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Local economy to benefit from Government reforms

As the global recovery continues to consolidate in Asia and the Pacific there continues to be increased activity in the region as business groups and investors take up the challenge of new partners and opportunities.

Continuing economic issues and uncertainty have continued to create investment reluctance in historic economic markets including Europe, North America and Japan.

The confidence of Asian economies, lead by China and India, have inspired the Pacific and southern hemisphere nations to move and take up the challenges on offer to supply the new growth economies.

There continues to be great activities by business and trade groups to be proactive and visit trade centres and encourage the international investors to come and see the prospects and opportunities.

The long term efforts of Papua New Guinea's Investment Promotion Authority (IPA) continue to position our nation and its opportunities positively in the international marketplace with positive messages of opportunities.

In the light of strong economic reports on PNG and its economy, the IPA has delivered a promising overview of the Nation's current business environment, suggesting it will continue to benefit from increased Government reforms.

Presenting to a Turkish business delegation earlier this month, IPA managing director Ivan Pomaleu said the National Government was continuing to undertake a series of regulatory reforms and administrative policies to encourage long-term investment throughout PNG

Mr. Pomaleu said the reforms were primarily aimed at creating a more positive business and investment environment within PNG, which was transparent, non-discriminatory and in line with international standards of best practice.

It is certainly promising to see developments taking place in this area. However it is worth noting that in its *Doing Business 2010* survey the World Bank ranked PNG 102nd out of 182 economies in terms of the ease of doing business within the country. A high ranking in this category indicates a Nation's regulatory environment is conducive to the operation of business.

PNG's ranking in this category was seven places lower than it had achieved in the previous survey and placed it in 17th position overall throughout East Asia and the Pacific. The message is clear that PNG must continue to work at all levels to build a positive environment for long-term business and investment.

However in moving forward Mr. Pomaleu said the investment outlook for the Nation remained extremely positive. In particular, he noted that PNG is

from an increased global thirst for raw materials such as minerals, petroleum and liquefied natural gas (LNG).

PNG has already begun to see direct tangible benefits flowing from the ongoing development of its multi-billion kina LNG project. The project is beginning to generate significant interest from investors and businesses across the globe.

This follows some very positive assessments of our Nation coming from the world's leading financial institutions. In particular, the World Bank and the Asian Development Bank recently praised PNG's resilience throughout the global financial crisis and forecast strong economic results for the Nation throughout the next 12 months.

Importantly, these promising assessments continue to deliver a resounding message to the global business community about the long-term growth and development opportunities that are now available within PNG. The world is continuing to see that PNG has the resources and capabilities in place to support major development initiatives.

The success of our economy to weather what eventually developed into the worst financial recession in more than half a century has been a genuine success story for our Nation and will continue to instill strong confidence moving forward.

PNG is clearly taking positive steps forward and we are now seeing the benefits of more than a decade of solid economic growth and sound fiscal policies. However the global events of the past 18 months have demonstrated a clear and genuine need for ongoing planning and economic management.

Whilst we should certainly reflect on, and feel proud of, our past achievements it is crucial that we do not rest on our laurels. The need for future planning is essential and, as a Nation, we must continue to look at implementing positive reforms and generating innovative avenues for ongoing growth and development.

By working together we can ensure a prosperous future for PNG for many years to come.

Syd Yates OBE
Kina Securities CEO

News in Brief

Government proposes new Visa

The National Government has announced plans to ease Visa restrictions on foreign skilled workers and technical specialists, which would allow them greater access to perform emergency repairs at project sites throughout PNG.

Acting Prime Minister Sir Puka Temu announced the proposed changes this week, reporting the National Executive Council has approved the creation of a new class of Visa to "remove impediments to economic growth and improve productivity in major resource projects."

The Visa, which will be known as the Restricted Employment Visa (REV), follows extensive consultation between the Department of Labour and Industrial Relations and the PNG Immigration and Citizenship Services as well as other key stakeholders including businesses and the public. Parliament will debate the amendments in its next sitting.

New Zealand visit delivers successful outcomes

PNG Prime Minister Sir Michael Somare has completed a successful three-day tour of New Zealand where he met with his counterpart Mr. John Key to discuss a range of pertinent issues impacting the region and their respective nations.

Sir Michael said that New Zealand was an important trading partner for PNG and the successful visit has confirmed the well-established relationship between the two Pacific nations. Currently PNG exports crude oil, coffee, timber and other wood products to New Zealand.

