

Executive Summary

The Lao Securities Exchange: The falling stock prices kept desiccating the LSX as total trades slumped 21%, down to roughly 233,000 shares. Both listed companies, after exhausted most of remaining traders' patience, could do nothing but watch the radiated sell-offs melting down their market value. BCEL fell 1.12%, closing at 8,850 Kip per share. EDL-Gen got a slight burnt and closed at 6,500 Kip per share. Total trading turnover of BCEL and EDL-Gen were 0.4 and 1.2 billion Kip respectively.

- ▶ **WB: Natural resources hold key for Laos' future:** Laos can make great strides in further boosting economic growth and reducing poverty with appropriate macroeconomic and government priorities. Laos is rich in natural capital and, if managed well, this wealth can be turned into genuine development assets for the benefit of the country and its people. Globally, about one-third of the wealth of developing countries comes from their natural capital which includes forests, water, protected areas and minerals.
- ▶ **Cement producers flounder to meet demand:** Cement is in high demand in Vientiane as manufacturers struggle to adequately supply all the needs. The number of construction projects in Laos is increasing each year but cement production capacity remains the same. Laos has 7 cement manufacturers which only produce 80% of total domestic demand. The lack of cement in Vientiane might be related to rising oil prices in the world market, causing delays in transport carrying cement to the capital. The price of cement will remain the same from now until the general election on April 30 but warned that some traders may take the opportunity to raise the price of cement.

Exchange Rates: 29/03/2011

	Bid	Change	Ask	Change
USD	8033.00	0.00	8061.00	0.00
CAD	8128.00	28.00	8245.00	30.00
THB	264.38	-0.08	265.52	-0.09
EUR	11291.00	21.00	11344.00	21.00
GBP	12711.00	-23.00	12886.00	-25.00
CNY	1199.00	0.00	1216.00	-1.00
JPY	97.34	-0.09	98.72	-0.10

Exchange rates, quoted for the Lao Kip, by the Bank of Laos

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Issue Name	Current Price	Change (Kip)	Change (%)	52-week	
				High	Low
BCEL	8,850	↓ 100	1.12	15,500	8,000
EDL-Gen	6,500	↓ 050	0.76	8,850	4,550

