



Weekly Investment Update

| Prices as at POM Close on Friday | 11-Sep-15 | % change for the: | | |
|---|-----------|-------------------|--------|--------|
| | | Week | Month | YTD |
| Domestic | | | | |
| KSIndex | 3,577.75 | 4.5% | 3.0% | 2.3% |
| KSHome Index | 9,695.08 | 1.5% | 1.9% | 1.5% |
| <i>POMSox shares (K/share) Arbitrage POMSox</i> | | | | |
| Bank South Pacific | 7.40 | 1.4% | 2.8% | 3.6% |
| Credit Corporation | 2.50 | 4.2% | 0.0% | -3.8% |
| City Pharmacy | 1.39 | -4.8% | -3.5% | -3.5% |
| Kina Asset Management Limited | 0.97 | -2.0% | -3.0% | -3.0% |
| Kina Securities Limited | 2.19 | 2.60 | 0.0% | 4.0% |
| Oil Search Limited | 14.81 | 15.99 | 10.3% | 6.6% |
| Highlands Pacific Limited | 0.15 | 0.25 | 0.0% | 0.0% |
| Marengo Mining Limited | 0.01 | 0.02 | 0.0% | 0.0% |
| Newcrest Mining Limited | 21.70 | 25.00 | 0.0% | 0.0% |
| Australia | | | | |
| S&P/ASX 200 | 5,071.10 | 0.6% | -5.3% | -6.3% |
| S&P/ASX 50 | 5,176.80 | 0.6% | -5.5% | -6.9% |
| USA* | | | | |
| DJIA | 16,330.40 | 1.4% | -6.6% | -8.4% |
| S&P 500 | 1,952.29 | 1.6% | -6.7% | -5.2% |
| NASDAQ | 4,796.25 | 2.4% | -5.0% | 1.3% |
| Europe* | | | | |
| FTSE | 6,155.81 | 1.9% | -6.0% | -6.2% |
| DAX | 10,210.44 | 1.7% | -7.1% | 4.1% |
| CAC 40 | 4,596.53 | 1.6% | -7.3% | 7.6% |
| Asia* | | | | |
| Nikkei | 18,264.22 | 2.7% | -11.0% | 4.7% |
| Hang Seng | 21,686.32 | 4.1% | -9.6% | -8.1% |
| Shanghai | 3,179.67 | 0.6% | -19.8% | -1.7% |
| Commodities* | | | | |
| Light Crude (WTI) | 45.26 | -1.7% | 6.5% | -15.0% |
| Brent Crude | 48.36 | -2.5% | -1.4% | -15.6% |
| Gold | 1,109.50 | -1.1% | -0.3% | -6.3% |
| Currencies* | | | | |
| PGK/USD | 0.3550 | -0.4% | -1.5% | -8.5% |
| PGK/AUD | 0.5032 | -2.3% | 2.9% | 6.3% |
| AUD/USD | 0.7053 | 1.9% | -4.3% | -13.9% |
| USD/JPY | 120.560 | 1.2% | -3.0% | 0.8% |
| EUR/USD | 1.1301 | 1.4% | 1.8% | -7.0% |
| GBP/USD | 1.5442 | 1.7% | -1.3% | -0.8% |
| Ten year Government Bond yields* | | | | |
| United States | 2.21% | 0.09% | 0.01% | 0.02% |
| Australia | 2.74% | 0.10% | -0.05% | -0.09% |
| Japan | 0.34% | -0.01% | -0.03% | 0.01% |
| PNG | 11.09% | 0.00% | 0.01% | -0.80% |

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

DOMESTIC:

