

## Executive Summary

### The Lao Securities Exchange

The LSX shuffled into ambiguity as market indicators showed opaque reading. BCEL extended large credits to its volume, from 3,800 shares to 34,700 shares; however, its market value got tightened up to 8,150 Kip per share. The bank's overall turnover, usually moving in tandem with trades, improved to LAK 283 million. EDL-Gen seemed to be more affected by the dry season as its arid volume desiccated further to 1,560 shares. Turnover, without a proper cooling system, melted down to LAK 8 million from the yesterday's LAK 204 million.

### ► Businesses back Laos-China high-speed rail project

Lao and Chinese business representatives have strongly supported the proposed US\$7 billion high-speed railway connecting Laos and China, as they believe land connectivity will facilitate more trades and business cooperation. The 480km railway runs from the Lao-Chinese border in Luang Namtha province to Vientiane. Laos and China have signed the MOU, and are currently negotiating the project concession agreement. The time of construction is still unclear after its postponement on April 25.

### ► Renewable energy use fuels debate

The private sector and government officials have gathered in Vientiane on Friday to consider development policies for renewable energy sources in Laos. The government's goal is for 90 percent of all households to have electricity by 2020, for renewable energy to meet 30 percent of total energy demand by 2025, and for 10 percent of fossil fuel imports to be replaced with renewable energy sources. A draft strategy to promote the use of renewable energy is in the process of being approved by the government.

### Exchange Rates: 30/05/2011

	Bid	Change	Ask	Change
USD	8,011.00	(3.00)	8,042.00	(3.00)
CAD	8,112.00	6.00	8,232.00	9.00
THB	264.00	0.36	264.60	0.25
EUR	11,434.00	87.00	11,490.00	89.00
GBP	13,068.00	53.00	13,255.00	54.00
CNY	1,209.00	(1.00)	1,227.00	-
JPY	98.12	0.32	99.56	0.36

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

## In this issue

- Page 1 – Executive Summary
- Page 2 – The Lao Securities Exchanges
- Page 3 – Lao Economy
- Page 4 – Stock Board
- Page 5 – Appendix

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Issue Name	Current Price	Change (Kip)	Change (%)	52-week	
				High	Low
BCEL	8,150	↓ 50	0.61	15,500	7,900
EDL-Gen	5,350	↑ 100	1.90	8,850	4,550

