

## Executive Summary

### The Lao Securities Exchange

At the dawn of the 23<sup>rd</sup> week, defensive trading already immersed the Lao securities market. EDL-Gen successfully fended off a non-trading day with 100 shares. The poor liquidity was still capable of protecting the generation company from a price fall; however its turnover was thrown into chaos and shattered, down from LAK 387.5 million to a critical LAK 0.5 million. BCEL was able to assemble more demand to fight for its cause. Trading volume rose 60 times to 32K shares, rallying turnover to roughly LAK 262 million.

- ▶ **SMEs get boost with easier registration process** Business license registration for small and medium size enterprises (SMEs) has become easier as the result of good cooperation between state and private. The registration time for a business licence was 60 to 90 days, which has now fallen to just three days. The fee for business registration has also been cut. Time taken to obtain permission to export or import goods has also reduced from 2 weeks but to less than 5 days. The SME sector is the basis of the national economy and a backbone of economic growth, involving 99.8 percent of all businesses.
- ▶ **Kayaboury sweetcorn growers switch to cassava** A Chinese company is building a cassava powder factory in Paklai district, meaning some sweetcorn farmers in Paklai district, particularly in Kaenthao, Botaen, Thongmixay and Phieng villages, are now switching to cassava to supply the factory. Over 3,000 hectares of cassava are already being planted. Last year, provincial farmers grew more than 61,000 hectares of sweet-corn and yielded 300,000 tons; this year the agriculture section is planning for only 60,000 hectares. Farmers are presently growing about 44,000 hectares of sweet-corn, or 75% of the planned area.

### Exchange Rates: 13/06/2011

	Bid	Change	Ask	Change
USD	8,014.00	1.00	8,037.00	1.00
CAD	8,110.00	(35.00)	8,217.00	(36.00)
THB	263.15	(0.25)	263.75	(0.25)
EUR	11,480.00	(156.00)	11,526.00	(156.00)
GBP	12,881.00	(102.00)	13,052.00	(101.00)
CNY	1,211.00	(2.00)	1,227.00	(2.00)
JPY	98.54	(0.49)	99.89	(0.44)

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	0.62	15,500	7,900
EDL-Gen	5,350	-	-	8,850	4,550

