



Weekly Investment Update

Prices as at POM Close on Friday	30-May-14	% change for the:			
		Week	Month	YTD	
Domestic					
KSi Index	3,706.39	0.9%	1.4%	-4.3%	
KSi Home Index	8,082.74	-0.3%	-0.1%	-1.1%	
<i>POMSox shares (K/share) Arbitrage POMSox</i>					
Bank South Pacific	7.70	0.0%	0.0%	-3.5%	
Credit Corporation	2.70	0.0%	0.0%	8.0%	
City Pharmacy	1.90	-2.6%	-2.1%	-3.1%	
Kina Asset Management Limited	1.07	0.0%	1.9%	-2.7%	
New Britain Palm Oil	19.99	15.00	-0.7%	0.0%	0.0%
Oil Search Limited	25.03	18.60	2.2%	3.3%	6.1%
Highlands Pacific Limited	0.15	0.20	0.0%	0.0%	0.0%
Marengo Mining Limited	0.03	0.11	-8.3%	-15.4%	-31.3%
Newcrest Mining Limited	25.91	25.00	0.0%	0.0%	-16.7%
Australia					
S&P/ASX 200	5,500.70	0.1%	0.8%	2.8%	
S&P/ASX 50	5,669.60	0.0%	0.6%	2.6%	
USA*					
DJIA	16,698.74	0.6%	1.1%	0.7%	
S&P 500	1,920.03	1.0%	2.1%	3.9%	
NASDAQ	4,247.95	1.5%	3.0%	1.7%	
Europe*					
FTSE	6,871.29	0.8%	0.7%	1.8%	
DAX	9,938.90	1.7%	4.0%	4.0%	
CAC 40	4,530.51	0.8%	1.6%	5.5%	
Asia*					
Nikkei	14,609.92	1.0%	1.1%	-10.3%	
Hang Seng	23,053.13	0.4%	3.6%	-0.8%	
Shanghai	2,040.60	1.0%	1.0%	-2.7%	
Commodities*					
Light Crude (WTI)	103.43	-0.9%	3.7%	5.1%	
Brent Crude	110.03	-0.5%	1.3%	-0.7%	
Gold	1,257.90	-2.6%	-3.4%	4.6%	
Currencies*					
PGK/USD	0.3516	0.1%	-1.6%	-11.5%	
PGK/AUD	0.3775	-0.5%	-1.9%	-15.5%	
AUD/USD	0.9314	0.6%	0.4%	4.8%	
USD/JPY	101.600	0.0%	-0.6%	-3.5%	
EUR/USD	1.3603	-0.5%	-1.9%	-1.1%	
GBP/USD	1.6735	-1.0%	-0.8%	1.0%	
Ten year Government Bond yields*					
United States	2.47%	-0.07%	-0.12%	-0.56%	
Australia	3.67%	-0.11%	-0.21%	-0.57%	
Japan	0.58%	-0.01%	-0.03%	-0.16%	
PNG	12.83%	0.00%	1.78%	3.66%	

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



LOCAL:

- PNG Sustainable Development Program's long-term fund decreased US\$500 million to US\$1.3 billion (K2.3 billion) stemming from the government actions. SDP's financials reflected a difficult year for the company following the State's expropriation of PNGSDP's 63.4% shareholding in Ok Tedi Mining Ltd without compensation. The Prime Minister instructed OTML not to pay the 2012 dividends owed to PNGSDP worth US\$222 million (K630 million).
- The first shipment of LNG from the PNG LNG Project left for Japan this week and Tokyo Electric Power Company Inc. (TEPCO) has bought the cargo on the spot market. PNG LNG is projected to double PNG's GDP and will change the country into a major supplier to the Asian markets. The project will increase OSH's production base and contribute more than US\$1.3 billion yearly to the Company's operating cash flows. The stock has responded positively to the gas shipments (see graph).
- BSP performed well in Q1 2014 by recording a Net Profit After Tax of K136 million, up K9 million compared to Q4 2013. BSP announced a final dividend of 46 toea for 2013 bring the total dividend for 2013 to 66 toea.
- The International Finance Corporation (IFC) launched their South to South solar power project, which aims to provide light to 90% of PNG's rural population. Karin Finkelston, the IFC Vice-President for Asia Pacific stressed that the main goal that will drive the project is to provide an affordable and environmental friendly source of electricity to Papua New Guineans.
- Bank of Papua New Guinea (BPNG)'s April economic bulletin reported the average interbank PGKUSD exchange rate remained at US\$0.4130 for an eighth consecutive month. During same period PGK depreciated against AUD by 132 basis point to AU\$0.4437, mainly due to cross currency movement as AUD appreciated against USD on the back of lower inflation in Australia. Commercial banks continue quoting rates well below the interbank rate.
- Over the week, the PGKUSD exchange rate closed up a touch, finish the week up 0.1% to 0.3516. PGKAUD was down 0.5% to finish the week at 0.3775.
- The bids in the BPNG's Central Bank Bills and Treasury Bills auctions were oversubscribed and undersubscribed respectively. With the yields for Treasury bills slightly higher from the previous week. The weighted average yield (WAY) for 182 and 364 day Treasury Bills were 3.81% and 6.12% respectively.
- The KSi Index closed the week marginally up to 3,706.39. The KSi Home Index closed the week down 0.3% to 8,082.74.

INTERNATIONAL:

- US long-term treasury prices eased on Thursday (yields higher) as traders brushed of the weak March quarter US GDP read with expectations of a solid rebound in the June quarter.
- The British Chambers of Commerce (BCC) has forecasted that the U.K economy will expand at its fastest rate this year since 2007. The U.K economy is estimated to rise by 3.1% for this year 2014.

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

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