## The Lao Securities Exchange

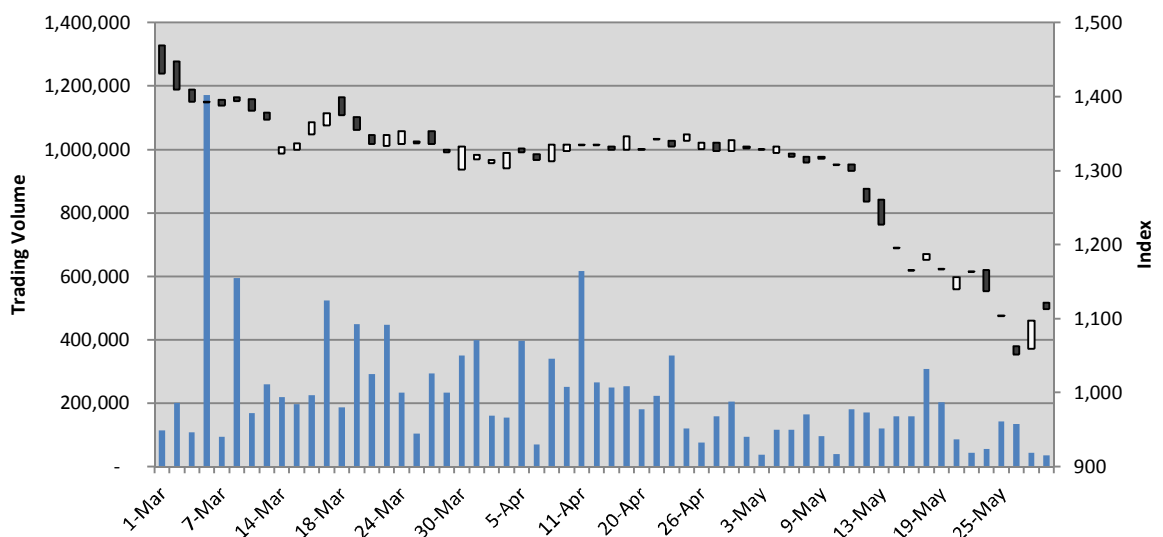
### The Lao stock market

Investors are craving for some good news, and today's menu was not exactly appealing to their hungry eyes; the main dishes were 'poor liquidity' and 'plunging price'. Sometimes, we like to focus on the black stains rather than to enjoy the picture as a whole. All we need to do is to put down the magnifying glasses and take a few steps back. The most prominent problem of the Lao securities market can sum up into 'too much in too little time.' At the current prices, BCEL is 63 percent above par while EDL-Gen is hovering around 34 percent, which is still promising; some companies in other regional markets have even gone under their par value.

The low run has stimulated BCEL's demand by 22% to 116K shares; supply could no longer remain silent, rising 95% to 72K shares. Even though most of the current supply stayed at the upper boundaries, the odds of coming down are considerable. It was the first time for EDL-Gen's volume to venture down to the 1000s level. The main source of trading dehydration is the unwillingness to sell for such a cheap price. The size of supply has fractured to 23K shares from the previous 41K shares; demand cautiously returned to 40K shares, discharging all recovery momentum.

### The LSX Index 1,113.06 ↑ 15.46 [1.41%]

It might be too soon to celebrate; the 1.41% gain is too fragile. After all, the LSX ties its fate with EDL-Gen, a rather slippery stock lately. Nevertheless, the Lao Composite Index still deserves a round of applause for retrieving 1,113 points. Total trades recalled to 36K shares, but market's turnover greened up to LAK 291 million.



## The Lao Economy

### Sectors Watch & Business News

#### Businesses back Laos-China high-speed rail project

Lao and Chinese business representatives have strongly supported the proposed US\$7 billion high-speed railway connecting Laos and China, as they believe land connectivity will facilitate more trades and business cooperation. The relationship between the two countries will also be strengthened. The 480km railway runs from the Lao-Chinese border in Luang Namtha province to Vientiane. Laos and China have signed a memorandum of understanding on the railway and marked out the area of the track, and are currently negotiating the project concession agreement. However the time of construction is still unclear after its postponement on April 25.

According to the China International Commerce Chamber and Lao National Chamber of Industry and Commerce, Laos-China border trade value has reached above US\$1 billion, up about 40 percent from last year. Most of Laos' exports to China are copper and timber products, while China's exports to Laos include vehicles, garments, metals and electronic equipment. Over the past few years, Chinese investment in Laos has seen a significant increase, with investment value of US\$2.6 billion. Chinese investment is mostly in the areas of hydropower plant development, mining, commercial centers, banking, restaurants, hotels, rubber tree plantations and telecommunications. There is still a need for discussions among the two countries' private sectors to break down certain business barriers. The Lao chamber has instigated improvements to legal and investment procedures to meet international standards, adding that this will attract foreign investors, particularly from China. *[Sources: The Vientiane Times]*

#### Renewable energy use fuels debate

The private sector and government officials have gathered in Vientiane on Friday to consider development policies for renewable energy sources in Laos. The government's goal is for 90 percent of all households to have electricity by 2020, for renewable energy to meet 30 percent of total energy demand by 2025, and for 10 percent of fossil fuel imports to be replaced with renewable energy sources. This means energy experts have to investigate crops that have the potential to be processed for bio-fuel. A draft strategy to promote the use of renewable energy is in the process of being approved by the government.

