

Executive Summary

The Lao Securities Exchange

Another day has passed the Lao securities market, but the old story has not really developed anew. BCEL stagnated at 8,150 Kip, though its volume gained some momentum to 39K shares (23%); turnover also enjoyed its resurgent moments with LAK 321 million. All the while, EDL-Gen was being rubbed down to 5,300 Kip (-0.93%), and even lower at one point. Trading volume was oiled back to almost 22K shares, gushing turnover upward to LAK 114 million from the yesterday's LAK 0.5 million.

- ▶ **Travel agents struggle as inflation bites:** A number of travel agents are struggling to stay profitable because of the high inflation rate in Laos, according to an industry representative. Laos is experiencing unexpectedly high inflation, which in April hit 9.24 percent - greater than the increase in GDP. The main forces driving inflation are the cost of fuel, food and construction materials such as cement. The price of fuel has risen by about 20 percent compared to last year and resulted in higher transport costs, which now represents nearly half of the cost of tour services.
- ▶ **Better prospects for domestic healthcare:** More people are now using Lao medical services rather than travelling to neighboring countries, because they feel there has been an improvement in the quality of care. Those who can afford it have often crossed the border to obtain medical treatment because they feel foreign physicians have more experience, skills, and access to better equipment than local hospitals or clinics. It's true that in the past local physicians did have less experience than foreign doctors but this is no longer the case.

Exchange Rates: 14/06/2011

	Bid	Change	Ask	Change
USD	8,014.00	-	8,037.00	-
CAD	8,119.00	9.00	8,230.00	13.00
THB	262.85	(0.30)	263.35	(0.40)
EUR	11,519.00	39.00	11,564.00	38.00
GBP	12,976.00	95.00	13,149.00	97.00
CNY	1,211.00	-	1,228.00	1.00
JPY	98.87	0.33	100.19	0.30

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	-	-	15,500	7,900
EDL-Gen	5,300	↓ 50	0.93	8,850	4,550

The Lao Securities Exchange

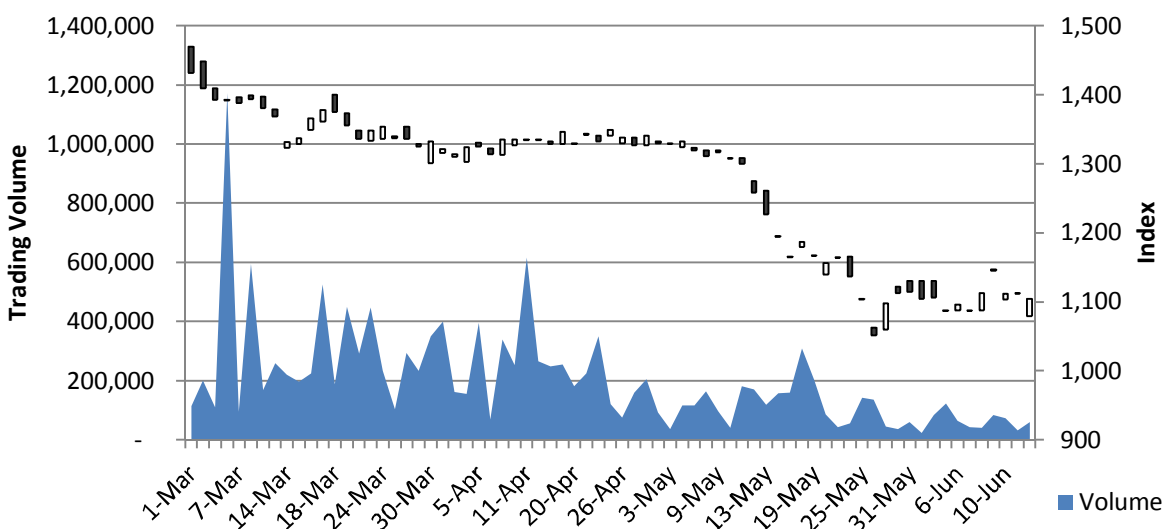
The Lao stock market

Demands on BCEL might have been oscillating sporadically, but they could not escape the downward trend. In the 19th trading week, the average demand was roughly 282K shares per day. Since then, this figure has been on constant contractions: down to 98K shares by the 20th week, to 97K shares by the 21st week and to 43K shares by last week. The public bank has recently been in a habit of keeping a fair amount of demand surplus even at a low price, but there was only a handful of those surpluses remained today. The situation hinted to the fact that the demand side is losing its patience, and the supply side is running out of its bargaining chips. However, the market has not sensed much sell-off activities on BCEL; hence the bank might still be okay at the current price, especially when the foreign sector started to reinforce the shares with stable demands.