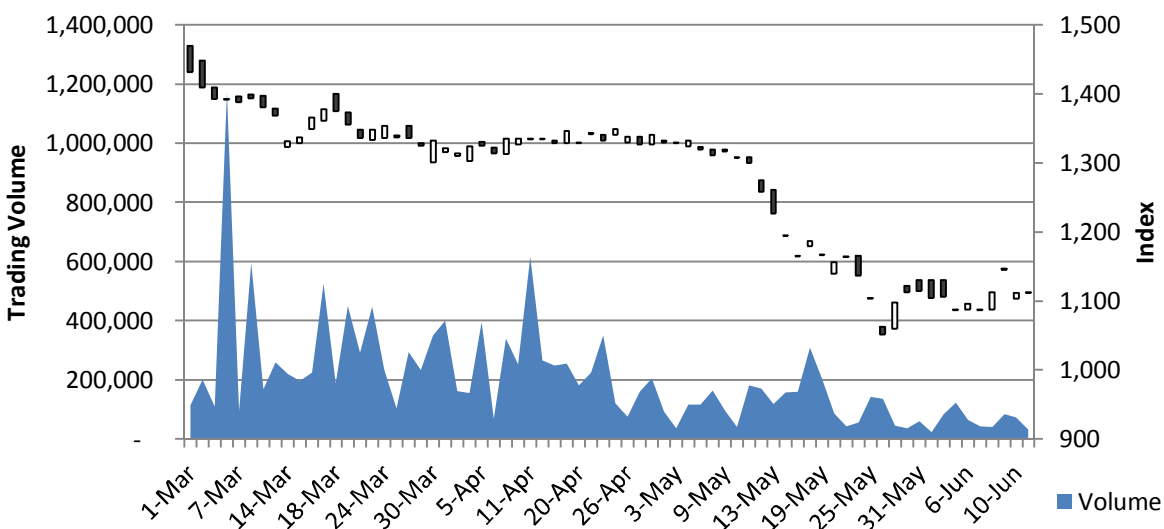
## The Lao Securities Exchange

### The Lao stock market

The giant liquidity issue has migrated from the public bank to the other side of the stock board; EDL-Gen is now the generous host of this great resettlement. The electricity company felt a widespread confusion on both of its demand and supply, which are now hanging at 28K shares (-62%) and 30K shares (-66%) respectively. The company already detected signs of exhaustion on Thursday and especially Friday; today's crash was not an overnight phenomenon. At the current stage, the most stable figures are the cheap demand of BCEL; usually there would be around 20K to 30K shares waiting for the public bank at either 8,000 Kip or 8,050 Kip. The supply side has been rigid, which was also the root of recent flat trading. Two months ago, the general public was still participating in active speculations, and now their trading frequency has reduced quickly to a tangent line; perhaps their major gains were only headaches and shallow pockets. Long term investments are essential, but active speculations are the nutrition of a healthy liquidity.

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

The slight support from BCEL has brought 12 bps to the Lao index, which is now rooting in the 1,113 points. Total trades grew more slender, from 73K shares to 32K shares (-56%), as EDL-Gen failed to generate a sufficient volume. The impact on market's turnover was a 33% contraction, from LAK 392 million to LAK 263 million.



## The Lao Economy

### Sectors Watch & Business News

#### **SMEs get boost with easier registration process**

Business license registration for small and medium size enterprises (SMEs) has become easier as the result of good cooperation between state and private sectors to improve regulations. “Today only four sets or forms of documents are needed to set up a business,” Industry and Commerce Minister Dr Nam Vinhaket said on Friday. “In the past more than 10 sets were required.” Dr Nam was speaking at the 5th ordinary meeting of the SMEs Promotion and Development Committee and National Productivity Organisation, supported by Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) GmbH. The improvements were part of the 2006-2010 SME strategy development implementations carried out by the two sectors. The time taken previously for a business licence to be approved and issued was 60 to 90 days; this has now fallen to just three days. “In any case it must not take longer than 10 days. This is what we are doing to facilitate business,” Dr Nam said.

The fee for business registration has also been cut. It used to cost 100,000 to 200,000 kip, “but now it costs only 40,000 to 90,000 kip,” he said. SME Promotion and Development Office Director, Mr Somdy Inmyxai, said the office will continue to improve regulations for registration. Other countries use a system that enables applicants to submit documents online via the internet. “It's possible that we too will have such a system in the near future,” he said. It also takes less time to obtain permission to export or import goods. It previously took 2 weeks but now takes less than 5 days. “However, this still seems to be too many days,” Dr Nam said. In other areas, the Education Ministry has included vocational training in its curriculum, and funding access has been made easier through the Lao Development Bank (LDB) which provides loans to SMEs. Mr Somdy said not only the LDB provides funding for SMEs, many other banks provide the same service so enterprises have a choice. Dr Nam said “We can see that the value of credit provided to SMEs rose from 7.3 percent of GDP in 2004 to 22.3 percent in 2009.”

These changes help companies to fast track their development and adopt international standards on good management. But more is needed to facilitate business startups. “Our 2011 to 2015 SME development plan aims to continue the improvement of regulations and encourage greater transparency,” Dr Nam said. It will also include the upgrading of human resources for both existing enterprises and new ones, especially the staff at banks and consulting agencies whose operations are related to the SMEs. The SME sector is the basis of the national economy and a backbone of economic growth, involving 99.8 percent of all businesses. For this reason, the government has sought to encourage their growth by improving the legal frameworks that regulate their establishment. *[Sources: The Vientiane Times]*

