

## Executive Summary

### The Lao Securities Exchange

The stagnant liquidity has carved a reddish inlay on top of the Lao securities market. BCEL played a tag game with its Monday's closing price of 8,150 Kip. The public bank could only exchange 24K shares in return for LAK 194 million. At least BCEL got some trades out of the shallow well, because EDL-Gen did not get even a single drip. Today's sessions recorded no trades for the generation company; thus its base price will still be 5,350 Kip tomorrow.

### ► Tighter import-export controls called for attention

The Vientiane Department of Industry and Commerce has called for tighter controls of imports and exports as existing inefficient controls are providing loopholes for the illegal imports. Most imports and exports through Vientiane are processed automatically in an effort to expedite trades, even the longest process would only take 10 days. The border control at the Lao-Thai Friendship Bridge has recorded total imports at US\$950 million and total exports at US\$600 million for the FY2010. Imported fuel and gas amounted to US\$211 million, while vehicles and spare parts were US\$111 million. Exports of timber and wood products were worth US\$3.4 million, of which US\$161,000 was timber and US\$1.9 million was finished products. However the value of imports into the capital is most likely much higher than recorded figures.

### Exchange Rates: 01/06/2011

	Bid	Change	Ask	Change
USD	8,011.00	1.00	8,042.00	1.00
CAD	8,193.00	61.00	8,309.00	60.00
THB	264.29	0.39	264.87	0.27
EUR	11,536.00	37.00	11,592.00	37.00
GBP	13,052.00	(51.00)	13,239.00	(51.00)
CNY	1,212.00	1.00	1,229.00	1.00
JPY	97.37	(0.70)	98.80	(0.67)

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	8,150	↓ 50	0.61	15,500	7,900
EDL-Gen	5,350	-	-	8,850	4,550

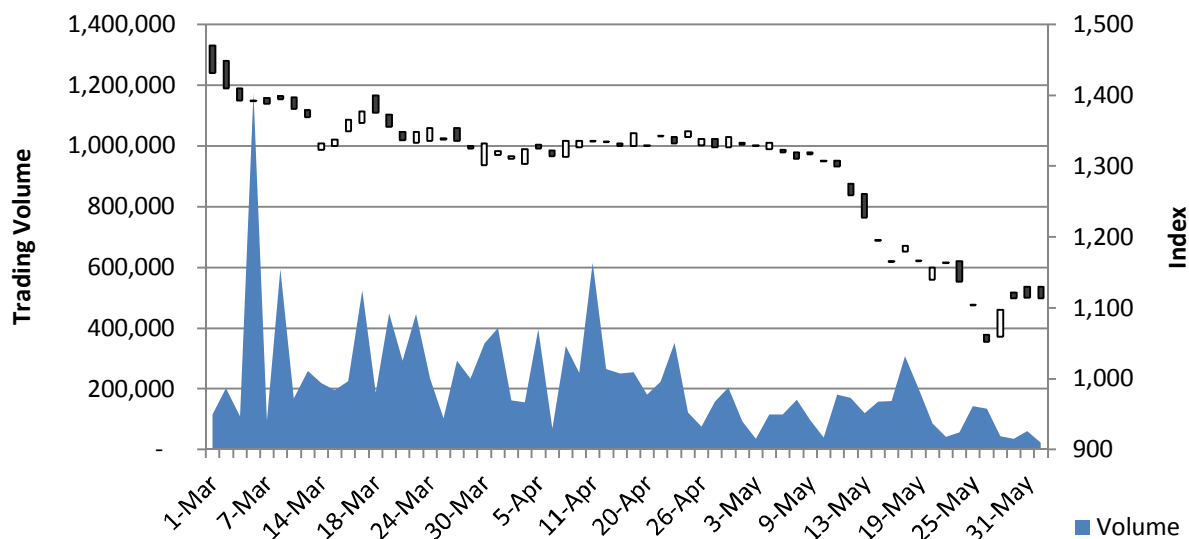
## The Lao Securities Exchange

### The Lao stock market

BCEL throttled 37% of its trading volume as demand disengaged most of the forward impetus, depressurizing from 143K shares to 56K shares. The supply side is dimming its patience, evidenced in the 18% surge in total amount from 43K shares to 50K shares. The public bank did not expect the endurance test to be so long, and so frequent. Our projection could not fathom the inactivity of EDL-Gen. Both demand and supply were queuing up but no common ground was established. Fundamental analysis might not work on this kind of market because of its size and immaturity. Both companies are severely undervalued for their business positions, and we still support decisions to hold and accumulate.

### The LSX Index 1,113.06 ↓ 1.32 [0.12%]

The LSX flipped the orientation of its index again as stock prices declined; reading on the benchmark after the 12 bps lost is now at 1,113. Total market's trades recoiled 61% to 24K shares, deepening turnover by 55% to LAK 194 million.



