

Executive Summary

The Lao Securities Exchange

Waves of cheap liquidation echoed throughout the sessions, sending both stocks deeper to the black pit; neither one of them had a soft landing at the end. BCEL worn down to 8,050 Kip as the exhausting EDL-Gen took a breather at 5,000 Kip. The public bank got a slight boost in volume, up 15% to 72K shares, steepening turnover to LAK 583 million. The electricity generation company was not as fortunate for losing 22 percent of yesterday's trades; a total of 62K shares were exchanged for LAK 312 million.

► BCEL and China bank sign deal to ease currency exchange

Banque pour le Commerce Exterieur Lao Public (BCEL) signed an agreement on Tuesday with Pudian Bank of China to facilitate the opening of accounts and simplify currency exchange between the two banks. There was some difficulty exchanging kip into Yuan because of the China's strict currency controls. Previously, money needs to be exchanged into a third currency. China will open its currency market to international investors in June.

► Thai firm eyes sugar plantation in Champassak

Plantheon Company of Thailand will conduct a land survey and feasibility study for a sugarcane plantation and sugar-refining factory in Soukhouma and Mounlapamok districts of Champassak province. A memorandum of understanding to begin the survey was signed yesterday. The survey will cover 28,000 hectares of land. The Lao government has been encouraging investment by foreign companies and the proposed sugar project will help to improve villagers' living standards. The project is in line with Plantheon's policy to expand investment in neighboring countries, Laos in particular, and will contribute to socio-economic development in the country.

Exchange Rates: 26/05/2011

	Bid	Change	Ask	Change
USD	8,015.00	(1.00)	8,046.00	(1.00)
CAD	8,125.00	19.00	8,241.00	15.00
THB	263.67	(0.03)	264.35	(0.06)
EUR	11,332.00	74.00	11,386.00	71.00
GBP	12,946.00	127.00	13,130.00	128.00
CNY	1,210.00	1.00	1,227.00	1.00
JPY	96.80	0.05	98.18	0.02

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	8,050	↓ 400	4.73	15,500	7,900
EDL-Gen	5,000	↓ 250	4.76	8,850	4,550

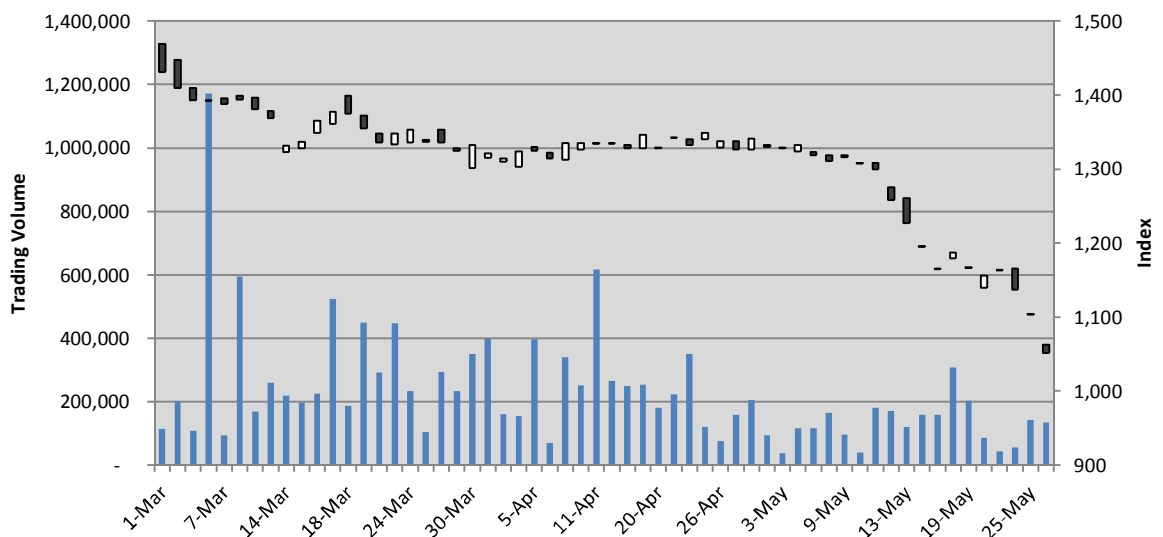
The Lao Securities Exchange

The Lao stock market

BCEL will never get the necessary thrust until the demand side showed a stronger desire. A significant amount of demand started hoarding up BCEL without revealing its true intention. It all makes sense. The buy side is smart enough to hide its impulse with such small volume, creating anxiety on the sell side. The bottom line is that buyers can purchase BCEL for less. Only if the supply side wipes out its discontent look can the public bank rebound. Total demand shrank 23% to 98K shares, while supply nervously built up to 149K shares. The picture is quite different for EDL-Gen. The overall liquidity has lost its glow because the majority of supply was reluctant to dump shares for such a low price. Demand surged 48% to 118K shares as supply refrained to 82K shares.