“New Zealand has been helping PNG over the years in agriculture, human resources development and defence cooperation. New Zealand’s support in providing scholarships for PNG’s women in agriculture and its recent facility of K3.7 million for smallholder farmers’ projects in for rural communities in PNG are much appreciated,” he said.

ANZAC Spirit commemorated in PNG

This week more than 250 people from Australia, New Zealand and Papua New Guinea joined together in mutual respect to commemorate and pay tribute to fallen soldiers at the Kokoda Track on ANZAC Day.

The Kokoda Track is steeped in history and has played a key role in defining the histories of our respective nations. More than 600 Australian soldiers were killed along the trail during World War II, and each year it continues to inspire thousands of people to visit PNG and experience the track as a reflective journey and tribute to the sacrifices made by previous generations.

Nation’s working together has been a significant part of the history of PNG and the celebrations of ANZAC Day on April 25 help us all remember the close ties we have with our close neighbours New Zealand and Australia.

Market Overview

Week Ending 21 April 2010				
Index	Close 21/04/2010	Weekly Change	Last Week 15/04/2010	2009 End 31/12/2009
KSi	6,480.00	-3.84	6,483.84	6,816.26
KSHi	7,907.94	3.64	7,904.30	8,580.09

For the week ending 21 April 2010 the Kina Securities Index (KSi) lost 3.84 points or 0.06 per cent to close at 6,480.00 points. In comparison the Kina Securities Home Index (KSHi) improved slightly, gaining 3.64 points or 0.05 per cent to end the week at 7,907.94 points.

The week’s volume of trade on the Port Moresby Stock Exchange (POMSoX) was a moderate 824,483 shares exchanged with a net worth of K667,092.27. During the week two stocks gained compared with three stocks which fell.

NBO increased 5t to close at 19.50 where as MGO surged 15t to close the week at 45t. Of the stocks which fell, HIG lost 14t to end at 66t, while OSH dropped 1t at K13.69. The other losing stock was CCP which dropped 1t to close at K1.59.

All other stocks remained unchanged.

News in Brief

U.K. unemployment rate reaches 14-year high

The United Kingdom's Office of Statistics has reported the number of people unemployed in the U.K. increased by 43,000 to 2.5 million during the three months to February 2010. The unemployment rate now stands at 8 per cent, the highest it has been since 1996.

The ONS figures have reported an increase in youth unemployment with approximately 929,000 16 to 24-year-olds out of work during the December to February period. This represents an increase of 4,000 when compared to the previous three months. Unemployment in the over-50 age category also increased by 7,000 to 396,000.

There was also an increase in the number of people classified as "economically inactive", which encompasses residents who are currently unemployed but not actively seeking work. This category increased by 110,000 to a record total of 8.16 million, or approximately 21.5 per cent of the population.

International airlines count the cost of delays

A new report has detailed the extent to which the international tourism and airline industry was financially impacted in the wake of the Icelandic volcanic eruption, with figures suggesting global airlines lost approximately US\$1.7 billion in revenue as a result of associated flight disruptions and cancellations.

The unprecedented closure of a large percentage of European airspace following the April 14 blast left millions of international travelers stranded after approximately 4,000 flights were cancelled due to safety concerns.

The International Air Transport Association (IATA) has reported that almost a third of all global flights were adversely impacted by the crisis which, at its peak, affected more than 1.2 million passengers each day. Many airlines across the world have now begun to recommence services after a temporary hold on flights over the impacted regions was lifted.

Treasury Bill Auction Results

WEEK ENDING: **23 April 2010**
AUCTION NUMBER : **TB10/04/4-23**
AUCTION DATE: **21 April 2010**
AMOUNT OFFERED ON AUCTION: **K50.000 million**

Terms	28 Days	63 Days	91 Days	182 Days	363 Days	Total
Weighted Average Rates (%)	0.00	0.00	7.00	5.92	6.67	
Amount on offer (Kina) million	0.000	0.000	0.000	20.000	30.000	50.000
Bids received (Kina) million	0.000	0.0000	0.000	57.200	44.500	101.700
Successful Bids (Kina) million	0.000	0.000	0.000	19.990	30.000	49.990
Overall Auction OVER-SUBSCRIBED by million	K51.70					

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

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