EDL-Gen was giving off a different vibe as the suppliers immersed in panic trading, even though the total amount of supply actually decreased to 41K shares (-31%). The demand side saw the cheap offers and swallowed them up like a hungry shark. EDL-Gen is facing a strong downward pressure, and tomorrow's sessions might force another price fall on the company. On the fundamental level, the generation company is on track with its projected revenues. The company should be able to generate at least LAK 500 billion in net profits (or an EPS of 576 Kip) by the end of 2011, and to more than double its current electricity generating capacity by next year.

The LSX Index 1,104.06 ↓ 8.39 [0.75%]

The 75 bps retracement has pushed the Lao benchmark back to the 1st of June or to the 1,104 index points. However, compared to yesterday total volume nearly doubled to 61K shares (+90%), launching market's turnover forward to a round-off LAK 435 million (+66%).



The Lao Economy

Sectors Watch & Business News

Travel agents struggle as inflation bites

A number of travel agents are struggling to stay profitable because of the high inflation rate in Laos, according to an industry representative. "Inflation has had a negative impact on travel agents because of rising fuel prices, which affects the cost of their products," said Lao Association of Travel Agents President Mr Bouakhao Phomsouvanh. He made the comment after a report from the government showed Laos is experiencing unexpectedly high inflation, which in April hit 9.24 percent - greater than the increase in GDP. The main forces driving inflation are the cost of fuel, food and construction materials such as cement. "Travel agents in Laos have been affected by the high price of fuel over the past few months, but despite the increase in costs they are not able to increase tour prices. This is because the tours we are delivering today were sold a year ago and there are contractual agreements with customers," Mr Bouakhao said.

"The price of fuel has risen by about 20 percent compared to last year and resulted in higher transport costs, which now represents nearly half of the cost of tour services." "The government knows that our tours are more expensive than those offered by neighboring countries and if we increase prices we may lose customers. Many travel agents have asked customers to pay more because of the increase in fuel prices and, while some agreed, most of them said no," Mr Bouakhao said. The increasing inflation in Laos has eaten into companies' profits. Some operators are not making a profit at all because they haven't put up their prices. To save money, some firms have reduced the number of tour guides that accompany a tour group while others are trying to reduce administration costs by, for example, using less electricity and water, Mr Bouakhao said. *[Sources: The Vientiane Times]*

Better prospects for domestic healthcare

More people are now using Lao medical services rather than travelling to neighboring countries, because they feel there has been an improvement in the quality of care. Those who can afford it have often crossed the border to obtain medical treatment because they feel foreign physicians have more experience, skills, and access to better equipment than local hospitals or clinics. It's true that in the past local physicians did have less experience than foreign doctors but this is no longer the case. Just as Laos has developed, so have the skills of its medical practitioners, said Deputy Minister of Health, Associate Professor Dr Bounkong Syhavong. "We are continuing to improve health services in Laos by focusing on the quality and skill level of physicians, increasing access to services, and installing modern equipment," Dr Bounkong said.

These initiatives are a reflection of the government's policy to boost skill levels by improving knowledge and competence in all fields that are essential for the development of Laos, he added. "We are trying our best to upgrade the services we provide for local and foreign patients," Dr Bounkong said. "Today, many of the doctors working in Lao hospitals and clinics have studied in Australia, China, Vietnam, Thailand, Europe or the US." "They are skilled and experienced and are having a positive impact on the quality of care in Laos. We will continue to strive to improve medical services so we can offer the best healthcare possible," Dr Bounkong said. It is not easy to change some people's perception of foreign healthcare providers as being more experienced and skilled. *[Sources: The Vientiane Times]*

Stock Boards

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

BCEL

Current	8,150
Volume	39,411
Previous Day Closing Price	8,150
Change	0
Turnover	321,199,650

Sell Remaining Qty	11:30:00	Buy Remaining Qty
1,984	8,500	
Exp exe Price	8,150	7,751
	8,000	100
Exp exe Qty		
1,984	Total	7,851

Opening Price	8,150
High Price	8,150
Low Price	8,150
Price Limit	8,550 7,750

EDL-GEN

Current	5,300
Volume	21,714
Previous Day Closing Price	5,350
Change	▼ 50
Turnover	113,584,200

