

13 May 2016

Prices as at POM Close on Friday	13-May-16	% change for the:			
		Week	Month	YTD	
Domestic					
KSI Index	4,306.72	3.6%	4.9%	26.0%	
KSI Home Index	9,052.98	-0.7%	-1.5%	-5.7%	
<i>POMSox shares (K/share) Arbitrage POMSox</i>					
Bank South Pacific	7.50	0.0%	0.0%	0.0%	
Credit Corporation	1.60	-5.3%	-11.1%	-28.9%	
City Pharmacy	1.29	0.0%	0.0%	-3.0%	
Kina Asset Management Limited	0.97	0.0%	-1.0%	14.1%	
Kina Securities Limited	2.08	2.25	-0.4%	2.3%	-15.1%
Oil Search Limited	15.51	17.00	0.0%	13.3%	20.9%
Highlands Pacific Limited	0.18	0.25	0.0%	25.0%	25.0%
Newcrest Mining Limited	47.99	38.00	8.6%	0.0%	46.2%
Australia					
S&P/ASX 200	5,329.00	0.7%	3.3%	0.6%	
S&P/ASX 50	5,313.80	0.6%	3.1%	-0.6%	
USA*					
DJIA	17,720.50	-0.1%	-1.0%	0.7%	
S&P 500	2,064.11	0.3%	-0.8%	0.0%	
NASDAQ	4,737.33	0.0%	-4.1%	-6.5%	
Europe*					
FTSE	6,104.19	-0.4%	-3.8%	-2.7%	
DAX	9,862.12	-0.1%	-1.9%	-8.2%	
CAC 40	4,293.27	-0.2%	-4.5%	-8.2%	
Asia*					
Nikkei	16,425.22	2.0%	-2.5%	-13.7%	
Hang Seng	19,670.65	-2.2%	-7.7%	-10.2%	
Shanghai	2,829.04	-2.9%	-8.1%	-20.3%	
Commodities*					
Light Crude (WTI)	46.30	3.7%	14.7%	26.3%	
Brent Crude	47.79	5.3%	10.9%	30.6%	
Gold	1,276.10	-1.4%	3.4%	20.2%	
Currencies*					
PGK/USD	0.3160	-0.7%	-1.1%	-5.0%	
PGK/AUD	0.4334	0.3%	4.7%	-4.8%	
AUD/USD	0.7290	-1.0%	-5.6%	-0.2%	
USD/JPY	108.640	1.4%	-0.1%	-9.8%	
EUR/USD	1.1358	-0.4%	0.7%	3.9%	
GBP/USD	1.4425	0.0%	1.6%	-2.7%	
Ten year Government Bond yields*					
United States	1.73%	-0.05%	-0.02%	-0.57%	
Australia	2.28%	-0.01%	-0.28%	-0.60%	
Japan	-0.11%	0.01%	0.01%	-0.37%	
PNG	12.03%	0.00%	0.03%	0.87%	

