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Monday 21 June

## In this issue

- APEC meeting delivers positive outcomes for PNG
- News in Brief
- Market Overview
- Global Overview
- Treasury Bill Auction Results

## In other news

### KS*i* Overview

For the week ending 9 June 2010 the KSi gained 0.57% to close on 6,409.01 points. In comparison the KSHi dropped 3.26% to end the week on 7,359.00 points.

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## APEC meeting delivers positive outcomes for PNG

As Papua New Guinea continues to drive its development opportunities within the global economy, it is working closely with its Pacific neighbours to develop innovative strategies for enhancing trade and business activities within the region and developing a more closely integrated regional community.

The embodiment of this regional cooperation is the Asia-Pacific Economic Cooperation (APEC), which saw Trade Ministers and other key officials from its 21 member nations, including PNG, meet last week in Japan to strengthen their commitment to achieving stability, security and prosperity for the Asia-Pacific region.

PNG is now being recognised as a major alternative energy resource along with other resources which are in demand by major economies in Asia.

The APEC meeting had many positive outcomes for PNG and its people with representatives from all APEC economies vowing to continue working towards achieving a secure and favourable business environment for the Asia Pacific community. APEC's member nations account for approximately 44 per cent of world trade, making it a key stakeholder in global affairs.

In particular, ministers pledged to support measures to help APEC economies meet their commitments to securing free and open trade and investment within the region.

As part of this, APEC ministers discussed the Bogor Goals, which were initially established 16 years ago through the Bogor Declaration signed in Indonesia. The goals of the declaration are for APEC nations to achieve free and open trade, with 2010 benchmarked as the deadline for industrialized economies and 2020 for developing nations.

Existing figures demonstrate that substantial progress has already been made, with average tariffs in APEC member economies now more than 60 per cent lower than when APEC was first established in 1989. Importantly, ministers reaffirmed their nations' respective commitments to achieving the Bogor Goals, and APEC will conduct an intensive review to assess the progress of member economies.

Ministers also welcomed the progress being made to explore possible pathways to achieve a Free Trade Area of the Asia Pacific (FTAAP) which, if finalised, would no doubt help fulfill APEC's ambitions of deepening regional and economic business ties. The APEC Chair has instructed officials to report by November on possible pathways to effectively achieve the FTAAP.

From a global perspective, the APEC ministers said that the economy was continuing to show strong signs of a recovery and suggested the Asia Pacific region would play a key role in driving economic growth.

"Despite the economic and financial crisis in 2008, the global economy is recovering as a result of robust policy responses in each economy and the joint efforts by the international community. Nonetheless, it still faces challenges, in particular with regard

to stabilizing prices, creating employment, further facilitating labor adjustment, and boosting demand,” the ministers said in a joint statement.

“The Asia-Pacific region has come to occupy an increasingly important position in the global economy. Through trade and investment the established production networks of the region allow economies to capture the benefits of their comparative advantages. We resolved to look beyond our region and share responsibility for the development of the global economy,” they stated.

It is very encouraging to see PNG joining APEC nations to take a proactive and productive approach to reducing the barriers to free and open trade – a move which, in time, will have significant and positive outcomes for our nation and the wider South Pacific region.

The benefits of this increased trade are numerous. Reducing the barriers to free and open trade will increase productivity, foster new business opportunities in PNG, generate new employment opportunities and ultimately lead to new avenues for economic growth and development.

The effective implementation of the Bogor Declaration will significantly enhance PNG’s international business and trade capabilities, which will be a strong and positive leap forward for the PNG economy and people.

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

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## **News in Brief**

### **Morobe agrees to multi-million kina fisheries project**

The Morobe provincial government, together with the National Fisheries Authority (NFA), has signed an agreement with Asia’s Majestic Seafood Ltd for the development of a K226.6 million integrated fish processing plant within the region.

The project has the capacity to generate more than 6,000 jobs for local residents in the Morobe province, with the first phase of the project anticipated to inject more than K85 million back into the domestic economy.

### **PNG buoyed by economic forecasts**

Papua New Guinea’s Deputy Prime Minister and Minister for Mining, Lands and Physical Planning, Sir Puka Temu has delivered a strong assessment of the Nation’s economy, which is anticipated to expand strongly by 8.5 per cent this year.

Sir Puka noted that after seven consecutive years of economic growth, global investors were now looking at PNG with a renewed confidence in our Nation to deliver on major development projects. In moving forward he said the National Government viewed private sector investment as an integral part of the nation’s long-term economic growth and development.

“We will continue to pursue initiatives to structural reforms to encourage investments and remove impediments to doing business and investment and, thereby, promoting a competitive and dynamic private sector because these are fundamental to reducing poverty, generating income and employment, promoting PNG’s economic and social development and stimulating economic growth,” Sir Puka said.

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## **Market Overview**

Week Ending 9 June 2010				
Index	Close 09/06/2010	Weekly Change	Last Week 02/06/2010	2009 End 31/12/2009
KSi	6,409.01	36.21	6,372.80	6,816.26
KSHi	7,359.00	-248.09	7,607.09	8,580.09

For the week ending 9 June 2010 the Kina Securities Index (KSi) improved 36.21 points, or 0.57 per cent, to close on 6,409.01. This was despite ongoing concerns regarding instability on the Euro-zone economic market. In comparison the Kina Securities Home Index (KSHi) dropped 248.09 points, or 3.26 per cent, to close the week at 7,359.00 points.

The weekly trading volume on the Port Moresby Stock Exchange (POMSoX) was 739,425 shares traded with a net worth of approximately K1,142,184.00.

During the week there were five stocks which dropped in value and two stocks which improved. LGL gained an additional 1t at K8.12, while OSH regained 35t to close the week at K13.45. However BSP, CCP, HIG, MGO and CPL all dropped in value. All other stocks remained unchanged.

## Global Overview

### India's inflation reaches two-year high

Rising food and fuel costs have seen India's inflation rate rise to 10.16 per cent in May, the nation's highest since 2008. The rate is well above initial forecasts of approximately nine per cent.

The rise in its inflation rate comes after India recorded its fastest growth in manufacturing in more than 15 years during April. The result increases the possibility of interest rate rises for the Nation.

### Increased confidence boosts Japan

New survey results have revealed an increased business confidence among key Japanese manufacturers throughout the past three months.

A joint survey by the Nation's Ministry of Finance and the Cabinet Office's Economic and Social Research Institute showed the Business Survey Index (BSI) of sentiment at large producers increased from 4.3 to 10 during the April-June quarter. The index measures the percentage of firms that expect the business environment to improve from the previous quarter, minus the percentage who expect it to worsen.

"Sentiment is gradually improving both for underlying conditions and the outlook. The euro's decline triggered by the Greek debt crisis doesn't seem to have had much impact, at least for now," said Takeshi Minami, chief economist for the Norinchukin Research Institute.

## Treasury Bill Auction Results

Week Ending: 11 JUNE 2010  
Auction Number: TB10/06/02-11  
Auction Date: 09 June 2010  
Amount offered on auction: K 114.000 "Million"

Terms	28 Days	63 Days	91 Days	182 Days	363 Days	Total
Weighted Average Rates(%)	0.00	0.00	7.00	5.12	5.60	
Amount on offer (Kina) million	0.000	0.000	0.000	44.000	70.000	114.000
Bids received (Kina) million	0.000	0.0000	0.000	120.720	114.500	235.220
Successful Bids (Kina) million	0.000	0.000	0.000	44.000	70.000	114.000
Overall Auction OVER-SUBSCRIBED by million	K121.220					

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

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**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

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