



Weekly Investment Update

| Prices as at POM Close on Friday | 23-May-14 | % change for the: | | |
|---|-----------|-------------------|--------|--------|
| | | Week | Month | YTD |
| Domestic | | | | |
| KSi Index | 3,673.45 | 0.4% | 0.5% | -5.1% |
| KSi Home Index | 8,106.84 | 0.3% | -0.3% | -0.8% |
| POMSox shares (K/share) | Arbitrage | POMSox | | |
| Bank South Pacific | 7.70 | 0.1% | -1.0% | -3.5% |
| Credit Corporation | 2.70 | 0.0% | 0.0% | 8.0% |
| City Pharmacy | 1.95 | 0.0% | 0.0% | -0.5% |
| Kina Asset Management Limited | 1.07 | 0.0% | 1.9% | -2.7% |
| New Britain Palm Oil | 20.30 | 15.10 | 0.7% | 0.7% |
| Oil Search Limited | 24.43 | 18.20 | 0.9% | 1.1% |
| Highlands Pacific Limited | 0.15 | 0.20 | 0.0% | 0.0% |
| Marengo Mining Limited | 0.03 | 0.12 | 0.0% | -7.7% |
| Newcrest Mining Limited | 27.12 | 25.00 | 0.0% | 0.0% |
| Australia | | | | |
| S&P/ASX 200 | 5,491.30 | 0.2% | -0.7% | 2.6% |
| S&P/ASX 50 | 5,669.20 | 0.2% | -0.6% | 2.6% |
| USA* | | | | |
| DJIA | 16,543.08 | 0.3% | 1.1% | -0.2% |
| S&P 500 | 1,892.49 | 0.8% | 1.6% | 2.4% |
| NASDAQ | 4,154.34 | 1.6% | 1.9% | -0.5% |
| Europe* | | | | |
| FTSE | 6,820.56 | -0.5% | 2.0% | 1.1% |
| DAX | 9,720.91 | 1.0% | 3.4% | 1.8% |
| CAC 40 | 4,478.21 | 0.5% | 0.8% | 4.2% |
| Asia* | | | | |
| Nikkei | 14,468.22 | 2.6% | 0.3% | -11.2% |
| Hang Seng | 22,960.63 | 1.1% | 3.3% | -1.2% |
| Shanghai | 2,021.29 | -0.2% | -1.7% | -3.6% |
| Commodities* | | | | |
| Light Crude (WTI) | 103.81 | 1.8% | 3.2% | 5.5% |
| Brent Crude | 110.38 | 0.6% | 0.7% | -0.4% |
| Gold | 1,294.80 | 0.1% | -0.5% | 7.7% |
| Currencies* | | | | |
| PGK/USD | 0.3516 | -0.3% | -1.6% | -11.5% |
| PGK/AUD | 0.3805 | 1.1% | -1.2% | -14.9% |
| AUD/USD | 0.9242 | -1.3% | -0.3% | 4.0% |
| USD/JPY | 101.625 | 0.1% | -0.5% | -3.5% |
| EUR/USD | 1.3647 | -0.4% | -1.4% | -0.8% |
| GBP/USD | 1.6874 | 0.3% | 0.4% | 1.8% |
| Ten year Government Bond yields* | | | | |
| United States | 2.55% | 0.03% | -0.12% | -0.48% |
| Australia | 3.81% | 0.08% | -0.13% | -0.43% |
| Japan | 0.60% | 0.01% | -0.02% | -0.14% |
| PNG | 12.83% | 0.00% | 1.78% | 3.66% |

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

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LOCAL:

- Autonomous Bougainville Government President Chief Dr John Momis announced that the re-opening of Panguna mine will largely depend on the wishes of land-owners and people of Bougainville. Landowners want BCL to return and develop the mine but they need to better organise themselves. If all is in order, the mine could re-open by early 2020 and ABG needs to have its own mining department and mining policy to monitor these operations.
- The Department of Petroleum and Energy Secretary said that Stanley Gas/condensation is the first gas project to be downstream processed. State has agreed with the developer, Horizon Oil to reserves 15% of gas for downstream processing to support production of petrochemicals and other projects such as generating electricity. InterOil has already committed to buy 4,000 barrels of condensate a day for its Napanapa refinery and also negotiation is underway to use the reserve for power generation in OK Tedi mine. The Project is worth K856m.
- Telikom PNG announced the appointment of new Chief Executive Officer Michael Donnelly. Mr Donnelly possess 30 years of experience in PNG in the engineering and legal profession. Telikom PNG Chairman Mahesh Patel expressed confidence in Mr Donnelly's vast experience.
- Malaysian company Felda Global Ventures Holdings Ltd (third largest Oil Palm Company) plans to acquire New Britain Palm Oil, according to a Malaysian newspaper. There is a strong speculation that the cash rich Felda Global Ventures Holdings Ltd plans to acquire major shares in NBPOL listed on LSE. Kulim Malaysia who holds 20% stake in the company attempted to increase its shareholdings to more than 68% but the quest was blocked by PNG Security Commission citing National Interests.
- Steamships Trading Company held its ninetieth Annual General Meeting on 20th May 2014 & the following resolutions were accepted: a) The Report and Accounts for the Financial Year ended 31 December 2013; b) W.I Rothey, Sir Michael R Bromely, KBE and James W J Huges-Hallet were re-appointed as directors; and c) Messrs PricewaterhouseCoopers were re-appointed as Auditors.
- Bank South Pacific held its Annual General Meeting today and all resolutions were accepted. The Group's 2014 Q1 profit after tax is K136m which is K9m above 2013 Q4 and the final dividend for 2013 is 46 toea. The price on the POMSox remained @ K7.70 (see graph)
- Kina Asset Management Limited announced an Annual General Meeting to be held on 20th June 2014. The company recorded a NTA of K1.18 at the end of April 2014.
- The Bank of PNG's GIS results for 2017/2015 and 2031 were 6.88% and 13.21% respectively.
- The bids in the Bank of PNG's Central Bank Bills and Treasury Bills Auctions were oversubscribed. The weighted average yield (WAY) for 182 and 364 day Treasury Bills were 3.76% and 6.06% respectively.
- The KSi Index closed the week marginally up to 3,672.41. The KSi Home Index closed the week at 8,088.74.

INTERNATIONAL:

- US Stocks closed with uncertain gains as investors absorbed recent market changes following an improved overall economic reading on the US economic growth.
- European stocks edged higher, with investors evaluating signs that Chinese growth is stabilizing against irregular business activities in the euro-zone.
- Asian markets improved with slight gains, following an upbeat in China's manufacturing sector easing fears over the health of the Chinese economy.
- After negotiating for 15 years, China and Russia appear to have finally struck a deal to get into the natural gas business together and build a pipeline linking the two countries. Under the terms of the 30-year pact, China will secure the natural gas it needs to fuel its economy (and help clean its air), while Russia gets to diversify away from its testy relationship with Europe. Chances are that Russia won't ever have to worry about being sanctioned by China.

Sources: FT, Economist, Bloomberg, Reuters, Post Courier, The National, Sydney Morning Herald, BPNG Quarterly Economic Bulletin, WSJ, The Age.



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