The LSX Index 1,051.67 ↓ 52.52 [4.76%]

The Lao index has showed great susceptibility to speed; within two weeks, it can either climb to the summit of glory or ski down to the dip of the disappointment. The benchmark has gone down to 1,051, which is only 5.17% away from its original figure. Total trades barely held up 135K shares, leaving market's turnover vulnerable at LAK 895 million.



The Lao Economy

Sectors Watch & Business News

Thai firm eyes sugar plantation in Champassak

Plantheon Company of Thailand will conduct a land survey and feasibility study for a sugarcane plantation and sugar-refining factory in Soukhouma and Mounlapamok districts of Champassak province. A memorandum of understanding to begin the survey was signed yesterday in Vientiane by Deputy Minister of Planning and Investment, Mr Thongmy Phomvixay, and Plantheon Company Vice President, Mr Prasert Maekwatana. The survey will cover 28,000 hectares of land. The Lao government has been encouraging investment by foreign companies and the proposed sugar project will help to improve villagers' living standards.

The project is in line with Plantheon's policy to expand investment in neighboring countries, Laos in particular, and will contribute to socio-economic development in the country. Plantheon plans to develop the sugarcane industry in Champassak province. Surveys have shown that Soukhouma and Mounlapamok districts are suitable for sugarcane plantations as well as other commercial crops such as cassava and rubber, and the construction of a refinery. This will create employment and income for local people, and will bring prosperity to Soukhouma and Mounlapamok districts in line with the policies of provincial officials *[Sources: The Vientiane Times]*

BCEL and China bank sign deal to ease currency exchange

Banque pour le Commerce Exterieur Lao Public (BCEL) signed an agreement on Tuesday with Pudian Bank of China to facilitate the opening of accounts and simplify currency exchange between the two banks. BCEL General Managing Director, Mr Sonexay Sitphaxay, said that there was some difficulty exchanging kip into Yuan because of the China's strict currency controls. Previously, money needs to be exchanged into a third currency. The agreement will make transactions easier, thus save time and lower the cost. It will also help boost trade and investment between Laos and China, especially in the border provinces. As trade and investment between Laos and China continue to increase, so does the need to exchange money. China will open its currency market to international investors in June. *[Sources: The Vientiane Times]*

State, private sectors urged to boost cooperation

The links between the public and private sectors must be strengthened to successfully promote trades in the highly competitive era of globalization and ensure that both sectors are able to address the issue effectively. The government aims to remove Laos from the UN's list of Least Development Countries by 2020, and is working hard to eliminate poverty and to improve the nation's socio-economic situation. However, there are a number of urgent and challenging issues that need to be addressed. "Trade promotion is one of them" said JICA Laos Office Chief Representative, Mr Masato Togawa. Trades interlink Laos with the region; this is very important especially when the country is addressing ASEAN integration and the WTO accession process.

Industry and Commerce Deputy Minister Ms Khemmani Pholsena said Laos is making progress on building the necessary structures for WTO membership and trade within the ASEAN community. "Becoming a member of the Asean Trade Promotion Forum this year is under consideration. There are requirements in terms of capacity building for government agencies and the private sector to meet the levels that developed countries have

attained and which societies demand". Increasing staff capacity in ministries and the private sector is a government's goal to promote trade and export. JICA will assist the project that supports the Trade Promotion and Product Development Department for the period 2009-2012. Project Director Mr Phengsanguane Chounlamany, who is also the department's Director General, said the project aims to increase the skills of officials working with the department, to disseminate knowledge, and improve people's ability to implement government policies that promote trade.

