



Weekly Investment Update

Prices as at POM Close on Friday	14-Feb-14	% change for the:			
		Week	Month	YTD	
Domestic					
KSI Index	3,866.29	-0.1%	-0.1%	-0.1%	
KSI Home Index	8,109.15	-1.2%	-1.3%	-0.8%	
<i>POMSax shares (K/share) Arbitrage POMSax</i>					
Bank South Pacific	7.95	-0.3%	-0.5%	-0.4%	
Credit Corporation	2.60	0.0%	0.0%	4.0%	
City Pharmacy	1.95	0.0%	0.0%	-0.5%	
Kina Asset Management Limited	1.10	0.0%	0.0%	0.0%	
New Britain Palm Oil	13.55	14.50	-3.3%	-3.3%	-3.3%
Oil Search Limited	19.14	17.52	-0.1%	0.0%	-0.1%
Highlands Pacific Limited	0.14	0.21	0.0%	40.0%	5.0%
Marengo Mining Limited	0.03	0.15	7.1%	0.0%	-6.3%
Newcrest Mining Limited	25.42	30.00	0.0%	0.0%	0.0%
Australia					
S&P/ASX 200	5,356.30	3.7%	0.9%	0.1%	
S&P/ASX 50	5,522.80	3.6%	0.8%	-0.1%	
USA*					
DJIA	16,027.59	1.5%	-2.6%	-3.3%	
S&P 500	1,829.83	1.8%	-0.5%	-1.0%	
NASDAQ	4,240.67	2.8%	1.0%	1.5%	
Europe*					
FTSE	6,659.42	1.3%	-2.5%	-1.3%	
DAX	9,596.77	3.2%	-1.5%	0.5%	
CAC 40	4,312.80	2.0%	-0.3%	0.4%	
Asia*					
Nikkei	14,664.95	1.4%	-6.8%	-10.0%	
Hang Seng	22,291.16	3.0%	-3.6%	-4.1%	
Shanghai	2,109.96	3.8%	5.2%	0.6%	
Commodities*					
Light Crude (WTI)	100.24	0.4%	6.2%	1.8%	
Brent Crude	108.73	-0.8%	2.1%	-1.9%	
Gold	1,300.40	2.7%	3.9%	8.2%	
Currencies*					
PGK/USD	0.3908	-0.2%	-1.4%	-1.6%	
PGK/AUD	0.4347	-0.6%	-3.7%	-2.8%	
AUD/USD	0.8991	0.4%	2.4%	1.2%	
USD/JPY	101.853	-0.7%	-2.3%	-3.3%	
EUR/USD	1.3700	0.6%	1.3%	-0.4%	
GBP/USD	1.6663	1.6%	1.5%	0.6%	
Ten year Government Bond yields*					
United States	2.72%	0.03%	-0.10%	-0.31%	
Australia	4.14%	0.01%	0.04%	-0.10%	
Japan	0.60%	-0.02%	-0.08%	-0.14%	
PNG	9.39%	0.00%	0.22%	0.22%	

* Reported as at POM close Friday; Hence North American and European markets Thursday night close.



LOCAL:

- A new double tax deal between New Zealand and Papua New Guinea is in force, NZ Revenue Minister Todd McClay announced. Double tax agreements help encourage growth and promote cross-border trade by preventing businesses and individuals from being taxed twice on income earned in the other country.
- The Autonomous Region of Bougainville Government (ABG) has reinforced its commitment to support negotiations regarding the reopening of the Panguna mine.
- The Independent Consumer and Competition Commission (ICCC) has expressed concern that there may be significant competition issues with Oil Search (OSH) proposal to acquire a 19.3% stake in PRL 15 - the Elk and Antelope gas field development project from Total SA. OSH also has a 29% interest in the PNG LNG project. ICCC was concerned that this proposed involvement by OSH in PRL 15 may substantially lessen competition.
- ICCC Commissioner and chief executive Dr Billy Manoka urged all fuel suppliers and retailers to set their prices within January's retail price level. Meanwhile, he said retail prices of petrol, diesel and kerosene in Port Moresby have decreased this month.
- NEW Guinea Energy Ltd (NGE) will sell 50% of its interest in petroleum prospecting licence (PPL) 269 for up to US\$40 million (K96.8 million) to Santos Ltd. PPL 269 occupied an area of 8,995sqkm in Western Province, which spanned both foreland and foldbelt structural terrains. NGE announced yesterday the company and its wholly-owned subsidiary, Kirkland Ltd (Kirkland) had signed a deal with a subsidiary of Santos, Barracuda Ltd (Santos).
- Newcrest Mining Limited (NCM) reported statutory profit of A\$40 million. Total revenue was \$2,016 (up 12% to compared to \$1,805 and \$211 for the previously corresponding period of 2012 and 2011 respectively). Full year production guidance is maintained for both gold & copper with gold production expected to be on the top end of guidance range of 2.3 million once subject to market and operating condition.
- Both KSI and KSI Home Index were down 0.1% and 1.2% for the week at 3,688.29 and 8,109.15 respectively.

INTERNATIONAL:

- US retail sales fell by a surprising 0.4% in January after a 0.1% fall in December. Core sales (excluding automobiles, gasoline, building materials, and food services) fell 0.3%. US initial jobless claims rose by 8,000 to 339,000 last week. US business inventories rose by 0.5% in December after rising by 0.4% in November. Analysts believe that the current level of inventory is unsustainable and it is likely that businesses will ease production to work through current stocks over the March quarter. Business sales rose by 0.1% in December.
- China's imports of crude oil, iron ore and copper hit record highs in January, though some of the unexpected strength was put down to stockpiling ahead of the Lunar New Year holidays rather than underlying strength in consumption.
- Rio Tinto (RIO) has surprised investors with a better than expected profit and dividend in its full year results presentation. RIO announced a dividend of \$US1.92 after reporting underlying earnings of \$US10.2 billion for 2013. The dividend announced on Thursday is 15 per cent better than the \$US1.67 that was returned to shareholders last year.
- The Commonwealth Bank of Australia has delivered a record half year profit of \$4.27 billion and rewarded shareholders with a higher dividend, as it reaps the benefits of a benign economic environment for banks.
- Gold headed for the biggest weekly advance since October as U.S. economic data trailed estimates coupled with expected inflation from China have increased haven demand, with holdings in the biggest exchange-traded product expanding to a two-month high. (refer to graph).
- During the week the Kina depreciated against the AUD by 0.2% to 0.4347 and against USD by 0.6% to 0.3908.

Sources: FT, Economist, Bloomberg, Reuters, Post Courier, The National, Sydney Morning Herald, BPNG Quarterly Economic Bulletin, WSJ, The Age.

IMPORTANT NOTICE—PLEASE READ

Kina Funds Management Limited (KFM) and/or Kina Group of Companies (Kina Group) seeks to do business with Companies mentioned in research reports. Accordingly, KFM and/or Kina Group employees and/or directors may have a conflict of interest. Investors should be aware of this potential for conflicts of interest, and should consider KFM and/or Kina Group research reports as just one aspect of their investment decisions.

Please also read General Disclosure & Conflicts Disclosure.

