

Vietnam

Reserves to months of imports ratio at 2.3 The World Bank (WB) has reported that the forex reserves to months of imports ratio has risen to 2.3, following a report in October 2012 stating that reserves had reached US\$20bn.

View: Ratio off lows of last two years The improvement in this ratio shows a hint of macroeconomic stabilization in a very difficult 2012. Reserves fell below US\$20bn in 2009, and reached a trough around US\$13bn in 2011 according to WB Bank figures, driving the reserves to months of imports ratio down from 4.5 in 2007 to a trough of 1.5 in 2011. This ratio could improve further as there has not been a major pickup in import demand.

Cambodia

Japanese auto supplier completes plant Japanese auto supplier Yazaki Corporation has completed the construction of an automotive electronics and instrument plant in the Koh Kong special economic zone, and expects to begin production by the end of 2012.

View: Nascent automotive manufacturing industry Although most manufacturing in Cambodia is in the garment sector, the early roots of an automotive sector are in place. Both Hyundai and Beijing Automobile Works (via its joint venture Khmer First Car Factory) have both opened car assembly plants in the last two years, in addition to the Yazaki plant.

Laos

Bilateral trade with Vietnam up 24% yoy Trade with Vietnam reached US\$725mn YTD, up 24% yoy. Laos and Vietnam target US \$2bn in bilateral trade by 2015.

View: Laos runs surplus with Vietnam Vietnam is one of Laos's major trading partners, comprising 17% of exports and 10% of imports in 2010. Laos has run a trade surplus with Vietnam for the past several years. The US\$2bn target by 2015 assumes a rate significantly above the average growth of about 25% yoy for the last five years, which would put bilateral trade with Vietnam at about US\$1.5bn by 2015.

Myanmar

October-November sees 15 foreign investment projects The Myanmar Investment Commission (MIC) approved 15 foreign investment projects in the past two months, in various segments of manufacturing.

View: Expecting FDI to pick up in 2013 We expect that approved foreign investment in Myanmar will increase significantly since the recent passing of the foreign investment law. Approved projects to August 2012 were worth US\$666mn, down from US \$8,464mn in 2012, mainly from 2 large power projects. Investment this year has been more concentrated in the manufacturing and oil and gas sectors.

Index	Value	% chg
Thailand	1,339.9	0.74
Vietnam	385.7	0.00
Laos	1,216.8	1.70
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.9	2.3
Vietnam	9.8	1.7
Laos	6.7	0.8
Cambodia	18.4	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.7	-0.07
Dong (VND)	20,850	0.02
Kip (LAK)	8,004	0.15
Riel (KHR)	3,995	0.00
Kyat (MMK)	853	0.17

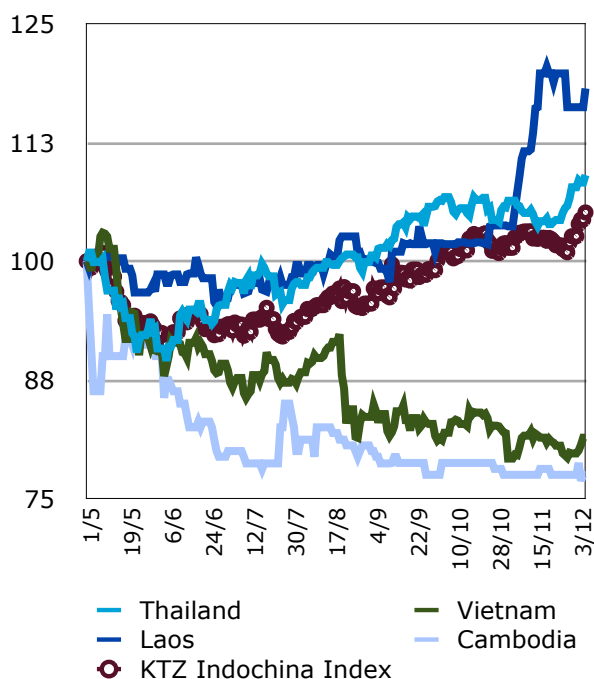
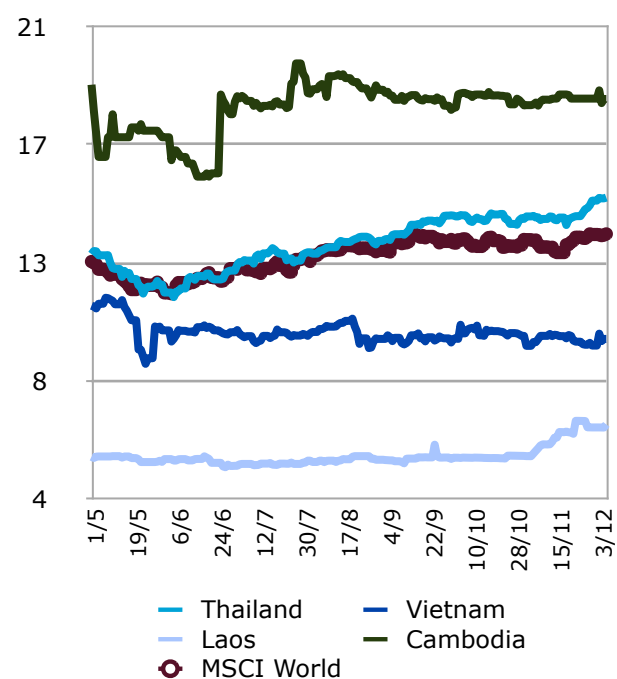
Source: Bloomberg

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Figure 1: Indochina Markets

	Index/ Price*	% chg	Volume('000)	YTD avg daily volume ('000)	Value (US\$ '000)	YTD avg daily value (US\$ '000)
Vietnam (HCI)	386	0.0%	26,683	47,079	12,104	31,955
Vietnam (HNI)	52	-0.6%	22,606	44,522	6,381	18,662
Laos (LSX)	1,217	1.7%	20	103	15	69
BCEL*	7,600	1.3%	1	23	1	21
EDL*	5,800	1.8%	19	79	14	48
Cambodia (CSX)	667	0.0%	17	46	26	88
PPWSA*	6,200	0.0%	17	46	26	88

Source: Bloomberg *Laos- LAK, Cambodia - KHR

Figure 2: Relative performance*

Figure 3: Market price to earnings ratio


Source: Bloomberg, KT Zmico estimates, * from May 1, 2012

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