The capacity of department staff has been developed; information gathering and dissemination systems have been improved, and business matching services have become more effective. In addition to the assistance provided through JICA, the Project in Support of Trade Promotion emphasizes the development of the private sector-based support network because of the importance of the project to the integration of Laos in the global economy. The meeting was held to review the project's performance over the past year and to discuss ways to increase the effectiveness of implementation in the future. *[Sources: The Vientiane Times]*

That Luang Trade Centre to complete before planned

The construction of That Luang Trade Centre, a modern shopping centre, in Vientiane Capital is expected to be completed two months sooner than planned, a project contractor disclosed last week. Mr. Bouasone Heuangpaserth, General Director of Trade Centre and That Luang Trade Centre, said that the construction is already 36% completed after work has started last July. The infrastructure is nearly completed. The remainder is expected to be completed by April 2012. The construction cost has been projected up to US\$8 million from US\$7.8 million due to a high price of construction materials and fuel. That Luang Trade Centre was designed as a four-story building with 650 rooms for merchants who have been removed from the old That Luang market and other merchants. The first floor will be reserved for agriculture and industrial products; second and third floor for handicrafts, garments and jewelry, while the last one is a restaurant. *[Sources: Lao News Agency]*

Over half million ha for industrial trees plantation

More than 500,000 ha countrywide will be determined for planting industrial trees for commerce. The ambitious plan has been stipulated in the Lao National Forestry Strategy till 2020. Lao government has approved the investment of industrial trees and cash crops plantation including rubber trees, palm trees, jatropha, acacia, sugarcanes and other crops. The investment in this sector aims to promote national economy and socio-economic development in the Lao PDR. The Industrial and agricultural sectors as well as trees plantation are very important part for the strategy of Lao government on socio-economic development. The agriculture and forestry sector is one out of four investment priorities of government. Lao government promoted investment of agriculture and forestry to achieve the goal of GDP and a great contribution to the rural development areas and reforestation. *[Source: Lao News Agency]*

Stock Boards

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

BCEL

Current		8,050
Volume		72,390
Previous Day Closing Price		8,450
Change	↓	400
Turnover		582,739,500

Sell Remaining Qty	11:30:00	Buy Remaining Qty
15,445	8,800	
3,600	8,500	
489	8,450	
30,000	8,300	
16,000	8,100	
Exp exe Price	8,050	25,602
Exp exe Qty		
76,634	Total	25,602

Opening Price		8,050
High Price		8,050
Low Price		8,050
Price Limit	8,850	8,050

EDL-GEN

Current		5,000
Volume		62,473
Previous Day Closing Price		5,250
Change	↓	250
Turnover		312,365,000

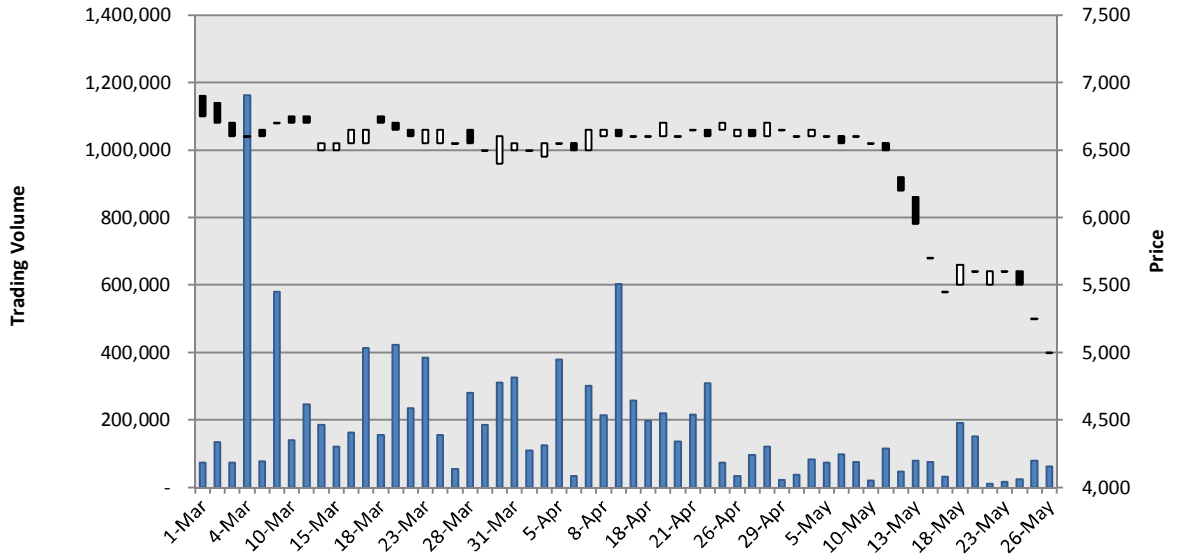
Sell Remaining Qty	11:30:00	Buy Remaining Qty
20,000	5,250	
Exp exe Price	5,000	55,446
Exp exe Qty		
20,000	Total	55,446