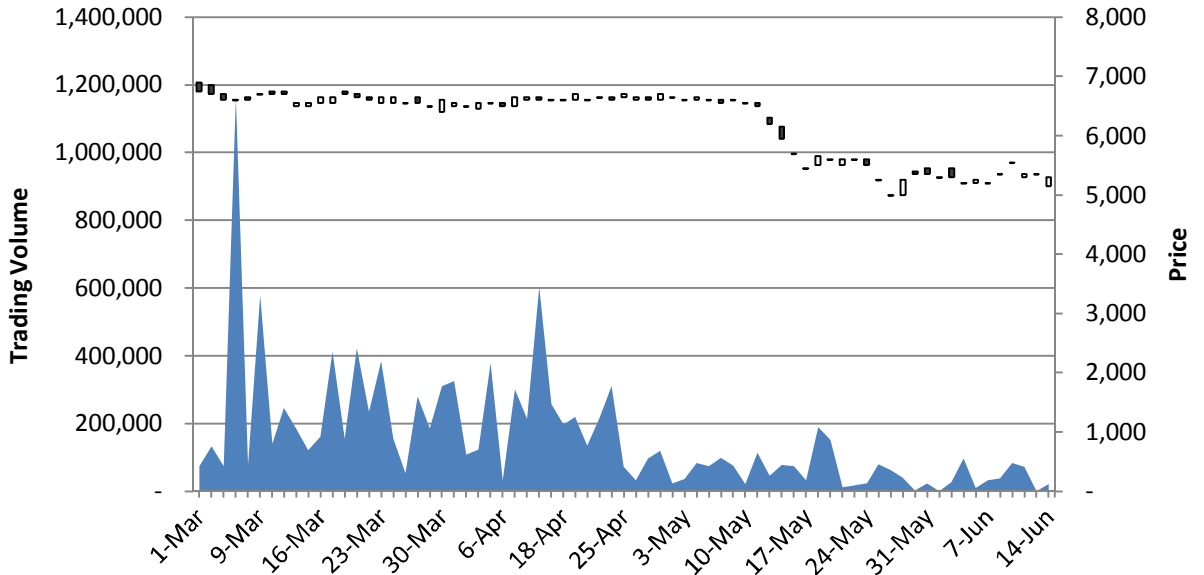
Sell Remaining Qty	11:30:00	Buy Remaining Qty
2,800	5,600	
18,701	5,300	
Exp exe Price	5,200	2,000
	5,150	7,085
Exp exe Qty	5,100	7,833
21,501	Total	16,918

Opening Price	5,150
High Price	5,300
Low Price	5,150
Price Limit	5,600 5,100

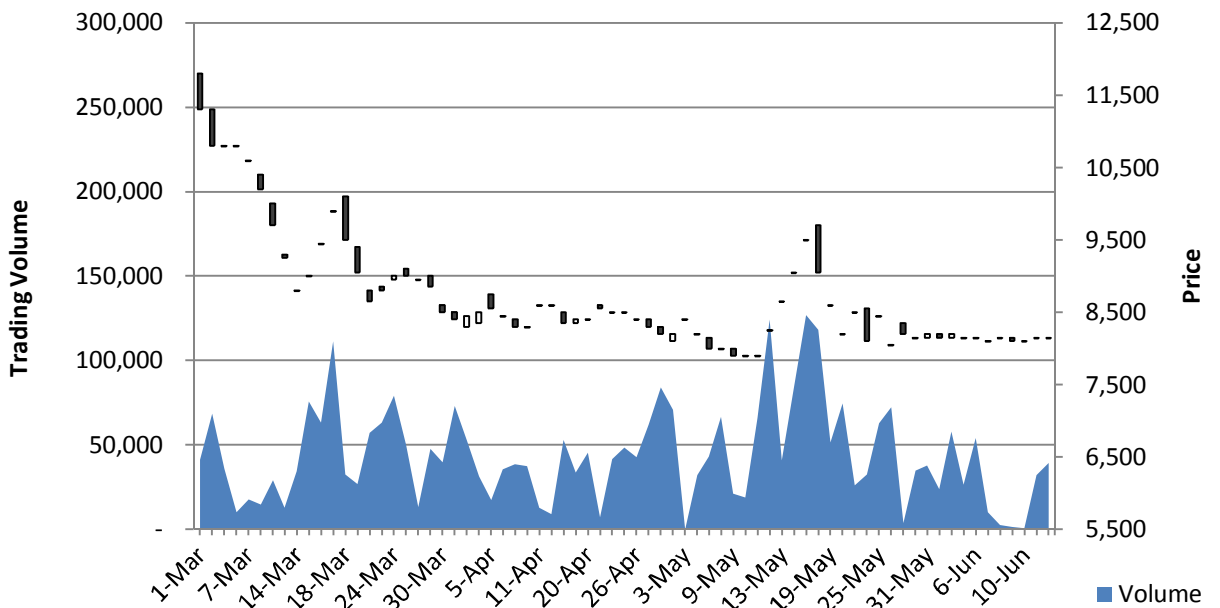
Appendix

► 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
2011/06/14	1,104.66	↓8.39	0.75	61,125	434,783,850	1,104.67	1,079.49
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

EDL-Gen

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/06/14	5,300	↓50	21,714	113,584,200	4,603,564	5,300	5,150
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

BCEL

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/06/14	8,150	-	39,411	321,199,650	1,113,107	8,150	8,150
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

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