The number of vehicles in Laos is increasing annually, so the need for fuel is growing accordingly. In 2009, Laos imported about 640 million liters of fuel. This number is expected to grow more rapidly in the future because of economic growth, meaning more fuel will be imported every year. It is important to find sources of renewable energy and reduce fuel imports. The current challenges point to the lacks of awareness about energy, limited participation in energy development by all parties, lacks of policy and regulations to promote renewable energy such as loans, price guarantees and tax incentives. Another hindrance is the high value of investment including expensive technology, and costly maintenance.

Philippine has a law to encourage the development of biofuel. For example, it mandates all fuel distributors to blend a minimum of 1% biodiesel into all diesel fuel. In 2009 a minimum of 2% biodiesel was introduced, and in 2009 a blending of 5% bio-ethanol in total gasoline volume was initiated. There are also incentives for the production, distribution and use of locally produced biofuels. The tax rate is zero for the biofuels component, and sales of raw materials used in the production of bio-fuels are exempt from value added tax. Also, government financial institutions give high priority to entities that engage in the production, storage, handling and transport of biofuels and biofuel feedstock. *[Sources: The Vientiane Times]*

### Stock Boards

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

#### BCEL

Current	<b>8,150</b>
Volume	34,700
Previous Day Closing Price	8,200
Change	▼ <b>50</b>
Turnover	282,805,000

Sell Remaining Qty	11:30:00	Buy Remaining Qty
14,937	8,600	
800	8,400	
20,974	8,300	
1,000	8,200	
Exp exe Price	<b>8,150</b>	1,940
	8,100	36,909
Exp exe Qty	8,050	3,060
	8,000	21,162
	7,900	8,150
<b>37,711</b>	<b>Total</b>	<b>80,745</b>

Opening Price	<b>8,150</b>
High Price	<b>8,150</b>
Low Price	<b>8,150</b>
Price Limit	8,600 <b>7,800</b>

#### EDL-GEN

Current	<b>5,350</b>
Volume	1,560
Previous Day Closing Price	5,250
Change	▲ <b>100</b>
Turnover	8,396,000

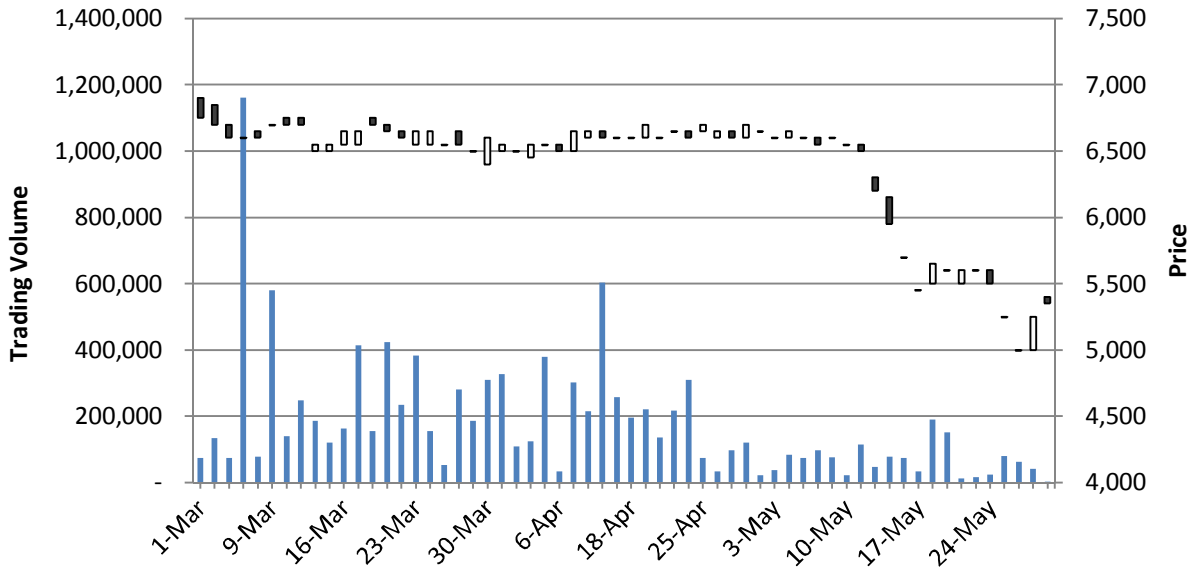
Sell Remaining Qty	11:30:00	Buy Remaining Qty
9,300	5,500	
5,124	5,450	
6,500	5,400	
690	<b>5,350</b>	
Exp exe Price	5,250	34,044
	<b>5,000</b>	4,888
Exp exe Qty		
<b>21,614</b>	<b>Total</b>	<b>38,932</b>