#### **Xayaboury sweetcorn growers switch to cassava**

Less sweetcorn will be grown in Xayaboury province this wet season compared to last year now that a Chinese company is building a cassava powder factory in Paklai district. The factory will be operational by the end of this year according to the provincial agriculture section head Mr Saipheth Chanthalangsy. This means some sweetcorn farmers in Paklai district, particularly in Kaenthao, Botaen, Thongmixay and Phieng villages, are now starting to grow cassava to supply the factory. They will grow cassava this wet season and it will be ready to harvest when the factory begins processing. Already, over 3,000 hectares of cassava are being planted. Last year, provincial farmers grew sweetcorn on more than 61,000 hectares and obtained yields of 300,000 tons, while this year the agriculture section is planning for only 60,000 hectares, Mr Saipheth said.

Farmers are presently growing sweetcorn on about 44,000 hectares, or 75 percent of the area planned. Families who grow cassava as a commercial crop will be able to earn an income the same as they have from sweetcorn. At present, the price of sweetcorn is high, while the number of farmers growing the crop is decreasing. During the financial crisis of 2008, a lot of Lao farming families including traders were affected by plummeting prices for sweetcorn. This led to a drop in the number of people growing the crop in 2009, but more farmers planted sweetcorn last year. Xayaboury is a major sweetcorn producer and sells the crop mainly to Thailand, a nation with which it shares a long-standing trading relationship.

Some farmers have switched to cassava as they believe there is a more stable market for the crop after running into difficulties with exports of sweetcorn to Thailand. This year farmers suffered when the Thai government slapped an import tax on sweetcorn. They also incurred losses when Thailand suspended all sweetcorn imports in 2008. The provincial authorities will try to improve sweetcorn storage facilities so growers can store their crops for longer when there is an oversupply in the market. Sweetcorn was the first crop to be grown commercially by Xayaboury farmers for export. The government is encouraging more farmers to grow crops on a commercial basis for export. At present, sweetcorn is grown on a larger area than any other crop except rice. Commercial crops such as sweetcorn, cassava, coffee and soybeans are increasing in Laos, bringing in revenue of about US\$1 billion, according to the Ministry of Agriculture and Forestry. [Sources: *The Vientiane Times*]

### Statisticians urged to provide more timely data

The National Statistics Bureau needs to improve its administrative structure and working methods so it can deliver accurate and timely data to policy makers, the Minister of Planning and Investment said last week. Dr Sinlavong Khouth-phaythoune made the call during the National Statistics Bureau's mid-year meeting held in Vientiane on Friday, amid growing demand for accurate and timely statistics, which are needed to help the government formulate sound development policies. The meeting aimed to review implementation of its work plan for the first six months of this fiscal year and set up the next six month plan. About 60 officials from the National Statistics Bureau of the Ministry of Planning and Investment attended the half-day meeting. Dr Sinlavong said the bureau should accelerate implementation of the prime ministerial decree on the Law on Statistics, which the president promulgated in July last year to guide the statistics development strategy.

The law empowers the bureau to seek state financial support to collect socio-economic statistics so it can deliver information to policy makers and statistics users as a source of reference for policy making. Dr Sinlavong also urged the bureau to improve its working style to match present-day needs, as well as its mechanisms and communications with local statistics centres and other sectors, so that statistics can be obtained in a timely manner. He stressed the importance of statistics, saying they not only help policy makers to formulate national socio-economic development policy but also help them to monitor the implementation of development plans. The Party and state hoped to improve the collection and delivery of statistics to match international standards, he said, adding that the government has already approved a statistics development strategy for 2010-2020 and a law on statistics.