## The Lao Economy

### Sectors Watch & Business News

#### **PV Oil Lao signed contract with Shell**

The PetroVietnam Oil Lao Company Limited (PV Oil Lao) signed a fuel supply contract with the Shell Company of Thailand on Monday. The signing ceremony took place at the PV Oil Lao head office in Vientiane. The agreement aims at continuous imports of high quality fuel from Shell to supply the domestic market. The supply contract was signed by PV Oil Lao Chief Executive Officer Mr Lamphoune Phimpavong and Bulk Fuels Business Manager of the Shell Company of Thailand Mr Thaweepon Tengprathip in the presence of dealers and staff from both companies.

During the ceremony Mr Lamphoune said that PV Oil Lao has always committed to seeking high quality supply sources of fuel to meet local and international standards to serve users and the public. The vision of the company is to be the number one quality fuel supplier in Laos, providing good services and the best clean oil to petrol stations. The PetroVietnam Oil Corporation has completed the purchase of all shares of Societe Shell du Laos and assumed ownership in December 1, 2010. The company is currently working on rebranding all its petrol stations in Laos with the color and logo of PV Oil. *[Sources: The Vientiane Times]*

#### **Tighter import-export controls called for attentions**

The Vientiane Department of Industry and Commerce has called for tighter controls of imports and exports as existing inefficient controls are providing loopholes for the illegal imports. The Deputy Director of the department, Mr Sompasong Sanguanvong, made the recommendations yesterday at the National Seminar on Preparation for Accession to the World Trade Organisation and Asean Community. Some traders are taking advantage of the recent imports and exports document authorization procedure for their illegal businesses. According to Mr Sompasong, most imports and exports through Vientiane are processed automatically in an effort to expedite trades, even the longest process would only take 10 days.

The border control at the Lao-Thai Friendship Bridge has recorded total imports at US\$950 million and total exports at US\$600 million for the FY2010. Imported fuel and gas amounted to US\$211 million, while vehicles and spare parts were US\$111 million. Exports of timber and wood products were worth US\$3.4 million, of which US\$161,000 was timber and US\$1.9 million was finished products. Mr Sompasong said the value of imports into the capital is most likely much higher than recorded figures because many companies, factories and other organizations receive import authorization from the Department of Planning and Investment or the Ministry of Planning and Investment, thus no records needed to be made at the border control.

The Department of Industry and Commerce has authorized a variety of imports including paddy rice, cement, concrete, steel and semi-steel products, heavy machinery, 15-seat vans, finished goods, and minerals. There are 285 import-export units and around 2,600 plants and factories in Vientiane, of which 678 are managed by the department, while 190 are under the control of district authorities. Mr Sompasong said imprecise information on the location and size of warehouses hinders effective management of imports, while ineffective controls on goods imported by individuals facilitate illegal trading. He called for the formulation of regulations to manage warehouses and ensure stricter controls on items imported by travellers. *[Sources: The Vientiane Times]*

### Stock Boards

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

#### BCEL

Current	<b>8,150</b>
Volume	23,718
Previous Day Closing Price	8,200
Change	▼ 50
Turnover	194,222,600

Sell Remaining Qty	11:30:00	Buy Remaining Qty
14,000	8,600	
10,450	8,350	
2,331	8,200	
Exp exe Price	<b>8,150</b>	28,802
	8,100	1,678
Exp exe Qty	7,900	650
	7,800	1,500
26,781	Total	32,630

Opening Price	8,200
High Price	8,200
Low Price	<b>8,150</b>
Price Limit	8,600 <b>7,800</b>

#### EDL-GEN

Current	<b>5,300</b>
Volume	0
Previous Day Closing Price	5,350
Change	0
Turnover	0