Opening Price		5,000
High Price		5,000
Low Price		5,000
Price Limit	5,500	5,000

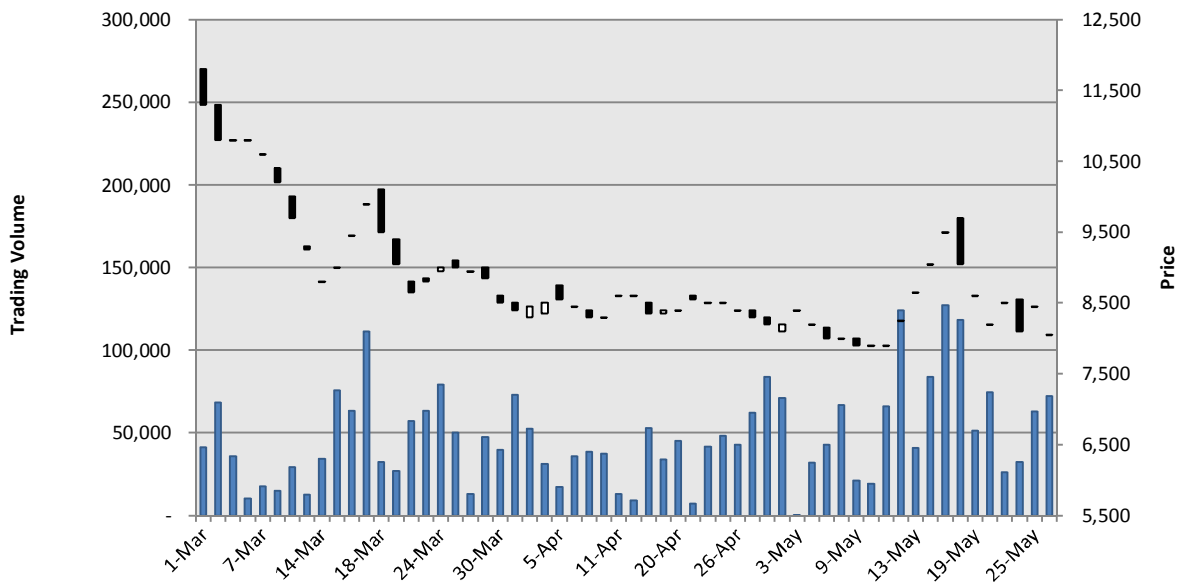
Appendix

▸ 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
2011/05/26	1,093.63	↓10.56	0.96	134,863	895,104,500	1,062.23	1,051.67
2011/05/25	1,104.19	↓32.72	2.88	142,556	949,443,000	1,104.19	1,104.19
2011/05/24	1,136.91	↓27.34	2.35	38,076	394,821,400	1,164.26	1,164.26
2011/05/23	1,164.26	↑7.92	0.68	42,830	315,335,000	1,164.26	1,164.26
2011/05/20	1,156.34	↓10.56	0.90	86,179	676,047,600	1,156.34	1,139.55

EDL-Gen

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/05/26	5,250	-	62,473	312,365,000	4,560,135	5,000	5,000
2011/05/25	5,250	↓250	79,736	418,614,000	4,560,135	5,250	5,250
2011/05/24	5,500	↓100	23,753	131,111,500	4,777,284	5,600	5,500
2011/05/23	5,600	-	16,800	94,080,000	4,864,143	5,600	5,600
2011/05/20	5,600	-	11,526	63,893,000	4,864,143	5,600	5,500

BCEL

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/05/26	8,050	↓400	72,390	582,739,500	1,099,450	8,050	8,050
2011/05/25	8,450	↑350	62,820	530,829,000	1,154,081	8,450	8,450
2011/05/24	8,100	↓400	32,476	263,709,900	1,106,279	8,550	8,100
2011/05/23	8,500	↑300	26,030	221,255,000	1,160,910	8,500	8,500
2011/05/20	8,200	↓400	74,653	612,154,600	1,119,936	8,200	8,200

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