



## Weekly Investment Update

Prices as at POM Close on Friday	17-Apr-14	% change for the:			
		Week	Month	YTD	
<b>Domestic</b>					
KSi Index	3,646.14	0.1%	0.8%	-5.8%	
KSi Home Index	8,158.39	0.3%	1.6%	-0.2%	
<i>POMSax shares (K/share) Arbitrage POMSax</i>					
Bank South Pacific	7.78	0.0%	0.4%	-2.5%	
Credit Corporation	2.70	0.0%	0.0%	8.0%	
City Pharmacy	1.90	-2.1%	-2.6%	-3.1%	
Kina Asset Management Limited	1.05	-1.9%	0.0%	-4.5%	
New Britain Palm Oil	18.60	15.20	1.3%	4.8%	1.3%
Oil Search Limited	22.41	17.86	0.3%	1.4%	1.9%
Highlands Pacific Limited	0.16	0.20	-4.8%	0.0%	0.0%
Marengo Mining Limited	0.03	0.13	-7.1%	-18.8%	-18.8%
Newcrest Mining Limited	26.54	25.00	0.0%	0.0%	-16.7%
<b>Australia</b>					
S&P/ASX 200	5,451.10	-0.5%	3.0%	1.8%	
S&P/ASX 50	5,621.30	-0.5%	3.3%	1.7%	
<b>USA*</b>					
DJIA	16,424.85	1.6%	0.6%	-0.9%	
S&P 500	1,862.31	1.6%	-0.5%	0.8%	
NASDAQ	4,086.23	0.8%	-5.4%	-2.2%	
<b>Europe*</b>					
FTSE	6,584.17	-0.9%	0.6%	-2.4%	
DAX	9,317.82	-1.4%	0.2%	-2.5%	
CAC 40	4,405.66	-0.2%	1.8%	2.6%	
<b>Asia*</b>					
Nikkei	14,417.68	0.8%	1.4%	-11.5%	
Hang Seng	22,768.52	-1.8%	7.5%	-2.0%	
Shanghai	2,101.60	-0.2%	4.0%	0.2%	
<b>Commodities*</b>					
Light Crude (WTI)	103.76	0.4%	4.4%	5.4%	
Brent Crude	109.71	2.1%	3.3%	-1.0%	
Gold	1,303.50	-1.2%	-2.0%	8.4%	
<b>Currencies*</b>					
PGK/USD	0.3612	0.8%	-3.0%	-9.1%	
PGK/AUD	0.3855	1.2%	-6.5%	-13.8%	
AUD/USD	0.9369	-0.4%	3.7%	5.4%	
USD/JPY	102.250	0.8%	-0.2%	-2.9%	
EUR/USD	1.3816	-0.5%	0.3%	0.4%	
GBP/USD	1.6797	0.1%	1.8%	1.4%	
<b>Ten year Government Bond yields*</b>					
United States	2.64%	-0.01%	-0.14%	-0.39%	
Australia	4.01%	-0.04%	-0.14%	-0.23%	
Japan	0.61%	0.00%	0.01%	-0.13%	
PNG	11.05%	0.00%	0.22%	1.88%	

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

### LOCAL:

- Kina Asset Management Ltd has built on its record profit for 2013 with an investment income of K5.1m representing a return of 10.3% for the first quarter of 2014. KAM's portfolio has risen to K55.1m. A company record NTA of K1.17 was recorded as at the end of March 2014.
- Oil Search Limited (OSH) declared a US\$205.7 million (K568 million) net profit after tax in the 2013 financial year, an increase of 17% from 2012. OSH CEO Botten stated that the strong financial performance in 2013 was driven by solid production in conjunction with prudent cost control.
- Oil Search Limited's CEO emphasised that the Papua New Guinean Government will continue to be a major shareholder in Oil Search Limited. He stated that the purchase of the interest in Petroleum Retention License (PRL) 15 was funded by the issue of 149.4 million new shares to the State.
- Mining company Highlands Pacific Limited has regained 100% control of a copper-gold tenement in Papua New Guinea following the expiry of a decade-old option agreement with Glencore Xstrata. The Nong River licence was part of an agreement with Xstrata Frieda River, a Glencore Xstrata subsidiary. Glencore could have secured a 72% interest in the tenement had it exercised its option and delivered a feasibility study by early 2019. The deal expired on Monday (14/04/14).
- The National Cabinet has approved the US\$300 million (K829 million) development of the Stanley gas-condensate field in Western Province. Petroleum and Energy Minister Nixon Duban has told the project operator, Horizon Oil, the National Executive Council has approved the signing of a gas agreement with Horizon and its partners. Cabinet has also approved a benefit sharing arrangements among the local landowners, according to a statement by Horizon's CFO, Michael Sheridan.
- PNG Treasurer Patrick Pruaitch announced this week that the Provisional 2013 Final Budget Outcome (FBO) was a deficit of K3.023 billion, which is a deficit of 8.7% of GDP. This is larger than the projected deficit of K2.737 billion. Deficit Financing was done through domestic sources. Domestic issuance at K6,914.6 in 2013 comprised K5,498.9m Treasury bills and K1,415.7m Inscribed Stock. Total Public Debt at the end of 2013 stands at K11,880.3m, an increase from 2012 of K3,010.5m.
- The April Government Inscribed Stock (GIS) Auction offered total amount of K200 million. The Weighted average rates (WAR) for 10 year, 13 year and 17 year bonds were 11.05%, 12.01% and 13.21% respectively. Overall there was oversubscription of bids of K50.7 million.
- The PNG Superannuation industry has recorded increased growth in the last 5-6 years. Total Assets of authorised super funds were K8.3 billion as at the end of December of 2013.
- The KSi Index closed the week slightly by 0.1% higher on 3,646.14 while the KSi Home Index also closed the week higher at 8,158.39 a gain of 0.3%.

### INTERNATIONAL:

- The Australian share market closed higher this week and gaining ground following better than expected growth figures from China. China released during the week their first quarter GDP figures with a growth rate of 7.4% coming in slightly above expectations, below both the 7.7% annual growth posted the previous quarter and the central government's official annual target of "about" 7.5% growth. However the official figures narrowly beat consensus forecasts of 7.3%.
- Federal Reserve Chair Janet Yellen stated on Wednesday (16/04/14) that the US economy appeared to be slowly moving toward full employment, but that it would need help from the central bank for some time to come.
- To end the week the PGK appreciated against the USD and AUD by 0.8% and 1.2% respectively. Whilst the AUD depreciated by 0.4% against the USD.
- In world oil prices the Brent crude rose by 2.1% to US\$109.71 a barrel while Light crude had a slight gain of 0.4% to US\$103.76.

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



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