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

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**Domestic**

- Minister for Trade, Commerce and Industry Richard Maru is set to put to Parliament the Franchise Act and the Reserve List Act in 2016. The new acts are aimed at encouraging the growth of local Small to Medium Enterprises (SME). The Franchise Act stipulates that franchises may be foreign owned however, the operation of successive outlets is to be limited to locals. Under the Reserve List, all businesses that generate revenues under a K10.0m threshold are to be localized; given to locals within 3 years
- Following the commencement of the Personal Property Security Act and the launch of the Online Registry, lenders may view pledged assets to verify that it has not been pledged against other debt, and repossess upon default from borrowers. The deliverance of the system and the Act was led by the Department of Treasury and the Asian Development Bank's Pacific Private Sector Development Initiative
- Lae Chamber of Commerce and Industry president Alan McLay said that many businesses in Lae are experiencing the effects of the shortage in foreign exchange in the country. He said domestically produced goods could come to a halt unless overseas payments are cleared to allow for the payment of components of the finished goods. Further he said in turn this would encourage the purchase of finished goods from abroad and affect domestic manufacturers
- Tuna Fisheries is projected to be the main player in the economic growth of pacific countries and could earn up to \$US344 million annually depending on the better management of tuna fisheries, according to new World Bank report released at a meeting of Forum Fisheries committee in Port Vila. The report also projected that Tuna Fisheries could create 15,000 jobs in the pacific region by 2040
- Innovative Agro Industry Limited (IAI PNG) is set to establish PNG's first dairy farm. IAI PNG's chairman and director Illan Weiss said the K90.0m project was funded through equity contributions from IAI, the State and the Central Provincial Government. Mr Weiss added that project aims to lower costs of dairy products which remain high in the absence of a dairy industry in the country. Further, he said the project's target market is the Central Province but will also include the Port Moresby market and is expected to commence soon
- City Pharmacy Limited (CPL: POMSoX) held their Annual General Meeting on Wednesday the 11th where they announced a dividend of 3 toea per share for the year 2015. Chairman of CPL Mahesh Patel said that the suppressed results were a result of the wane in consumer spending compounded by the loss of sales from the Waigani Central precinct which suffered fire damage earlier in the year. He said despite the circumstances the group was optimistic about the future with the opening of two new shops in Koki and Harbour City to support the envisaged growth prospects
- Oil Search Limited (OSH: POMSoX) remains well placed in the low oil price environment. Despite oversupply issues and a subsequent decline Oil and LNG prices the Company is still generating positive cash flows according to management. In their Annual General Meeting today the management said whilst the outlook for oil and LNG over the near to medium term is not overly optimistic, a comparably low cost of production, a focus on efficiency and continued investment in a strained operating environment will build-in future value for the company
- Australian tourists may again be able to receive Visas on Arrival after dwindling visitor numbers coerced a review of policy. Minister for Tourism Arts and Culture Tobias Kulang said that the policy was counterintuitive; inhibiting the growth of the tourism industry and he would table the decision to grant Visa's on Arrival at the next mid-session of parliament
- This week's BPNG auctions in Central Banks Bills were only offered for 28day maturities with an under-subscription of K9.3m out of a total of K340.9m on offer. The weighted average yield was 1.11%. Auctions in Treasury Bills were over-subscribed by K24.0m from a total offer amount of K148.2m. Weighted average yields were 4.74% for 182 days, 7.7% for 364 days over the same period
- The KSI closed 3.6% higher at 4,307 points on the back of an 8.6% gain in OSH on the POMSoX, whilst the KSHi dropped 0.7% to 9,053 points mainly due to decline of 5.3% in CCP. Year to date the KSI is up 26.0% led by gains in OSH and NCM, due to a recent recovery in global commodity prices while the KSHi declined 5.7%

International

- The Australian share market erased earlier weekly gains as mining stocks declined on the back of weakness in metals prices amidst a backdrop of declines in energy stocks, banks and consumer staples. The S&P/ASX 200 though holding ground, 0.7% firmer than the previous week
- Iron Ore closed the week lower despite an announcement by the Chinese Government of plans to increase infrastructure spending. The news only supported a momentary increase in price, with oversupply issues and continued global growth concerns weighing on price, pushing it lower
- Oil prices remain under pressure on renewed fears of oversupply despite the prevalence of supply disruptions. The price coming off the top observed in the past week, ending marginally stronger
- The Kina closed the week 0.7% lower against the USD whilst it gained 0.3% against the AUD

Sources: Asian Development Bank, Bloomberg, Reuters, Post Courier, The National, Sydney Morning Herald, BPNG, Oil Search Limited, City Pharmacy Limited

KINA FUNDS MANAGEMENT LIMITED TEAM

General Manager

Victor Shubin victor.shubin@kina.com.pg

Team Leader, Investment Analysis & Research

Raicie Guillermo raicie.guillermo@kina.com.pg

Acting - Team Leader, Portfolio Administration & Compliance

Mary Tamarua mary.tamarua@kina.com.pg

Projects Analysis

Noelyne Togs noelyne.togs@kina.com.pg

Risk Management

Michael Van Dorssen michael.vandorssen@kina.com.pg
Tangaloa Kema tangaloa.kema@kina.com.pg

Investment Analysis & Research

Charles Wama charles.wama@kina.com.pg
Lawrence M. Kote lawrence.kote@kina.com.pg
Mark Kanawi mark.kanawi@kina.com.pg
Meagan Namaliu meagan.namaliu@kina.com.pg

Portfolio Administration & Compliance

Mareta Moang mareta.moang@kina.com.pg
Dagu Hebore dagu.hebore@kina.com.pg
Daisy Yinguie daisy.yinguie@kina.com.pg
Edward Misiliu edward.misiliu@kina.com.pg
Stefan Nonggorr stefan.nonggorr@kina.com.pg

Administration Support

Kamate Rapilla kamate.rapilla@kina.com.pg

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