



Weekly Investment Update

Prices as at POM Close on Friday	20-Jun-14	% change for the:		
		Week	Month	YTD
Domestic				
KSi Index	3,679.69	-0.1%	0.2%	-5.0%
KSi Home Index	7,762.55	-2.0%	-4.2%	-5.1%
<i>POMS</i> shares (K/share) Arbitrage POMS				
Bank South Pacific	7.11	-3.9%	-7.7%	-10.9%
Credit Corporation	2.70	0.0%	0.0%	8.0%
City Pharmacy	1.80	-1.1%	-7.7%	-8.2%
Kina Asset Management Limited	1.07	0.0%	0.0%	-2.7%
New Britain Palm Oil	18.00	15.05	0.0%	0.3%
Oil Search Limited	22.43	19.10	0.5%	4.9%
Highlands Pacific Limited	0.12	0.17	-15.0%	-15.0%
Marengo Mining Limited	0.03	0.11	-8.3%	-31.3%
Newcrest Mining Limited	24.69	24.00	0.0%	-4.0%
Australia				
S&P/ASX 200	5,419.50	0.3%	-1.3%	1.3%
S&P/ASX 50	5,584.60	0.1%	-1.5%	1.0%
USA*				
DJIA	16,921.46	0.9%	1.9%	2.1%
S&P 500	1,959.48	1.2%	3.1%	6.0%
NASDAQ	4,359.33	1.1%	4.1%	4.4%
Europe*				
FTSE	6,808.11	0.4%	-0.1%	0.9%
DAX	10,004.00	0.9%	2.4%	4.7%
CAC 40	4,563.04	0.4%	1.6%	6.2%
Asia*				
Nikkei	15,361.16	1.7%	6.2%	-5.7%
Hang Seng	23,216.38	-0.4%	1.1%	-0.1%
Shanghai	2,055.52	0.2%	1.7%	-2.0%
Commodities*				
Light Crude (WTI)	106.68	-0.2%	2.2%	8.4%
Brent Crude	115.06	2.3%	4.1%	3.8%
Gold	1,322.30	3.8%	2.4%	10.0%
Currencies*				
PGK/USD	0.4119	-0.2%	17.2%	3.7%
PGK/AUD	0.4379	-0.3%	15.4%	-2.0%
AUD/USD	0.9405	0.0%	1.6%	5.8%
USD/JPY	101.930	-0.1%	0.3%	-3.2%
EUR/USD	1.3619	0.6%	-0.4%	-1.0%
GBP/USD	1.7047	0.4%	0.8%	2.9%
Ten year Government Bond yields*				
United States	2.63%	0.02%	0.09%	-0.40%
Australia	3.69%	-0.09%	-0.09%	-0.55%
Japan	0.59%	-0.02%	0.00%	-0.15%
PNG	13.96%	0.00%	1.13%	4.79%

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

DOMESTIC:

- Papua New Guinea (PNG) Justice Minister and Attorney –General, Kerenga Kua was sacked this week, adding to the turmoil that Prime Minister Peter O'Neill's government is embroiled in. The week saw arrest warrants served against the PM in relation questionable payments allegedly authorised by him to Paraka Lawyers late last year. The warrant was subsequently stayed by the courts following an endorsement by the newly appointed Acting Police Commissioner Jeffery Vaki, who in turn was arrested for perverting the course of justice. The week also saw the Task Force Sweep, a multi departmental committee to investigate corruption, disbanded and its head, Sam Koim sacked from his duties.
- InterOil Corporation has finalised a US\$300 million (K814 million) loan, which will be use to further explore the Eastern Papua Basin of Papua New Guinea. The new loan means InterOil has US\$500 million in cash, undrawn debt and working capital, maturing the end of 2015, will help further its expansion plans and has been drawn through a syndicate of InterOil's current lenders. (refer graph below)
- Speaking at a PNG Computer Society event on Tuesday, the chairman of bemobile Mr Andrew Johnson said they are keen on getting back its market share from Digicel despite a rocky past and the company was on the path to achieving that with its dedicated team.
- New Britain Palm Oil Limited, addressed recent speculation regarding a possible disposal by its major shareholder, Kulim (Malaysia) Berhad, of all or part of its 48.9% stake in the Company. The Board was unable to comment on the status of discussions (if any) between Kulim and any other parties.
- Kina Asset Management Limited announced during the week a 4 toea dividend and held its AGM on today. All resolution were passed.
- This weeks BPNG auctions in Government Inscribed Stock (GIS) was over subscribed by K102.9 million with an increase in the weighted average yield rates from last months auctions; 3 year paper increased to 7.6%, 6 year to 12.3%, 10 years, to 13.9%, 13 years to 14.33% and 17 years to 15.1%.
- Over the week, PGK/AUD exchange rate ended the week 0.3% lower, settling at 0.4119 while PGK/USD exchange rate also closed lower by 0.2% at 0.4119 for the week.
- Both the KSi Index and the KSi Home Index closed the week marginally lower by 0.1% to 3,679.69 and 2.0% to 7,762.55

INTERNATIONAL:

- European stock markets closed higher after the US Federal Reserve signalled they were in no hurry to raise interest rates.
- Japanese stocks rose, with the Nikkei Stock Average closing at a four month high, as investors took comfort in the US Federal Reserve's stated commitment to low interest rates.
- Global oil prices climbed to a new nine month high in a seventh straight session of gains after the US President emphasized he wouldn't send US forces to Iraq.
- On commodities, Gold was up 13.8% to U\$1,322.30 and Brent Crude was up by 2.3%, while Light Crude down 0.2% to U\$106.68.

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



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