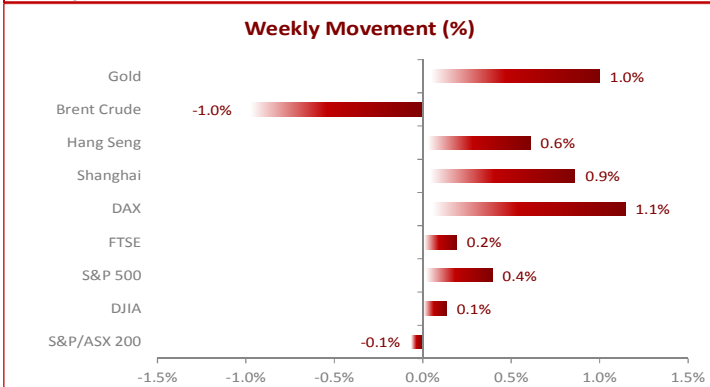


Prices as at POM Close on Friday	21-Oct-16	% change for the:			
		Week	Month	YTD	
<b>Domestic</b>					
KSI Index	4,812.67	1.0%	1.1%	40.8%	
KSI Home Index	10,648.95	0.1%	0.6%	10.9%	
<i>POMSox shares (K/share) Arbitrage POMSox</i>					
Bank South Pacific	8.97	0.1%	0.1%	19.6%	
Credit Corporation	1.90	0.0%	5.0%	-15.6%	
City Pharmacy	1.14	0.0%	-0.9%	-14.3%	
Kina Asset Management Limited	0.97	0.0%	0.0%	14.1%	
Kina Securities Limited	2.52	2.70	0.0%	0.0%	1.9%
Oil Search Limited	17.24	18.00	5.6%	5.9%	28.0%
Highlands Pacific Limited	0.14	0.18	0.0%	0.0%	-10.0%
Newcrest Mining Limited	53.50	45.00	-2.2%	-2.2%	73.1%
<b>Australia</b>					
S&P/ASX 200	5,430.32	-0.1%	0.0%	2.5%	
S&P/ASX 50	5,392.00	0.1%	0.6%	0.8%	
<b>USA*</b>					
DJIA	18,162.35	0.1%	-0.5%	3.2%	
S&P 500	2,141.34	0.4%	-1.1%	3.8%	
NASDAQ	5,241.83	0.5%	-1.2%	3.5%	
<b>Europe*</b>					
FTSE	7,026.90	0.2%	1.7%	12.0%	
DAX	10,701.39	1.1%	0.7%	-0.4%	
CAC 40	4,540.12	1.5%	1.1%	-2.9%	
<b>Asia*</b>					
Nikkei	17,184.59	1.9%	2.6%	-9.7%	
Hang Seng	23,374.40	0.6%	-1.3%	6.7%	
Shanghai	3,084.65	0.7%	1.7%	-13.1%	
<b>Commodities*</b>					
Light Crude (WTI)	50.58	0.5%	13.7%	37.9%	
Brent Crude	51.39	-1.1%	12.0%	40.4%	
Gold	1,264.30	0.7%	-5.8%	19.1%	
<b>Currencies*</b>					
PGK/USD	0.3155	0.0%	0.0%	-5.1%	
PGK/AUD	0.4131	-0.8%	0.0%	-9.3%	
AUD/USD	0.7644	0.9%	0.1%	4.7%	
USD/JPY	103.9300	-0.1%	3.0%	-13.7%	
EUR/USD	1.0907	-1.1%	-2.6%	-0.2%	
GBP/USD	1.2249	0.4%	-6.1%	-17.4%	
<b>Ten year Government Bond yields*</b>					
United States	1.75%	-0.05%	0.13%	-0.55%	
Australia	2.29%	0.02%	0.29%	-0.59%	
Japan	-0.06%	0.00%	-0.01%	-0.32%	
PNG	11.44%	0.00%	-0.04%	0.28%	

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

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Sources: Bloomberg, Reuters, Post Courier, The National, Loop PNG, Financial Times

