

Vietnam

Bank credit growth slows to 1.4% for 8M/12 Vietnamese banks have reported credit growth of 1.4% yoy as of August 20th.

View: Well below 29% average growth 2005-2010 After expanding at 29% CAGR from 2005-2010, Vietnam bank credit growth began to contract in 2011, down to 10.9%, and this year has come close to a standstill. We believe that the government's 8-10% credit growth target for 2012 is unlikely to be met given that it would require an improbable 16.5% yoy growth rate for the last third of the year. With credit growth generally a precursor to economic growth, this is a bearish indicator for Vietnam's economic growth in the short to medium term.

Cambodia

Focus on energy sector investment by China Cambodia's minister of Industry, Mines and Energy highlighted China's growing investment in Cambodia's energy sector in a recent meeting with administrators from China's National Energy Administration

View: China the key energy sector investor in Cambodia Investors from China have comprised the majority of the energy investment in Cambodia in recent years. This includes US\$1.6bn over the last few years put towards six major hydroelectric projects with an expected capacity of 1,000MW. This investment alone would constitute a near tripling from Cambodia's year-end 2011 capacity of about 553MW.

Laos

Thai heavy equipment manufacturer targets Laos Thai heavy equipment dealer Metro Machinery has signed a deal for Bt1.5bn (US\$48mn), with Laos firm Lanxang for gold mining equipment.

View: Laos sees growth in infrastructure, mining In addition to planning major developments of road and rail infrastructure, Laos is also undertaking numerous major hydroelectric power projects, and has several mines in the extraction phase. The country is therefore a natural customer for companies like Metro, especially given geographic proximity. We expect to see more Thai firms look sell to Laos as rapid secular growth there continues.

Myanmar

Coke sold for first time in six decades Coca-cola products hit store shelves in Myanmar for the first time this week since the 1950s, distributed by domestic firm Pinya Manufacturing.

View: Symbol of integration into global consumer economy This is yet another sign of Myanmar's rapid opening of its economy over the past year, and is a clear symbol of the country's reintegration with the global consumer economy after decades of relative isolation. Although Myanmar retail is still largely comprised of traditional markets and small shops, the country is also seeing the early stages of modern retail, the kind of outlets that will be the key distribution channels for Coke.

Index	Value	% chg
Thailand	1,257.4	0.14
Vietnam	391.4	0.78
Laos	1,039.8	0.10
Cambodia	682.8	0.79

Source: Bloomberg

Valuation	P/E	P/B
Thailand	13.7	2.1
Vietnam	9.7	1.4
Laos	5.5	0.7
Cambodia	18.5	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	31.0	0.16
Dong (VND)	20,850	0.02
Kip (LAK)	8,024	0.59
Riel (KHR)	4,068	0.62
Kyat (MMK)	869	0.48

Source: Bloomberg

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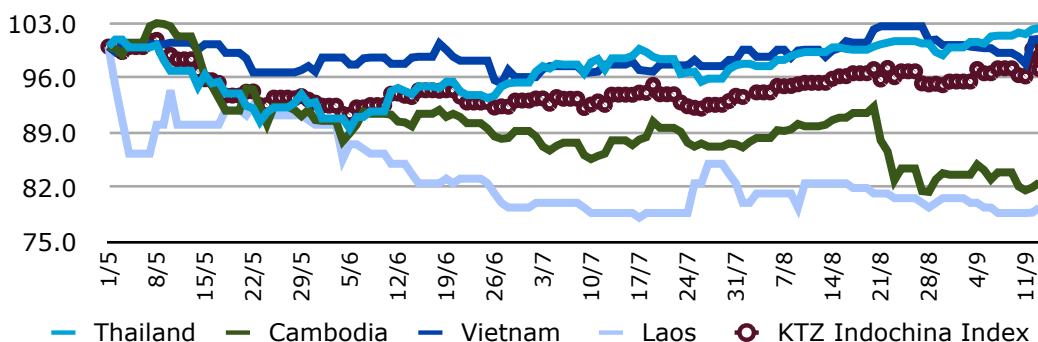
Indochina Markets

Vietnam up for second day: The HCM Index rose for a second consecutive session to 391.3, up 0.8%. The index is still 20% off its 12-month high of 492.4, but remains above its 12-month low of 333.0.

Laos up marginally, BCEL volume high: The LSX ticked up marginally 0.1% to 1039.8, with EDL flat on low volume, and BCEL rising just 0.6%, but on high volume at 316k shares (versus an average for the year of 26k).

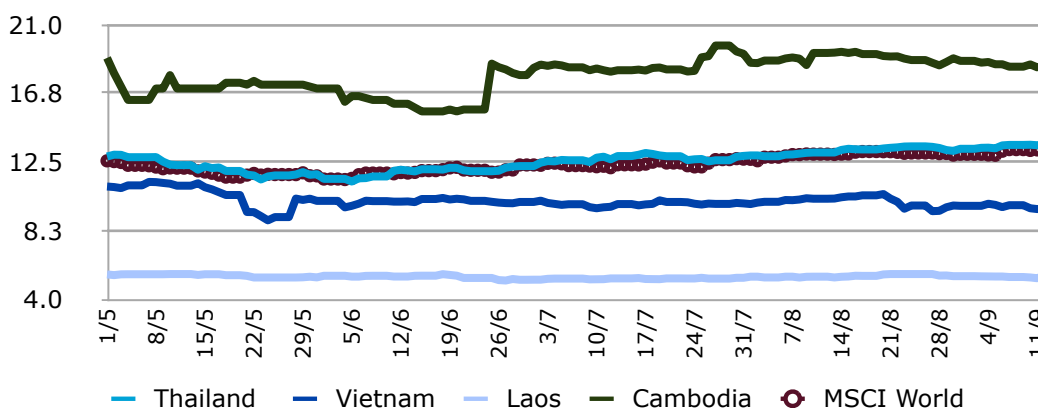
Cambodia up 0.8%: Phnom Penh Water Supply Authority rose 0.8% to KHR6,350, marginally above its listing price of KHR 6,300, with volume picking up to 24.9k shares after falling to a two week low of 3.5k shares in yesterday's session.

Figure 1: Indochina markets relative index performance



Source: Bloomberg

Figure 2: Indochina markets price to earnings ratio



Source: Bloomberg

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