National Statistics Bureau Director General Dr Smaychan Boupha said the bureau regularly collected consumer price index data and had helped Savannakhet and Saravan provinces to improve their statistics database. The bureau had also improved its website as an information channel for the public. The bureau also took part in data collection and surveys on agriculture nationwide and updated statistics on child labour and access to clean water and sanitation in Laos. The bureau also focused on personnel training and had improved its working capacity so that it can collect and provide statistical information to policy makers. Dr Smaychan said the bureau would continue to improve its statistics and data collection methods and would deliver information to interested parties on time. He suggested that the government provide more financial support and assistance to mobilise funding for use in the collection of statistics and data, to ensure the process was more efficient. [Sources: *The Vientiane Times*]

### Stock Boards

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

#### BCEL

Current	<b>8,150</b>
Volume	32,150
Previous Day Closing Price	8,100
Change	▲ 50
Turnover	262,022,500

Sell Remaining Qty	11:30:00	Buy Remaining Qty
17,600	8,500	
10,000	8,400	
Exp exe Price	<b>8,150</b>	333
	8,050	22,869
Exp exe Qty	8,000	10,000
	7,850	5,546
	7,700	3,500
<b>27,600</b>	<b>Total</b>	<b>42,248</b>

Opening Price	<b>8,150</b>
High Price	<b>8,150</b>
Low Price	<b>8,150</b>
Price Limit	8,500 <b>7,700</b>

#### EDL-GEN

Current	<b>5,350</b>
Volume	100
Previous Day Closing Price	5,350
Change	0
Turnover	535,000

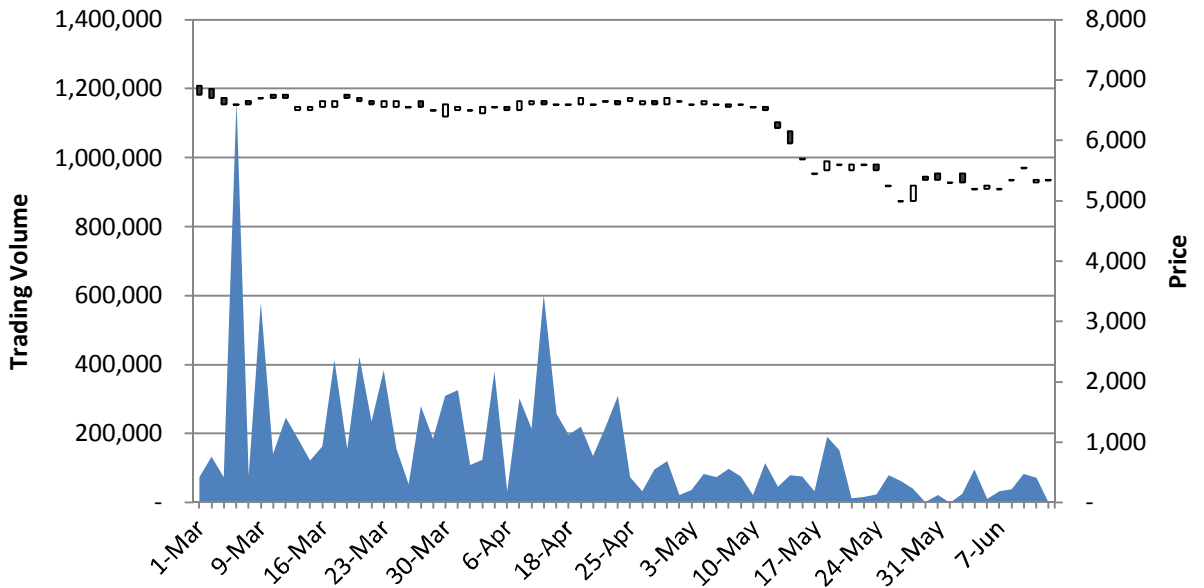
Sell Remaining Qty	11:30:00	Buy Remaining Qty
361	5,600	
8,000	5,500	
19,000	5,400	
2,774	<b>5,350</b>	
Exp exe Price	<b>5,250</b>	20,000
	5,200	100
Exp exe Qty	5,100	8,100
<b>30,135</b>	<b>Total</b>	<b>28,200</b>

Opening Price	5,350
High Price	5,350
Low Price	5,350
Price Limit	5,600 <b>5,100</b>

