

Having trouble reading this email? [View it on your browser](#). Not interested anymore? [Unsubscribe Instantly](#).



Thursday 1 July

## In this issue

- Strong opportunities for PNG in the global recovery
- News in Brief
- Market Overview
- Global Overview
- Treasury Bill Auction Results

## In other news

### KS<sub>i</sub> Report

For the week ending 23 June 2010, the KS<sub>i</sub> dropped 618.73 points, or 8.66%, to close the week on 7,528.79 points. In comparison the KSHi grew 0.57 points, or 0.01%, to end on 7,641.17 points.

## Forward to a friend

Know someone who might be interested in the email? Why not [forward this email](#) to them.

## Unsubscribe

Don't want to receive these emails any more. Please [unsubscribe instantly](#).

## Strong opportunities for PNG in the global recovery

There has been encouraging news for Asian and South Pacific nations following from the weekend meeting of the G20 in Canada with forecasts of broad growth across the region.

Further, a new report released by the World Bank has forecast strong economic growth this year again for the East Asia and Pacific region, which is anticipated to expand by 8.7 percent throughout 2010 and a further 7.7 percent the following year.

In its *Global Economic Prospects 2010: Crisis, Finance and Growth* report the Bank suggests the region will continue to benefit from its close links with China, which it argues has been a key driver of the global recovery following the worst financial recession in more than 50 years.

From a global perspective the Bank has forecast the world's economy to expand between 2.9 and 3.3 percent this year and in 2011, underpinned by developing nations which are continuing to play a leading role in driving growth and development. The Bank further forecast the expansion of gross domestic product (GDP), a broad measure of economic activity, to strengthen to a pace between 3.2 and 3.5 percent in 2012.

PNG remains well positioned to take full advantage of the regional growth with a range of developing projects already underway across the nation.

Clearly as the global recovery continues to gather momentum in the Asian markets and across the Pacific, there will be increased opportunities within the region and, in particular PNG, as investors seek to take up the challenges associated with new development, investment and infrastructure projects.

With this in mind, it was certainly pleasing last week to see the Deputy Prime Minister Sir Puka Temu reaffirm the Government's long-term commitment to building, and sustaining, a strong business sector within PNG and creating an economic environment which is conducive for investment.

Speaking at the Business Council of PNG's annual general meeting, Sir Puka said the National Government had established a working committee to address a number of issues adversely impacting business and investment within PNG. This includes improving the burdensome regulations that have constrained investment and development activities in the past.

Sir Puka said the private sector would continue to play a key role in underpinning the long-term growth and development of our Nation in line with other international economies in the recovery process. He said one of the Government's continuing objectives was to stimulate economic activity, increase investor confidence and encourage private sector growth across the Nation.

Sir Puka pointed to the ongoing success of the multi-billion kina liquefied natural gas (LNG) project, developments of the Ramu nickel and cobalt project and the emergence

of Digicel PNG Ltd as clear indications that global investors were now beginning to look towards PNG for major project opportunities. In addition he reported that the agricultural sector alone was anticipated to create more than 260,000 jobs and inject an additional K7.2 billion back into the domestic economy by 2030.

As the global economic recovery continues to be positive, there will be ongoing opportunities for long-term national growth and development and, importantly, PNG has an invaluable opportunity to benefit from the potential flow-on effects of this development.

However, in moving forward, the challenge continues to be with PNG to build a stable and competitive economic environment which supports, and encourages, the long-term business and economic development of our Nation. It is essential that business and government continue to work together at all levels to achieve positive outcomes and deliver genuine benefits to the people of PNG.

**Syd Yates OBE**  
**Kina Securities CEO**

---

## **News in Brief**

### **Tolukuma gold mine achieves strong profit**

Papua New Guinea's Tolukuma Gold Mine Limited has delivered a strong profit of K68.5 million for 2009, underpinned by a 33 percent increase in gold production throughout the year.

Petromin Holdings (PNG) Ltd managing director Joshua Kalinoe said last week the significant turnaround from a loss situation in 2008 could be attributed to favourable gold prices coupled with the level of efficiency achieved through the organisation's mine assessment and re-development strategy.

"While this is the most pleasing and exciting result for us, as we have been the operator of the mine for under 24 months at the end of last year, a lot more has to be done in the short to medium-term to ensure that the cost per ounce is reduced from its current levels to more manageable levels," he said.

### **NFA to fund multi-million kina fisheries program**

The National Fisheries Authority (NFA) has announced plans to invest K9 million across three years to fund a major tuna tagging program to be carried out in Papua New Guinea waters.

NFA managing director Sylvester Pokajam said the proposal will be part of an integrated fishery monitoring program which includes fisheries observers, in-port catch sampling and tuna-tagging. He further said an important aspect of the program would be the training of Papua New Guineans in all aspects of the work.

"PNG is committed to full scientific monitoring of its tuna stocks as tuna fisheries provide important revenue to PNG as well as providing more than 10,000 jobs," Mr. Pokajam said.