The Lao Securities Exchange

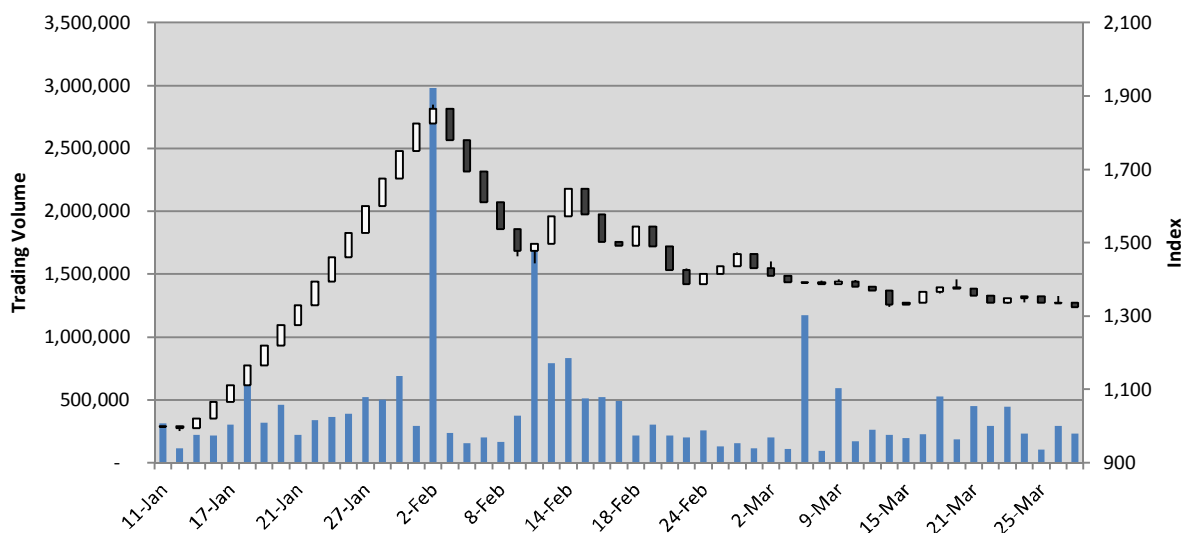
The Lao stock market

The first session was a battle of wits for all BCEL's traders. Buyers wanted to purchase BCEL for 8,800 Kip per share, but the supply side wasn't easy to persuade; however that was just the beginning of all bargains. The buy side slightly raised their bids in the second session, and the result was obvious. An immature market tends to overlook financial performance of a given stock, and perceive intrinsic values based on price fluctuations. If that is the case, then BCEL might be facing imminent pressure of another short fall (60 to 110 bps). This deduction is based on the shrinking demands and growing supplies of BCEL. On average, the demand on BCEL has dropped 10% per day, over the last 5 days, while supplies grew 13% each day. Although EDL-Gen displayed such vigorous volume fluctuations, its price stayed fairly stable compared to the listed bank. Since 1st March, EDL-Gen has been declining 19 bps per day; while BCEL was sliding at a much faster rate: 108 bps per day.

One of the biggest constraints on the Lao stock market is the lack of in-time information. Investors have no access to the real time stock boards, hindering them from making decisions. The others include the availability of securities companies, the limited numbers of listed companies, and, most importantly, the lack of education on the stock market in Laos.

The LSX Index 1,324.55 ↓ 11.03 [0.83%]

The Lao composite index scaled down by 83 bps, hovering slightly above the 1,324 benchmark. The comprehensive chart showed that this level was last seen in the second trading week of the LSX. Total market turnover encapsulated to 1.6 billion Kip, registering a 17% loss compared to Monday.



The Lao Economy

Sectors Watch

WB: natural resources hold key for Laos' future

Laos can make great strides in further boosting economic growth and reducing poverty with appropriate macroeconomic and government priorities, according to a new World Bank (WB) report. Laos is rich in natural capital and, if managed well, this wealth can be turned into genuine development assets for the benefit of the country and its people. Globally, about one-third of the wealth of developing countries comes from their natural capital which includes forests, water, protected areas and minerals. Countries that can manage these natural assets cautiously are able to move up the development ladder – investing more in human capital, infrastructure, new technologies and innovation.

According to the report, forests, agricultural land, water resources, hydropower potential and minerals comprise more than half of the total wealth of Laos. The large amount of natural wealth is also a huge responsibility for policy makers. Establishments of policies that take into account the presence of this wealth and thinking about how to develop it sustainably will be crucial for maintaining high levels of economic growth in Laos. The report focuses on natural resources management for sustainable development with specific emphasis on hydropower and mining. WB Country Manager in Laos, Keiko Miwa said that the hydropower and mining sectors combined have contributed significantly to Laos' rapid economic growth, accounting for, on average, about one-third of the country's 7.5 percent annual economic growth between 2005 and 2010.

However, along with some obvious benefits, there are also significant risks associated with the country's natural wealth. If revenues from natural resources are not well managed, microeconomic risks include a possible slowdown in industrialization. There are significant environmental and social risks and the danger that some investments might not represent the best possible use of the natural resources given the socio-economic goals of the country. There is also a risk that the gap between demand for natural resources and the capacity of the government to manage their sustainable use will only widen as more projects come on stream.

The report suggested some main guiding principles to make maximum use of natural resources in Laos, including ensuring the speed of natural resources development is in line with capacity and quality control of projects, choosing the right projects and implementing them well by strengthening environmental and social safeguards, project-level governance, agency coordination and the government's capacity to monitor and enforce regulations, identify risks and deal with them effectively at any level from local communities to international, and be strategic by using resources to reduce poverty, support growth and ensure social and environmental sustainability by balancing national and local environmental and social priorities.

The Vientiane Times

Cement producers flounder to meet demand

Cement is in high demand in Vientiane as manufacturers struggle to adequately supply all the needs. The number of construction projects in Laos is increasing each year but cement production capacity remains the same. Laos has 7 cement manufacturers which only produce 80% of total domestic demand. Lao Cement Producer Group claimed that cement producers have been supplying the Nam Ngum 5 hydropower project, which uses 120 tons of cement per day. The Nam Ngum 2 and 3 hydropower projects have also asked for 10,000 tons per month.

The lack of cement in Vientiane might be related to rising oil prices in the world market, causing delays in transport carrying cement to the capital. The price of cement will remain the same from now until the general

election on April 30 but warned that some traders may take the opportunity to raise the price of cement. The price could be adjusted after the election if oil prices in the world market continue to rise. The price for green grade cement is between 680,000 kip and 710,000 kip per ton and red grade cement 750,000 kip to 780,000 kip per ton.

