



Weekly Investment Update

Prices as at POM Close on Friday	24-Apr-15	% change for the:		
		Week	Month	YTD
Domestic				
KSI Index	3,861.04	0.0%	8.6%	10.4%
KSI Home Index	9,748.03	0.0%	0.0%	2.0%
<i>POMSax shares (K/share) Arbitrage POMSax</i>				
Bank South Pacific	7.40	0.0%	0.5%	3.6%
Credit Corporation	2.55	0.0%	-1.9%	-1.9%
City Pharmacy	1.45	0.0%	3.6%	0.7%
Kina Asset Management Limited	1.00	0.0%	0.0%	0.0%
Oil Search Limited	17.36	16.50	0.0%	3.1%
Highlands Pacific Limited	0.19	0.16	0.0%	14.3%
Marengo Mining Limited	0.01	0.04	0.0%	0.0%
Newcrest Mining Limited	29.99	30.00	0.0%	20.0%
Australia				
S&P/ASX 200	5,926.00	0.8%	0.1%	9.5%
S&P/ASX 50	6,088.50	0.8%	0.0%	9.4%
USA*				
DJIA	18,058.69	1.3%	2.0%	1.3%
S&P 500	2,112.93	1.5%	2.5%	2.6%
NASDAQ	5,056.06	2.5%	3.4%	6.8%
Europe*				
FTSE	7,053.67	0.8%	2.9%	7.4%
DAX	11,723.58	0.3%	-1.2%	19.6%
CAC 40	5,178.91	0.7%	2.9%	21.2%
Asia*				
Nikkei	20,028.60	1.9%	3.9%	14.8%
Hang Seng	27,625.93	-0.1%	12.8%	17.0%
Shanghai	4,340.96	1.3%	17.6%	34.2%
Commodities*				
Light Crude (WTI)	57.42	2.3%	17.5%	7.8%
Brent Crude	64.57	1.8%	14.5%	12.6%
Gold	1,190.40	-1.2%	-0.8%	0.5%
Currencies*				
PGK/USD	0.3715	-0.3%	-0.8%	-4.2%
PGK/AUD	0.4775	0.1%	-1.2%	0.8%
AUD/USD	0.7778	-0.4%	0.5%	-5.0%
USD/JPY	119.532	0.5%	0.3%	-0.1%
EUR/USD	1.0807	0.1%	-0.8%	-11.1%
GBP/USD	1.5050	0.6%	1.0%	-3.3%
Ten year Government Bond yields*				
United States	1.96%	0.09%	0.00%	-0.23%
Australia	2.55%	0.18%	0.15%	-0.28%
Japan	0.30%	-0.01%	-0.08%	-0.03%
PNG	11.14%	0.00%	-0.05%	-0.75%

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



DOMESTIC:

- Treasurer Patrick Pruaitch raised concerns that start-up businesses were not given the opportunity to pay tax. Taxation Review Committee chairman Sir Nagora Bogan said that feedback received from their consultations suggested that improvements in the revenue administration needed to be a significant focus of any reform process, including the country's tax system
- The Sovereign Wealth Fund (SWF) must have a third function, according to former NRI director Dr Thomas Webster. he said a development fund should be established under SWF apart from the stabilisation and savings funds. The development fund would take into account major national infrastructure projects so as to address infrastructure development at a broader and national level. Treasury Secretary Dairi Vele said the structure of the stabilisation fund was adequate
- Funds for State-owned entities (SOEs) which have interests in extractive industry projects should all go into the Sovereign Wealth Fund (SWF) before distribution, according to the SWF technical team. Treasury Secretary Mr Dairi Vele said they had agreed to submissions recommending that SOE funds from projects should first be put into SWF and not go directly to the entities
- Japanese company Sojitz Corporation has guaranteed Papua New Guinea to benefit greatly from the methanol project that the company will be investing in. Project leader Mr Naotsugu Koinuma said that the project would generate an added value of US\$183.0m (K492.0m) by 2030 with thousands of Papua New Guineans to be employed. Mr Koinuma made the remark during signing of a memorandum of understanding with state entity, National Petroleum Company PNG (NPPC) for development of the project. This project will be under joint venture arrangement between NPPC and Sojitz
- Marengo Mining (Marengo) announced that the Australian Securities Exchange (ASX) approved its request for removal from the official list of the ASX. The removal of Marengo from the ASX was expected to occur at the close of trading on 02/06/15. The main reason being to move the company's primary listing to the Toronto Stock Exchange to provide the company better access to global equity markets, in particular North American markets
- The first export from the Gulf LNG project operated by French oil company Total SA is expected in 2021. Total SA and its partners InterOil and Oil Search plan to begin marketing around 6.8 million tonnes of LNG per year from the project mainly to buyers in China and Japan with the second LNG PNG Project to take advantage of numerous LNG contracts in North Asia by 2021
- Chief Secretary Manasupe Zurenuoc announced that a world class Hilton hotel would be built in Port Moresby before the Asia Pacific Economic Cooperation meeting in 2018. He said that the hotel would be venture between the land owners of Ok Tedi, Fly River provincial government and Petroleum Resource Kutubu
- Government Inscribed Stock auction were oversubscribed by K4.8m out of the K160.0m on offer. The Weighted average yields for the series 2018; 2020; 2022 and 2023 were 9.8%, 10.8%, 11.1% and 11.6% respectively
- This week's BPNG auctions in Treasury Bills were oversubscribed by K23.3m out of the K150.0m on offer. Weighted average yields remained flat at 4.7% for 182 days and 7.4% for 364 days from last week's auctions
- The KSI index ended week flat at 3,861.0 and the KSI Home Index also remained flat at 9,748.0

INTERNATIONAL:

- The Nasdaq Composite Index breached its all-time closing high for the first time in 15 years on Thursday, the latest push higher for the technology-heavy index that has pulled ahead of the broader market this year. From the previous week the NASDAQ climbed 2.5% to 5,056.1, SP 500 rose by 1.5% to 2,112.9 and DJIA also gained 1.3% to 18,058.7
- European markets lost some ground in response to figures showing that the region's economy slowed in April, coupled with lasting concerns over the future of Greece. During the week the DAX gained 0.3% to end the week at 11,723.6
- The Australian market responded positively to the hard rally in resources. S&P/ASX 200 rose by 0.8% in the week to 5,926.0 on the back of improving prices and sentiment among commodities
- Shares in Hong Kong slipped, after a reading showing manufacturing activity in China fell to a one-year low, indicating continued weakness in the economy. The Hang Seng slid by 0.1% during the week to 27,625.9 whilst the Nikkei gained 1.9% to 20,028.6 (see graph)
- US oil prices rose to their highest level of the year after a data provider reported crude-oil supplies fell at a key US storage hub. Resulting in Brent climbing 1.8% to US\$64.6 during the week
- Gold prices rose after weaker-than-expected US data encouraged investors to believe the Federal Reserve would put off raising interest rates for a while longer. However the price fell by 1.2% during the week to close at US\$1,190.4 per ounce
- PGK/USD lost 0.3% to 0.3715, while PGK/AUD appreciated by 0.1% to close at 0.4775

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Sources: FT, Economist, Bloomberg, Reuters, Post Courier, The National, Sydney Morning Herald, BPNG, WSI, Roubini Global Economics, The Age, PNGLoop.

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