

Prices as at POM Close on Friday	20-Jul-18	% change for the:			
		Week	Month	YTD	
Domestic					
KSi Index	5,274.42	0.2%	1.3%	-3.5%	
KSi Home Index	11,309.04	0.0%	1.6%	3.8%	
<i>POMSox shares (K/share) Arbitrage POMSox</i>					
Bank South Pacific	10.07	0.0%	1.7%	6.0%	
Credit Corporation	1.50	0.0%	1.4%	-9.1%	
City Pharmacy	0.60	0.0%	0.0%	-20.0%	
Kina Asset Management Limited	0.95	1.1%	1.1%	0.0%	
Kina Securities Limited	2.28	2.49	0.8%	0.8%	-0.4%
Oil Search Limited	21.10	19.60	0.5%	2.9%	8.8%
Highlands Pacific Limited	0.29	0.21	0.0%	5.0%	31.3%
Newcrest Mining Limited	48.95	50.00	0.0%	0.0%	-12.3%
Australia					
S&P/ASX 200	6,285.90	0.3%	1.0%	3.6%	
S&P/ASX 50	6,138.40	0.2%	1.2%	3.7%	
USA*					
DJIA	25,064.50	0.2%	2.0%	1.4%	
S&P 500	2,804.49	0.1%	1.8%	4.9%	
NASDAQ	7,825.30	0.0%	1.7%	13.4%	
Europe*					
FTSE	7,683.97	0.3%	0.0%	0.0%	
DAX	12,686.29	1.2%	0.8%	-1.8%	
CAC 40	5,417.07	-0.2%	0.6%	2.0%	
Asia*					
Nikkei	22,697.88	0.4%	0.8%	-0.3%	
Hang Seng	28,222.85	-1.1%	-3.8%	-5.7%	
Shanghai	2,836.21	0.2%	-1.9%	-14.2%	
Commodities*					
Light Crude (WTI)	69.65	-1.9%	1.6%	15.3%	
Brent Crude	72.92	-3.2%	-3.5%	9.0%	
Gold	1,222.20	-1.5%	-3.8%	-6.7%	
Currencies*					
PGK/USD	0.3030	0.0%	-0.5%	-2.1%	
PGK/AUD	0.4104	0.4%	-0.4%	3.5%	
AUD/USD	0.7383	-0.4%	-0.1%	-5.4%	
USD/JPY	112.3300	-0.2%	2.2%	-0.4%	
EUR/USD	1.1673	0.1%	0.4%	-2.3%	
GBP/USD	1.3033	-1.1%	-1.8%	-3.2%	
Ten year Government Bond yields*					
United States	2.84%	0.02%	-0.05%	0.44%	
Australia	2.62%	-0.01%	-0.03%	-0.01%	
Japan	0.04%	0.00%	0.00%	-0.01%	
PNG	10.48%	0.00%	0.00%	0.01%	

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

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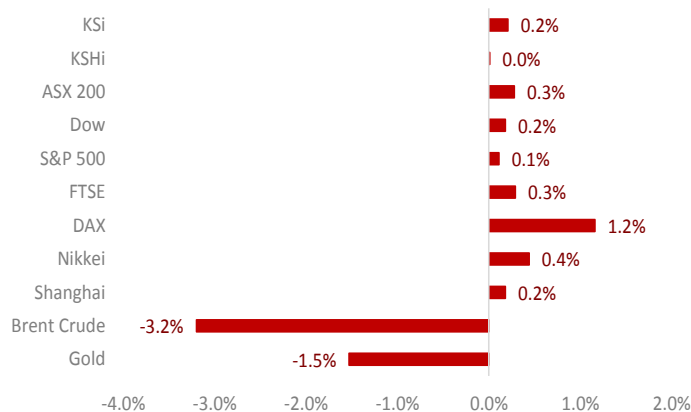
Domestic