Currently, the total production capacity of Laos' 7 cement manufacturers is about 1.55 million tons a year which is not enough to meet the market demand, forcing some provinces to import the material from Thailand and Vietnam. A new cement factory in Saravan province, with production capacity of 1,000 tonnes per day, was scheduled to open this month but has been delayed until June. Investment in the real estate sector has also increased rapidly over the past few years, leading to the rise in demand for cement.

The Vientiane Times

International linkage: Laos-India trade tripled

The bilateral trade between Laos and India amounted to USD 37 million last year, increased by 288 percent over the previous year, but short of potential, according to the Indian Ambassador to Laos, Dr. Jitendra Nath Misra. Dr. Jitendra called upon Lao companies to increase exports to the vast and growing Indian market. The Indian ambassador also called upon Indian companies present at the meeting to consider further investment not just in hydropower, mining, transmission lines and irrigation, but also in food processing, pharmaceuticals and other areas.

India has jumped to number 7 rank investments and its major investors include Birla Lao Pulp and Plantations, the HSMM group and Lao SPG Mining. In pursuance of an announcement made by the Indian Prime Minister in 2008, India has put into place the Duty Free Tariff Preference Scheme for Least Development Countries. The scheme grants Laos duty free access to 94% of India's tariff lines. Of the \$US132 million in Loans provided by the government of India, \$US35 million have been disbursed. Projects in transmission lines and rural electrification have been completed. The \$US11 million Nam Song hydropower project will operate in June.

Lao News Agency

Stock Boards

▶ Second session: 10:00 – 11:30, Closing

BCEL

Current	8,850
Volume	47,500
Previous Day Closing Price	8,950
Change	▼ 100
Turnover	421,125,000

Sell Remaining Qty	11:30:00	Buy Remaining Qty
22,000	9,300	
5,000	9,100	
62,914	9,000	
20,000	8,900	
Exp exe Price	8,850	3,075
	8,800	54,963
Exp exe Qty	8,750	1,000
	8,700	10,089
109,914	Total	69,127

Opening Price	9,000
High Price	9,000
Low Price	8,850
Price Limit	9,350 8,550

EDL-GEN

Current	6,500
Volume	185,381
Previous Day Closing Price	6,550
Change	▼ 50
Turnover	1,204,976,500

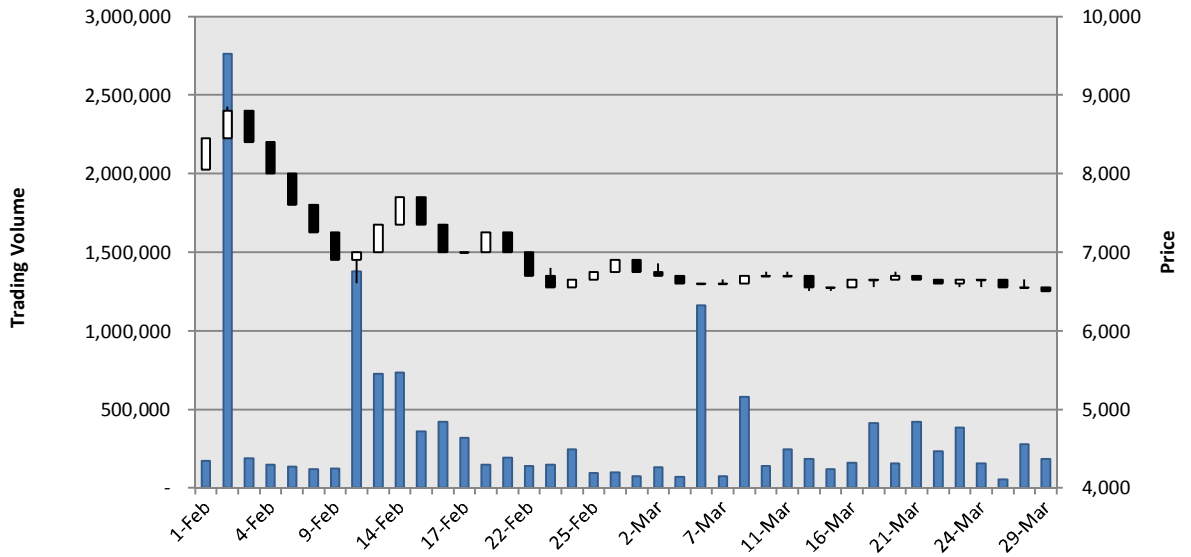
Sell Remaining Qty	11:30:00	Buy Remaining Qty
144,775	6,700	
10,948	6,650	
54,900	6,600	
59,000	6,550	
37,219	6,500	
Exp exe Price	6,450	3,400
	6,400	2,020
Exp exe Qty	6,300	20
	6,250	100,000
306,842	Total	105,440