---

## **Market Overview**

Week Ending 23 June 2010				
Index	Close 23/06/10	Weekly Change	Last Week 16/06/2010	2009 End 31/12/2009
KSi	6,528.79	-618.73	7,147.52	6,816.26
KSHi	7,641.17	0.57	7,640.60	8,580.09

For the week ending 23 June 2010, the Kina Securities Index (KSi) dropped 618.73 points, or 8.66 percent, to close at 6,528.79 points. In comparison the Kina Securities Home Index (KSHi) edged slightly higher, up 0.57 points or 0.01 percent, to end the week on 7,641.17 points.

The trading volume of the Port Moresby Stock Exchange (POMSoX) was an impressive 1,613,605 shares exchanged with a net worth of approximately K353,346.80. During the week there were three stocks which gained value and three which fell.

Oil company OSH gained 5t to end at K13.50, MGO surged 19t to 44t and NGP gained 1t to close the week at K1.40. In comparison, LGL lost K1.95 at K8.35, HIG lost 8t at 65t and KAML fell 5t to K1.08 after it had paid out a maiden dividend of 4t per shares earlier this month.

All other stocks remained unchanged.

## Global Overview

### Julia Gillard appointed Australia's first female PM

Australia has its first female Prime Minister after Kevin Rudd stood down last week, handing the leadership to his deputy Julia Gillard. Ms Gillard was elected unopposed by the Australian Labor Party and was sworn in as the Nation's 27th Prime Minister last week.

Mr. Rudd stepped aside following an emergency caucus meeting which revealed that he did not have the support of enough MPs to continue serving in his role as Prime Minister of Australia. Following her appointment Ms Gillard indicated that she believed "a good government was losing its way" and vowed to revive the Labor Party ahead of a general election, which is widely anticipated to be held in the coming months.

PNG Prime Minister Sir Michael Somare has congratulated Ms Gillard on her appointment, and formally contacted Mr. Rudd to pay tribute to his efforts and achievements in rebuilding relations between their respective Pacific nations.

### Bank of Japan announces significant lending program

The Bank of Japan has announced plans to provide up to 3 trillion yen (US\$33bn) in low interest loans, in an attempt to boost productivity and significantly increase economic growth within the Nation.

As part of the strategy, the money will be made available to commercial banks in a bid to encourage them to lend more funds to private businesses. The plan allows for approved banks to borrow up to 150 billion yen for up to four years at an interest rate of 0.1 percent. Firms in key growth sectors such as energy, the environment and tourism will also be targeted.

The lending program is due to begin at the end of August.

## Treasury Bill Auction Results

Week Ending: 25 JUNE 2010  
Auction Number: TB10/06/04-25  
Auction Date: 23 June 2010  
Amount offered on auction: K 100.000 "Million"

Terms	28 Days	63 Days	91 Days	182 Days	363 Days	Total
Weighted Average Rates(%)	0.00	0.00	7.00	4.90	5.20	
Amount on offer (Kina) million	0.000	0.000	0.000	40.000	60.000	100.000
Bids received (Kina) million	0.000	0.0000	0.000	115.660	185.400	301.060
Successful Bids (Kina) million	0.000	0.000	0.000	40.000	60.000	100.000
Overall Auction OVER-SUBSCRIBED by million	K201.060					

Note: Rates quoted refer to results of the Treasury Bills tender conducted by Bank of Papua New Guinea

---

### Kina Securities Limited.

2nd Level, Deloitte Tower, Douglas Street, Port Moresby, National Capital District, Papua New Guinea  
Telephone: (675) 308 3888 | Facsimile : (675) 308 3899

---

Don't want to receive these emails any more. Please [unsubscribe instantly](#) .

#### DISCLAIMER – KINA SECURITIES LIMITED

This report was prepared as a private communication to clients and was not intended for public circulation or publication or for the use of any third party, without the approval of Kina Securities Limited. While this report is based on information from sources, which Kina Securities Limited considers reliable, its accuracy and completeness cannot be guaranteed. Kina Securities Limited, its directors and employees do not accept any liability for the results of any actions taken or not taken on the basis of without consideration of any specific client's investment objectives, financial situation or needs. Those acting upon such information without first consulting one of Kina Securities investment officers do so at their own risk. It is recommended that any persons who wish to act upon this report consult with a Kina Securities Limited investment advisor before doing so.

#### DISCLOSURE OF INTEREST

The Directors of Kina Securities Limited advise that they and persons associated with them (including officers of Kina Securities Limited) may have an interest in the above securities and that they may earn brokerage, commissions, fees and other benefits and advantages, whether pecuniary or not and whether direct or indirect, in connection with the making of a recommendation or a dealing by a client in these securities, and which may reasonably be expected to be capable of having an influence in the making of any recommendation, and that some or all of our Proper Authority holders may be remunerated wholly or partly by way of commission.