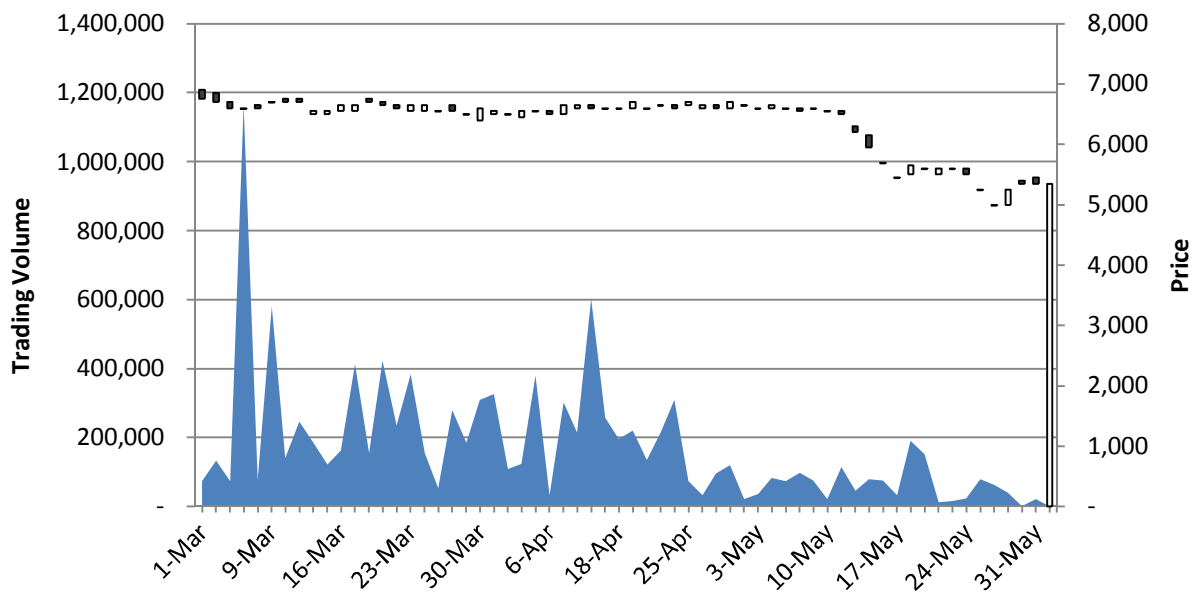
Sell Remaining Qty	11:30:00	Buy Remaining Qty
15,000	5,600	
2,000	5,500	
2,000	5,400	
3,800	5,350	
6,000	<b>5,300</b>	
Exp exe Price	<b>5,200</b>	20,000
	5,150	24,511
Exp exe Qty	5,100	2,500
28,800	Total	47,011

Opening Price	0
High Price	0
Low Price	0
Price Limit	5,600 <b>5,100</b>

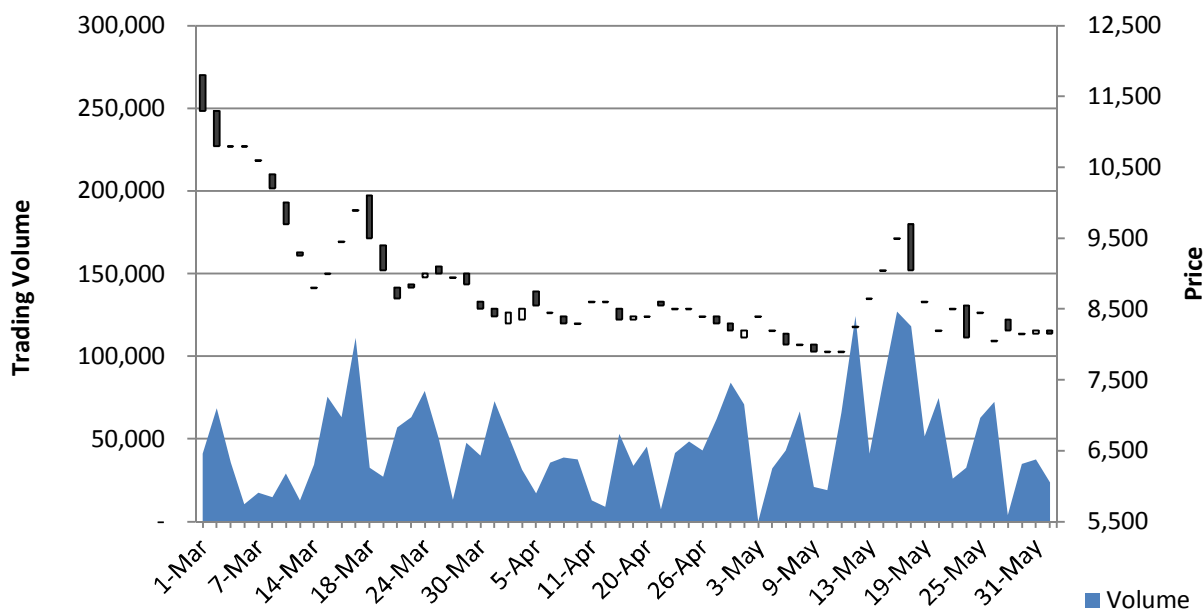
### Appendix

#### ► 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
2011/06/01	1,113.06	↓1.32	0.12	23,718	194,222,600	1,129.84	1,114.38
2011/05/31	1,114.38	↑1.32	0.12	60,242	431,380,400	1,129.84	1,114.38
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

#### EDL-Gen

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/06/01	5,350	-	-	-	4,646,994	-	-
2011/05/31	5,350	-	22,475	121,840,450	4,646,994	5,450	5,350
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

#### BCEL

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/06/01	8,150	↓50	23,718	194,222,600	1,113,107	8,200	8,150
2011/05/31	8,200	↑50	37,767	309,539,950	1,119,936	8,200	8,150
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

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