Opening Price	<b>5,400</b>
High Price	<b>5,400</b>
Low Price	<b>5,350</b>
Price Limit	5,500 <b>5,000</b>

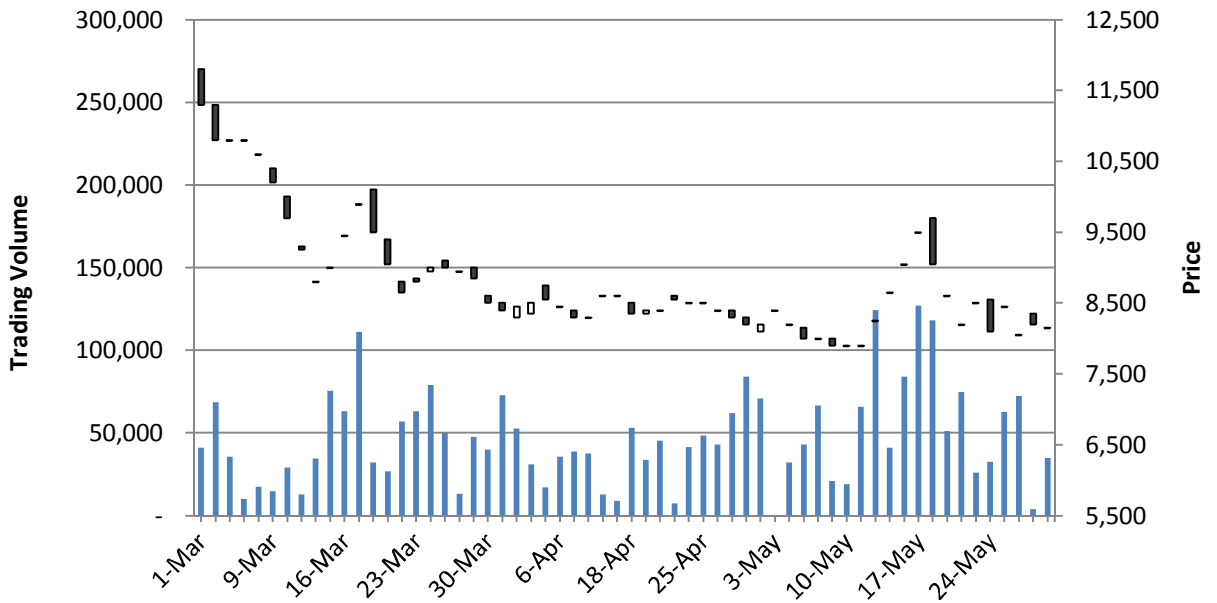
### Appendix

► 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
2011/05/30	1,113.06	↑15.46	1.41	36,260	291,201,000	1,121.45	1,113.06
2011/05/27	1,097.59	↑45.92	4.37	44,386	235,606,500	1,097.59	1,059.59
2011/05/26	1,051.67	↓52.52	4.76	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	1,165.57	1,136.91

#### EDL-Gen

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/05/30	5,350	↑100	1,560	8,396,000	4,646,994	5,400	5,350
2011/05/27	5,250	↑250	40,586	204,326,500	4,560,135	5,250	5,000
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

#### BCEL

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/05/30	8,150	↓50	34,700	282,805,000	1,113,107	8,150	8,150
2011/05/27	8,200	↑150	3,800	31,280,000	1,119,936	8,350	8,200
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

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