



## Weekly Investment Update

Prices as at POM Close on Friday	18-Sep-15	% change for the:		
		Week	Month	YTD
<b>Domestic</b>				
KSi Index	3,573.55	-0.1%	5.8%	2.2%
KSi Home Index	9,529.95	-1.7%	-1.4%	-0.3%
<i>POMSox shares (K/share) Arbitrage POMSox</i>				
Bank South Pacific	7.30	-1.4%	-1.4%	2.2%
Credit Corporation	2.40	-4.0%	-2.0%	-7.7%
City Pharmacy	1.39	0.0%	0.0%	-3.5%
Kina Asset Management Limited	0.97	-1.0%	-3.0%	-3.0%
Kina Securities Limited	2.54	2.60	0.0%	4.0%
Oil Search Limited	15.36	16.00	0.1%	14.3%
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	25.85	25.00	0.0%	0.0%
<b>Australia</b>				
S&P/ASX 200	5,170.50	2.0%	-0.8%	-4.4%
S&P/ASX 50	5,279.30	2.0%	-1.0%	-5.1%
<b>USA*</b>				
DJIA	16,674.74	1.5%	1.3%	-6.4%
S&P 500	1,990.20	1.5%	1.0%	-3.3%
NASDAQ	4,893.95	1.5%	4.0%	3.3%
<b>Europe*</b>				
FTSE	6,186.99	1.1%	0.0%	-5.8%
DAX	10,229.58	1.0%	1.0%	4.3%
CAC 40	4,655.14	2.3%	0.5%	8.9%
<b>Asia*</b>				
Nikkei	18,070.21	-1.1%	-7.0%	3.5%
Hang Seng	21,864.18	1.7%	-2.4%	-7.4%
Shanghai	3,070.95	-4.0%	-12.5%	-5.1%
<b>Commodities*</b>				
Light Crude (WTI)	46.57	4.3%	15.1%	-12.6%
Brent Crude	48.95	1.7%	7.7%	-14.6%
Gold	1,129.40	2.4%	-2.6%	-4.6%
<b>Currencies*</b>				
PGK/USD	0.3520	-0.8%	-2.1%	-9.3%
PGK/AUD	0.4882	-2.6%	-0.9%	3.1%
AUD/USD	0.7209	1.7%	-1.2%	-12.0%
USD/JPY	119.860	-0.5%	-1.7%	0.2%
EUR/USD	1.1399	0.4%	0.1%	-6.2%
GBP/USD	1.5593	1.0%	-0.6%	0.2%
<b>Ten year Government Bond yields*</b>				
United States	2.18%	-0.01%	0.15%	-0.01%
Australia	2.78%	0.04%	0.19%	-0.05%
Japan	0.34%	0.00%	-0.02%	0.01%
PNG	11.13%	0.00%	0.04%	-0.76%

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



### DOMESTIC:

- Public Enterprise and State Investments Minister, Hon Ben Micah announced that the Cabinet has approved a policy which allows resource landowners to form partnerships with the Government on projects on their land
- According to information from a road show, about fifty-two liquefied natural gas cargo was exported in the first half of this year with more than 120 cargo to date since the PNG LNG Project start-up last year
- PNG's F\$85.0m (K106.0m) investment in a hotel resort in Fiji cements the country's existing ties with the Fijian Government, according to the Finance Minister Hon James Marape. The Pearl is owned by the Mineral Resources Development Company and its partners from Southern Highlands, Gulf and Western provinces
- Landowner companies from the Labu and Ahi villages of Lae have joined forces to create a new joint-venture company. The two companies, Labu Holdings Ltd and Ahi Holdings, have formed a new JV called Morobe International Terminal to bid for terminal management at the new Lae Port Tidal Basin
- ICCC says that it will establish a proper regulation of the rice industry following increased competition in the PNG rice market. CEO, Mr Paulus Ain confirmed that new importers had reduced the extent to which prices of rice products were regulated in the markets hence the need for proper controls
- The Board of Oil Search (OSH) has announced that Woodside's proposal to buy four OSH shares for every Woodside share, was rejected by its shareholders on the grounds that the proposal was highly opportunistic and that it grossly undervalued the company
- Woodside Petroleum is to meet with the PNG Government to consider whether to sweeten a US\$8.2bn bid for OSH. Some analyst are predicting that Exxon Mobil - the operator and largest shareholder in the PNG LNG Project - could emerge as a rival bidder
- Bank of South Pacific (BSP) reaffirmed its confidence and commitment to its acquisition of Westpac's banking operations in the Solomon Islands and Vanuatu, BSP Chairman Sir Kostas Constantinou announced to Port Moresby Stock Exchange this week. BSP said that it is working closely with the Central Bank of Solomon Islands (CBSI) and progress is positive. Sir Kostas has also noted that BSP remains confident of positive outcome acknowledging the CBSI Governor and Board of Directors for its careful consideration of BSP's application. BSP remains committed to the acquisition of Westpac's Vanuatu operations despite the rejection of its bid by the Reserve Bank of Vanuatu two months ago
- This week's BPNG auctions in Treasury Bills were oversubscribed by K33.6m out of the K200.0m on offer. Weighted average yields were 2.6% for 91 days, 4.6% for 182 days and 7.4% for 364 days from this week's auctions
- This week's GIS auctions in Government Inscribed Stock were undersubscribed by K102.0m out of K160.0m on offer. The weighted average yields for the series 2018, 2020, 2022 and 2023 were 9.8%, 10.9%, 11.1% and 11.6% respectively
- Both the KSi Index and KSi Home Index closed slightly lower for the week, down by 0.1% and 1.7% to close at 3,573.6 points and 9,529.9 points for the week

### INTERNATIONAL:

- The US Federal Reserve kept its policy interest rate unchanged, showing reluctance to an era of record monetary stimulus in a time of market turmoil, rising internal risks and slow inflation at home. Fed also said that global economic and financial developments may restrain economic activity somewhat and are likely to put further downward pressure on inflation in the near term
- The yield on the benchmark US Government 10-year bond staged a 10.37 basis drop to 2.2%. In performance terms, that's a 4.5% fall, which is the biggest fall in yields since June 29, and the sixth-biggest move this year. Australian bonds have followed suit in Asia today, with the benchmark government 10-year yield dropping 9.8 basis points to 2.8%
- Australia's S&P/ASX 200 is up 0.8% to close the week
- Emerging market equities rose to one-month highs on Friday, leading a broad rally caused by the Federal Reserve's decision to keep US interest rates unchanged. MSCI's broadest emerging market index was 0.6% higher and was on track for the biggest weekly rise since early April, with 3.7 % gains. Emerging Asian shares rallied 1.0%
- Gold was trading near its highest in a week on Thursday, adding to overnight gains from its biggest jump in nearly a month, as sluggish US inflation data eased fears the US Fed would hike interest rates later this session. Spot gold had ticked up 0.1% to US\$1,120.6 an ounce, near a one-week high of US\$1,124.3 reached in the previous session (see graph)
- Oil markets were weaker on Friday as fresh signs that OPEC will continue to value market share over prices outweighed expectations of a lift when the United States kept interest rates at historic lows. The oil market is likely to balance itself but that this would take time, indicating support for the group's policy of defending market share despite falling prices
- PGK/USD closed for the week 0.8% lower at 0.3520, while PGK/AUD dropped 2.6% to close at 0.4882 for the week; USD slips further, to three week low after the US Fed kept monetary policy unchanged and the pressure is not letting up

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