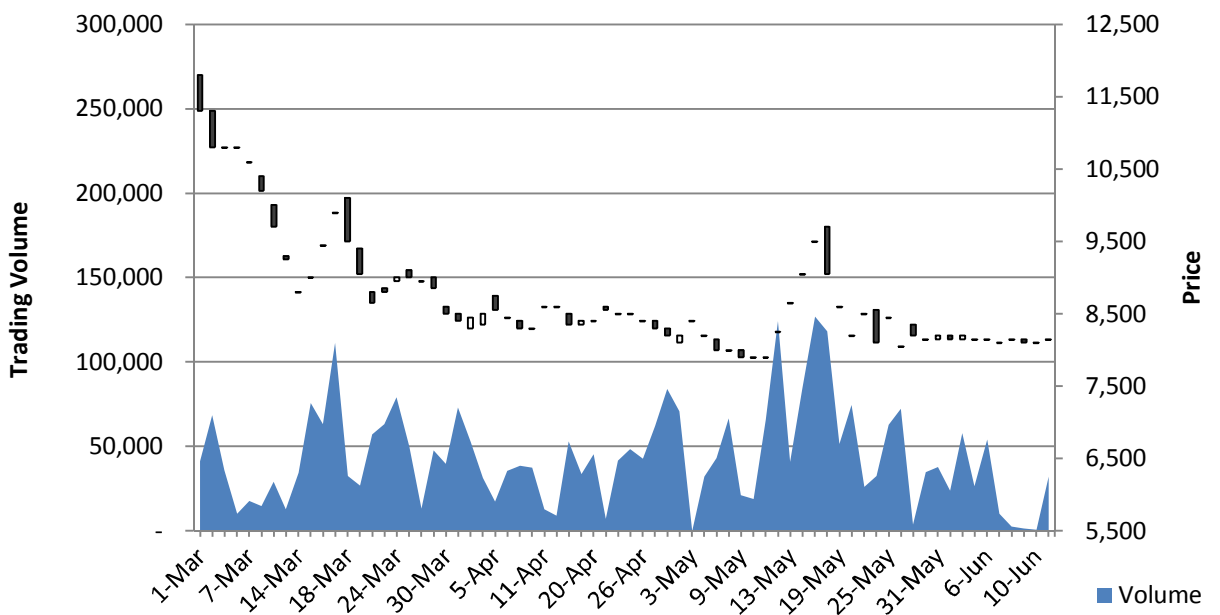
### Appendix

► 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
2011/06/13	1,113.06	↑1.32	0.12	32,250	262,557,500	1,113.06	1,113.06
2011/06/10	1,111.74	↓33.57	2.93	83,868	391,838,650	1,111.74	1,103.35
2011/06/09	1,145.31	↑32.25	2.90	84,803	474,428,650	1,146.63	1,145.31
2011/06/08	1,113.06	↑26.50	2.44	40,625	224,343,750	1,113.06	1,087.88
2011/06/07	1,086.56	↓9.71	0.89	42,060	248,265,900	1,087.88	1,086.56

#### EDL-Gen

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/06/13	5,350	-	100	535,000	4,646,994	5,350	5,350
2011/06/10	5,350	↓200	72,474	387,505,150	4,646,994	5,350	5,300
2011/06/09	5,550	↑200	83,333	462,498,150	4,820,714	5,550	5,550
2011/06/08	5,350	↑150	38,125	203,968,750	4,646,994	5,350	5,350
2011/06/07	5,200	↓50	31,869	165,718,800	4,516,705	5,200	5,200

#### BCEL

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/06/13	8,150	↑50	32,150	262,022,500	1,113,107	8,150	8,150
2011/06/10	8,100	-	535	4,333,500	1,106,279	8,100	8,100
2011/06/09	8,100	↓50	1,470	11,930,500	1,106,279	8,150	8,100
2011/06/08	8,150	↑50	2,500	20,375,000	1,113,107	8,150	8,150
2011/06/07	8,100	↓50	10,191	82,547,100	1,106,279	8,100	8,100

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