral free trade pact. Korea and Vietnam finalized a joint study on the feasibility of an FTA between the countries in October last year. Vietnam is a fast-emerging country whose economy is growing at an annual rate of 5-8% on average. Vietnam was Korea's 15th-largest trading partner last year, according to the ministry. *Korea's exports to Vietnam stood at \$13.55 billion last year, up 40 percent from a year earlier, and imports also surged 53 percent to reach \$5.08 billion over the cited period. The agreement, if effective, should strengthen cooperation and trade between the two countries.*

Vietnam – The Trans-Asia Highway – province hopes to make hay from corridor

An international conference on economic and tourism development along the Trans-Asia Highway held in the city of Dong Ha in Quang Tri was indicative of the central province's efforts to exploit the highway. The conference was aimed at assessing the advantages conferred by the province's beachhead position on the highway, also known as the East-West Economic Corridor (EWEC), and attracting investment. The 1,450-km highway, which runs through 19 cities and provinces in Myanmar, Thailand, Laos, and Vietnam, opened in late 2006 following the completion of the second Thai-Lao Friendship Bridge linking Thailand's Mukdahan and Laos' Savannakhet provinces. *The EWEC has not yet been optimally used – while the volume of cargo transported on it has been rising in the last couple of years, the growth rate has been lower than expected. Commercial and service networks have been developed along the corridor, but mainly in cities and towns in some north-western provinces of Thailand, Savan Town in Laos, and Quang Tri, Thua Thien-Hue, and Da Nang in Vietnam. Meanwhile, trade with Myanmar is now in the "exploration" stage due to difficulties regarding transportation, knowledge of habits and customs, demand for goods, and payments.*