## Domestic

- Mr Loi Bakani, Governor of the Bank of Papua New Guinea (BPNG) announced that all domestic lending in foreign currency will now be approved by BPNG in accordance with Regulation 6 of the Foreign Exchange Control Regulations which was released and issued on September 30, 2016. As per the directives, spot inflows would only be used to clear spot market orders and not for forwards or foreign currency finance loans. Mr Bakani, also reaffirmed that these directives would not affect the foreign exchange control regime
- Mr Dairi Vele, secretary for Treasury mentioned that the Government will remove tax holidays and concessions enjoyed by large companies in a plan to boost its revenue collection in 2017. He indicated that the targeted companies would include foreign firms in the petroleum and mining sector.
- The Coffee Industry Corporation (CIC) will engage over 15,000 households in the coffee rehabilitation project following a recent announcement of 19 new partnership agreements totalling to K32.2m. The project is aimed at improving coffee yield and quality which has declined over the years. Chief Executive Officer of CIC Mr Charles Dambui signed the 19 partnership agreements following approval of final call for submissions by Productive Partnerships in Agriculture Project (PPAP) board. PPAP is a CIC project through the Department of Agriculture & Livestock financed by a loan facility from World Bank and International Fund for Agricultural Development with support from PNG Government
- The PNG Institute of National Affairs has been working with its partners to support local agriculture farmers by promoting rural development and shared prosperity through effective partnerships in PNG. Paul Barker Executive Director of PNG Institute of National Affairs indicated that the agriculture sector needs a structure that can best suit the country
- Oil search has historically produced 7.6 million barrels of oil, which is the second highest quarterly production in Oil search history. Managing Director Peter Botten said the third quarter of 2016 was operationally strong for Oil Search despite low oil prices. He also stated that the company's cash balance increased from US\$780 million (K2.53b) to US\$939.0m (K3.04b) and net debt decreased from US\$3,304.0 m (K9.0m) to US\$3,145.0 m (K9.0m) due to no project finance facility principal payments to PNG LNG during the third quarter of operations
- Mr Botten further announced possible cooperation and integration of the next phase of the LNG development with Total and ExxonMobil. Oil Search believes there is sufficient gas resource in the Elk-Antelope and P'nyang gas fields to underpin possibly three trains if the planned appraisal and exploration drilling is successful
- InterOil Corporation has recently announced that the Court of the Yukon has accommodated an expedited hearing with respect to an appeal lodged by Mr Phil Mulacek regarding the transaction between InterOil and Exxon Mobil which is scheduled to be heard on October 31, 2016. InterOil reaffirmed that the transaction represents significant value for all InterOil shareholders and will strongly oppose Mr Mulacek's appeal
- This week's BPNG auctions in Central Banks Bills were offered for 28 days and 63 days only with an over-subscription of K57.0m out of a total of K403.0m on offer. The weighted average yields were 1.17% and 2.36%, respectively
- This week's BPNG auctions in Treasury Bills were offered for 91, 182 days and 364 days with an under-subscription of K71.08m out of K249.93m on offer indicating weak appetite for the short term securities. Weighted average yields were 2.6% for 91 days, 4.7% for 182 days and 7.7% for 364 days.
- Government Inscribed Stock auction was under-subscribed by K49.65m out of the K110.5m on offer. The Weighted average yields for the series 2019; 2021; 2025 and 2028 were 9.10%, 10.80%, 11.44% and 11.49% respectively
- The KSI Index rose 1.0% for the week to close at 4,812.67 points while the KSI Home Index was up by 0.1% to end at 10,648.95 supported by an increase in Bank South Pacific up by 0.1% to end at K8.97

## International

- The ECB left its monetary policy unchanged on Thursday but kept the door open to more stimulus in December, with ECB President Mario Draghi dousing recent market speculation that the central bank may begin tapering its 1.7 trillion euro asset-buying program
- The Dow Jones industrial average closed about 40 points lower, with Travelers Companies contributing the most losses. The S&P 500 held 0.14 % lower as telecommunications fell approximately 2.0%. The Nasdaq composite slipped 0.1%. The three major indexes alternated between gains and losses throughout the session
- Japan's Nikkei share average edged down in choppy trade on Friday, snapping a five-day winning streak while investors wait for major Japanese companies to report their mid-year results next week.
- PGK/USD remained unchanged for the week to end at .3155, PGK/AUD was down by 0.8% to close the week at .4131 caused by an appreciation in the AUD/USD up by 0.9% to close at 0.7644

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