Opening Price	6,500
High Price	6,500
Low Price	6,500
Price Limit	6,850 6,250

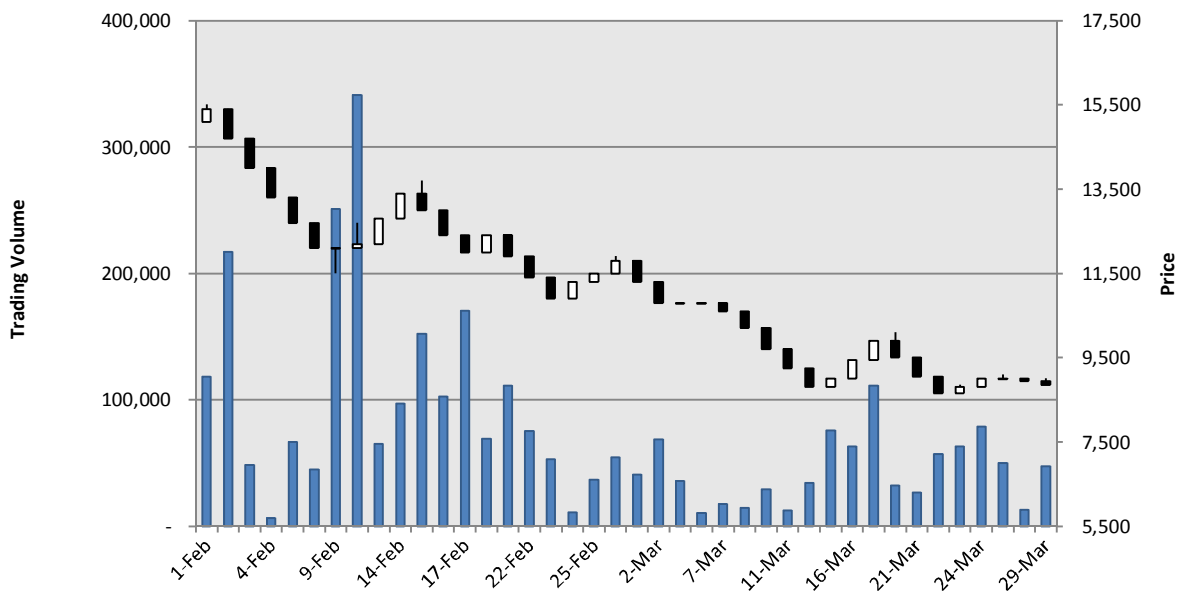
Appendix

▸ Securities Charts

EDL-Gen



BCEL



Appendix

▶ Daily Market Data

LSX Index

Date	Current Index	Change (Points)	Change (%)	Trading Vol. (Share)	Trading Value (Kip)	High	Low
2011/03/29	1,324.55	↓ 11.03	0.83	232,881	1,626,101,500	1,328.51	1,324.55
2011/03/28	1,335.58	↓ 01.32	0.10	292,950	1,960,096,800	1,353.69	1,335.58
2011/03/25	1,336.90	↓ 16.78	1.24	103,606	801,854,500	1,339.54	1,335.58
2011/03/24	1,353.69	↑ 05.28	0.39	233,917	1,733,804,750	1,353.69	1,335.58
2011/03/23	1,348.41	↑ 12.35	0.92	446,965	3,093,027,250	1,348.41	1,335.58

EDL-Gen

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/03/29	6,500	↓ 050	185,381	1,204,976,500	5,645,881	6,500	6,500
2011/03/28	6,550	-	279,919	1,843,469,350	5,689,311	6,650	6,550
2011/03/25	6,550	↓ 100	53,510	350,490,500	5,689,311	6,550	6,550
2011/03/24	6,650	-	154,895	1,024,181,750	5,776,170	6,650	6,550
2011/03/23	6,650	↑ 050	383,665	2,535,372,250	5,776,170	6,650	6,550

BCEL

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/03/29	8,850	↓ 100	47,500	421,125,000	1,208,712	9,000	8,850
2011/03/28	8,950	↓ 050	13,031	116,627,450	1,222,370	8,950	8,950
2011/03/25	9,000	-	50,096	451,364,000	1,229,198	9,100	9,000
2011/03/24	9,000	↑ 200	79,022	709,623,000	1,229,198	9,000	8,950
2011/03/23	8,800	↑ 150	63,300	557,655,000	1,201,883	8,850	8,800

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