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### KSİ Report

For the week ending 15 April 2010 the KSİ fell 0.18% to close at 6,483.84 points. In comparison the KSHi fell by 0.10% to 7,904.30 points.

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## World Bank forecasts strong future for PNG

In its latest released report, the World Bank has delivered another positive outlook for Papua New Guinea, highlighting our Nation's economic performance throughout the past two years and projecting a strong picture for its future prospects.

These details and other key messages have been delivered in the Bank's new edition of its *East Asia and Pacific Update*, a six monthly report into the region's economic and social health.

Despite operating against the external pressures resulting from the worst global recession in more than half a century, the Bank noted that PNG had recorded sound economic growth of 4.5 per cent last year, compared to 6.7 per cent in 2008.

According to the World Bank this strong performance was attributed in part to prudent fiscal policies and Government stimulus spending using payments from mineral resources saved over the commodity boom years.

In moving forward the Bank has forecast strong opportunities for continued growth in future years particularly as developments of the groundbreaking Liquefied Natural Gas (LNG) project continue to move ahead successfully.

The historic project has the capacity to generate thousands of employment opportunities, inject billions of kina back into the local economy and stimulate significant follow on economic growth and development across PNG, and the wider Pacific region, throughout its 30 year lifespan.

"Estimates suggest that the project will yield a 50 million barrels oil equivalent of natural gas and lead to \$3 billion in average annual export receipts starting in 2013-14. By one consortium partner's estimates, the project could turn PNG into the second largest LNG producer in East Asia, after Malaysia and past Indonesia, by 2017," the World Bank stated in its report.

"Growth is projected to rebound strongly this year, as the construction of the LNG facility begins and the project directly and indirectly stimulates domestic demand.

"Real GDP growth could increase by 0.8 percentage points a year during the construction phase alone and then perhaps by 15-25 per cent per year during the 30-year life of the project, doubling the country's GDP in three to five years after the project becomes operational," the Bank said.

Ongoing developments of the LNG project, coupled with a number of other

initiatives taking place throughout the Nation, are continuing to instill a renewed confidence amongst investors and consumers moving forward. Successfully managing the challenges associated with these large-scale projects will help ensure that PNG can build a solid platform for sustained economic growth and development in the years to come.

There is no doubt there will be many challenges ahead for PNG and its people. However each challenge represents an invaluable opportunity for our Nation to grow and solidify its expanding position as one of the key economic drivers of the Asia-Pacific region.

Importantly we are continuing to see some very positive and crucial financial indicators flowing from the global marketplace which suggest the world is on the cusp of an economic recovery. As a Nation we must continue to adopt a proactive approach to ensure that PNG is well positioned to maximize all potential growth opportunities in the subsequent recovery process.

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

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## **News in Brief**

### **PNG hotel recognised internationally**

One of Papua New Guinea's premier hotels has been shortlisted for three international awards at the prestigious 2010 World Travel Awards. The Airways Hotel in Port Moresby has been nominated in the categories of Leading Airport Hotel in the World, Leading Airport Hotel in Australasia and PNG's Leading Hotel.

"This is not only an honour for the Hotel, but also for PNG, and a true recognition for all of the hard work and dedication that has gone into creating a hotel that is now recognised as being among the best in the world," said Airways Hotel general manager Pankaj Pandey.

The World Travel Awards were established in 1993 to promote, acknowledge and celebrate excellence across all sectors of the international hospitality and tourism industry. The Airways Hotel has previously been recognised as the Leading Hotel in PNG.

### **SPSC to invest in multi-million kina port facility**

South Pacific Seafood Company (SPSC) has announced plans to invest in a major fishing port facility in Central Province, which is set to inject approximately K40 million into the local economy.

As part of the plan, SPSC will build four fishing port facilities in West New Britain, Central, Morobe, Milne Bay and Manus supported by a 10 per cent contribution from the provincial governments.

"This project is going to have a huge impact on the communities along the Central province coast where the fishing zones are located. We are looking at transferring skills and knowledge to local fishermen to handle fishing vessels and all other traits involved in fishing and marketing," said SPSC chairman and managing director Wilson De Vera.

## Australia-PNG Forum to be held next month

The 26th Australia-PNG Business Forum and Trade Expo is scheduled to be held next month in Townsville, a major supply centre to PNG and the South Pacific, providing local businesses with a valuable opportunity to network and explore development opportunities with Government representatives and investors across the world.

The Forum is one of the major annual bilateral business meetings between PNG and Australia and is anticipated to attract more than 200 delegates from across the South Pacific.

PNG is in a key position to capitalise on current global trends in the economic recovery process, and maintaining and building upon current relationships with our regional neighbours is certain to assist in this process.

Kina Securities Limited is an active sponsor of the Forum and will continue to support initiatives which promote PNG to the world and ultimately contribute to the sustained economic growth and development of the Nation.

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## Market Overview

Week Ending 15 April 2010				
Index	Close 15/04/2010	Weekly Change	Last Week 7/04/2010	2009 End 31/12/2009
KSi	6,483.84	-11.43	6,495.27	6,816.26
KSHi	7,904.30	-7.60	7,911.90	8,580.09

For the week ending 15 April 2010 the Kina Securities Index (KSi) fell 11.43 points, or 0.18 per cent, to close at 6,483.84 points. In comparison the Kina Securities Home Index (KSHi) also fell slightly, dropping 7.6 points or 0.10 per cent, to close the week at 7,904.30 points.

Two stocks declined on the Port Moresby Stock Exchange (POMSoX) during the week. NBO lost 5t to close at K19.45 while HIG lost 10t to end at 80t. All other stocks remained unchanged.

The week's volume of trade was a moderate 1,110,097 shares exchanged with a net worth of K939, 594.22

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## Global Overview

### Mixed results for US housing figures

New figures from the United States Commerce Department have revealed the number of houses being built in the US increased faster in March than expected, taking the construction rate to its highest level in 16 months.

Overall, approximately 626,000 new houses were built throughout the United States in the past 12 months, which was higher than the 610,000 initially

forecast by some economists. The Commerce Department also reported that applications for building permits increased by 7.5 per cent to 685,000.

Housing data is generally viewed as a key indicator of economic activity. However, despite this generally positive trend, there was mixed news with reports also noting the number of homes repossessed by banks in the US increased 35 per cent in the first quarter when compared with the corresponding period of time last year.

### **China's economy achieves strong growth**

China's economy achieved strong growth in the first quarter of this year, with Chinese officials announcing the Nation's gross domestic produce grew by 11.9 per cent during that time.

In addition, inflation stayed low at 2.2 per cent, below the government's target of three per cent for the year, easing pressure for immediate interest rate hikes. The Nation's economic expansion this quarter is almost double that of the same period of time last year.

Recent data has reported China is on the verge of overtaking Japan as the second largest economy behind the United States. China's gross domestic produce last year was \$4.9 trillion, just behind Japan's \$5.1 trillion.

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