- Deputy Prime Minister (PM) and Treasury Minister Hon. Charles Abel responded to questions raised by former PM Hon. Sir Mekere Morauta regarding foreign exchange (FX) issues. Mr Abel stated that this issue is related to the structural ways the country had established which contributed to the economic downturn resulting in issues like shortage in FX. The government is currently addressing how to allow change on the structural issues
- On the other hand, Hon. Mr Able highlighted that the benefit flows are starting to come through from the LNG project with the oil price sustaining at USD70 per barrel. The country is expecting a windfall of around K1.5bn in the National Government accounts as an additional returns. Mr Able further noted the economy would be picking up as the country move forward into an investment cycle and the economy would be progressing as the country move into early works in terms of PNG LNG expansion, the Papua LNG, and the Wafi Golpu project
- Minister for Communication, Information Technology and Energy, Hon. Sam Basil, mentioned during a development forum in Lae that the Wafi-Golpu gold and copper prospect in Bulolo, Morobe Province, is valued an estimated of K16.7bn (US\$5.0bn) and has over a 25-year lifespan. Mr Basil noted Wafi-Golpu Joint Venture would pour an initial capital investment of K8.8bn (US\$2.8b) over a 25 year life of the mine. Mr Basil further affirmed that the combined experiences and technical resources of the JV partners Harmony Gold Mining Company and Newcrest Mining would attract the capital investment which would have the potential for positive impact on the national economy
- Oil Search (OSH) announced that its second quarter production was higher than the first quarter which reflected the recommencement of the production following the February earthquake. PNG LNG Project performed strongly achieving an annualized production rate of 8.5 metric tonnes per annum (mtpa) over May and June, compared to 8.3 mtpa for the 2017 full year. Nevertheless, total revenue for the quarter declined 11.0% to US\$262.8m due to rebuilding of inventory, which was run down following the earthquake, and timing of shipments with three LNG cargoes on the water at the end of the quarter
- OSH further announced the expansion of its exploration portfolio in the onshore of Gulf Basin executed a firm into four highly prospective exploration licenses located adjacent to Elk-Antelope fields. The company is currently acquiring a seismic survey over those licenses as well as over Petroleum Retention License 15 to help define a number of attractive leads and prospects
- Additionally, OSH advised that the company has entered into a sale purchase agreement with PetroChina, who was an active buyer of spot LNG cargoes from PNG LNG. OSH's managing director, Peter Botten said that the first sale under the new agreement is expected to take place this week
- This week's BPNG auctions in Central Bank Bills were over-subscribed by K53.20m out of the total amount offered K250.30m. The weighted average yield for 28 days remain unchanged at 1.40% from the previous week
- This week's BPNG auctions in Treasury Bills were over-subscribed by K26.58m out of the total amount offered K120.90m. The weighted average yields for 182 days, 273 days and 364 days remain unchanged from the previous week at 4.73%, 6.76% and 8.05% respectively
- Both the KSi Index and KSi Home Index increased by 0.21% and 0.01% to end the week at 5,274.42 and 11,309.04 respectively. The increase was mainly attributed to the rise in share price of investment, banking and oil industry stock Kina Asset Management, Kina Securities and Oil Search. The stock closed the week at K0.95, K2.49 and K19.60

International

- The US labour market strengthened according to the latest jobs data released with unemployment claims dropping to a long-term lows in July. Other data showed that manufacturing activity in the US accelerated this month in light of a surge in factory orders. Despite positive news of improvement labour market conditions, the economic outlook for the US remains under pressure in light of ongoing global trade tensions.
- A rally in European stocks fizzled out on Thursday as poor results drove down advertising agency Publicis and a slide in metals prices dragged on the market. The European stock market closed higher with the FTSE at 0.30% to 7,683.97, DAX at 1.20% to 12,686.29 while the CAC 40 dropped by 0.20% at 5,417.07 for the week
- The Chinese policy debate on how to handle sluggish economic growth has gone deeper as analysts debating whether an amendment of fiscal policy and relaxing of financial regulations will assist in improving economic growth and minimize the impact of a trade war with United States. Latest data on credit growth indicated that bank lending was not improving attributed to lessening off-balance sheet lending
- Australian shares have closed higher on Friday, consolidating a week of gains as a rise in oil prices sent energy stocks higher. The Australian market closed higher with the S&P/ASX 200 at 0.30% at 6,285.90 and S&P/ASX 50 0.20% at 6,138.40

Weekly Movement (%)



Sources: Bloomberg, Reuters, Post Courier, Sydney Morning Herald, Loop PNG, POMSox Release

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