- Treasury Secretary Mr Dairi Vele indicated that the Government will cut K1.6 billion in expenditure from its 2015 budget with potential further cuts of K1 billion, in response to falling commodity revenues. Mr Vele said a supplementary budget should be introduced in October, with deferred spending on some projects and reprioritising expenditure to areas such as health, education, law and order and infrastructure
- Bank of PNG Governor Hon Loi Bakani announced at the 2015 PNG Advantage Summit that he would review the central bank's trading band, implemented in June 2014. Governor Bakani said he expects the Kina to continue to devalue until the end of the year at a much slower pace, where it is then anticipated to stabilise
- Public Enterprise and State Investments Minister Hon Ben Micah has announced that Kumul Consolidated Holdings has now replaced the Independent Public Business Corporation and that the IPBC Act has been repealed by parliament and replaced with the Kumul Consolidated Holding Bills. He further announced that new Kumul Petroleum Bill which was also passed will replace the Petromin Act and enable the Kumul Petroleum Company to hold all state investments in the oil and gas sector
- PNG Ports Corporation has paid K8.5m, the final part of a total of K17.0m dividend for the financial year 2012 to its shareholder, Kumul Consolidated Holdings, formerly the Independent Public Business Corporation
- Mineral Resources Development Company (MRDC) and its subsidiaries will be opening its Pearl of the South Pacific Resort and Championship Golf course in Fiji this weekend. MRDC MD Mr Augustine Mano said that the project was one of the largest free-hold resort properties in Fiji and would impact the local economy. He added that the investment would signify PNG's economic growth status in Fiji and the Pacific. This follows the recent launching of the Star Mountain Plaza Hotel in Port Moresby last week
- In its first half year report, BSP recorded a consolidated operating profit after tax of K267.0m. This indicated an increase of 1.7% compared to K262.5m the corresponding period last year. Total Group assets also increased by approximately K755.0m to K16.6bn. During the period, the Group's revenues went slightly down to K795.7m on the comparative period due to the challenging economic condition and the reduced margins on foreign exchange for the comparative period
- Credit Corporation (CCP) reported a net profit after tax of K53.2m for the first half of this year, up 85.4% from the previous corresponding period, largely attributed to investment gains driven by the increase in the BSP shares price from K7.14 to K7.45. Chairman, Garth McIlwain stated that the Group will continue to maintain a conservative capital and a strong liquidity position
- Woodside Petroleum (WDL) has offered a proposal worth more than A\$13.0bn (K25.4bn) to merge with Oil Search (OSH) and acquire all its shares. The Australian petroleum firm yesterday provided OSH a confidential and non-binding proposal to merge through a scheme of arrangement under the PNG Companies Act of which under the proposal, WDL would acquire all OSH shares for a consideration of one of WDL share for every four OSH shares held. OSH confirmed that the proposal was subjected to several conditions and that there was no guarantee that a binding proposal would be agreed to between the parties. The share price closed 17.4% higher on the day (refer graph)
- This week's BPNG auctions in Treasury Bills were oversubscribed by K83.1m out of the K200.0m on offer. Weighted average yields were 2.3% for 91 days, 4.6% for 182 days and 7.4% for 364 days from this week's auctions
- Both the KSIndex and KSHome Index ended the week higher, up by 4.5% and 1.5% to close at 3,577.8 points and 9,659.1 points for the week

INTERNATIONAL:

- US data suggested the labor market was gaining momentum in early September as fewer Americans filed for weekly unemployment benefits. The DJIA was up 1.4% at 16,330.4, the S&P500 gained 1.6% to 1,952.3 and the Nasdaq Composite climbed 2.4% to 4,796.3
- Asian shares rose on Friday following gains on Wall Street, while the dollar firmed after facing pressure from a rise in the yuan, but gains were capped by uncertainty over whether the Federal Reserve will raise interest rates next week. Japanese stocks rallied after the Nikkei posted an historic rally on Wednesday. It closed the week 2.7% higher at 18,264.2 points higher
- The ASX has tracked the ups and downs of Chinese shares to end lower for the day in a topsy-turvy day of trade defined by a lack of conviction. The ASX 200 was up 0.6% for the week at 5,071.0 points. The All Ords also closed the week 0.6% higher at 5,096.0 points
- Crude oil prices dipped to end the week and is poised for a weekly fall after news that top oil exporter Saudi Arabia sees no need for a producer summit to defend prices, partly offsetting a strong rally in the previous session. Light Crude and Brent both closed the week 1.7% and 2.5% lower at US\$45.3 and US\$48.4 per barrel respectively
- PGK/USD closed for the week 0.4% lower at 0.3550, while PGK/AUD dropped 2.3% to close at 0.5032 for the week



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