



## Weekly Investment Update

Prices as at POM Close on Friday	02-Jan-15	% change for the:		
		Week	Month	YTD
<b>Domestic</b>				
KSi Index	3,496.26	0.1%	-3.1%	-9.7%
KSi Home Index	9,544.63	0.4%	-3.2%	16.7%
<i>POMSx shares (K/share) Arbitrage POMSx</i>				
Bank South Pacific	7.12	0.0%	0.0%	-10.8%
Credit Corporation	2.60	4.0%	2.0%	4.0%
City Pharmacy	1.44	0.0%	0.0%	-26.5%
Kina Asset Management Limited	1.00	0.0%	-2.9%	-9.1%
New Britain Palm Oil	26.62	26.00	0.0%	-7.0%
Oil Search Limited	16.66	16.00	0.0%	-6.2%
Highlands Pacific Limited	0.12	0.15	0.0%	0.0%
Marengo Mining Limited	0.02	0.05	-16.7%	-16.7%
Newcrest Mining Limited	23.14	24.00	0.0%	0.0%
<b>Australia</b>				
S&P/ASX 200	5,435.90	0.8%	1.9%	1.6%
S&P/ASX 50	5,586.30	0.7%	1.8%	1.1%
<b>USA*</b>				
DJIA	17,823.07	-1.3%	-0.8%	7.5%
S&P 500	2,058.90	-1.4%	-0.8%	11.4%
NASDAQ	4,736.06	-1.5%	-0.9%	13.4%
<b>Europe*</b>				
FTSE	6,566.09	-0.7%	-2.6%	-2.7%
DAX	9,805.55	-1.2%	-2.8%	2.7%
CAC 40	4,272.75	-0.5%	-3.3%	-0.5%
<b>Asia*</b>				
Nikkei	17,450.77	-2.1%	-2.6%	7.1%
Hang Seng	23,768.18	1.8%	-1.0%	2.3%
Shanghai	3,234.68	2.4%	10.1%	54.2%
<b>Commodities*</b>				
Light Crude (WTI)	53.86	-1.6%	-18.2%	-45.3%
Brent Crude	57.52	-3.2%	-16.7%	-48.1%
Gold	1,185.70	-0.8%	-0.4%	-1.4%
<b>Currencies*</b>				
PGK/USD	0.3854	-1.7%	-1.2%	-3.0%
PGK/AUD	0.4736	-1.4%	1.1%	6.0%
AUD/USD	0.8138	0.3%	-2.2%	-8.4%
USD/JPY	120.405	0.0%	-1.0%	14.3%
EUR/USD	1.2053	-1.0%	-1.9%	-12.4%
GBP/USD	1.5548	0.0%	-0.2%	-6.2%
<b>Ten year Government Bond yields*</b>				
United States	2.17%	-0.08%	-0.14%	-0.86%
Australia	2.87%	0.00%	-0.20%	-1.37%
Japan	0.33%	0.01%	-0.11%	-0.41%
PNG	11.89%	0.00%	-0.35%	2.72%

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



### DOMESTIC:

- The proposed Kumul Holdings is expected to commence operation this year. The Independent Public Business Corporation (IPBC) has been actively involved in the Kumul consolidation agenda. Key areas of the agenda include development of the legislative framework structure; guidelines for Kumul Holdings, board composition and the selection of directors of the holding companies and trust manager; degrees of authority and governance structures
- PNG Ports Corporation is set to make well over a 50.0% increase in profits in 2014 compared to last year. Overall net profit for 2013 was K23.7m with a total revenue generation of K219.6m. For the first nine months of 2014, the company surpassed last year's yield, recording a net profit of K37.3m, with total revenue of K178.4m
- To facilitate efficient operation of the Port Moresby Port it is being relocated to Motukea which is expected to open 2018 in time for the APEC Summit. Motukea Port was formerly privately owned and operated by until the state purchased it last October for K725.0m
- National Petroleum Company of PNG (NPCP) has announced its acquisition of Cue Energy's shares in four petroleum development licensed (PDL) based areas at the cost of more than K17.0m. The acquisition by NPCP has an oil producing licence at PDL and two retention licences that contain at least 700-800 billion cubic feet of gas. NPCP managing director Mr Wapu Sonk said that the deal was in line with the company's focus on developing opportunities within the hydrocarbon sector
- Tax Review Committee chairman Sir Nagora Bogan has said the country needs to implement capital gains tax as it was the missing link resulting in corporate and personal tax carrying the weight under the current tax regime. He stressed that the introduction in capital gains tax would result in possible reductions of tax in other areas
- An Asian Development Bank (ADB) project located on the border of PNG and Indonesia aims to increase trade between the two nations from US\$7.0m to US\$14.0m per year. The pilot border trade and investment development project further aimed to improve and develop West Sepik into a dynamic economic centre in PNG
- The Japanese demand for Liquefied Natural Gas (LNG) has dropped by 300,000 tonnes from October 2014. The weakening in the Japan's demand for LNG is attributed to mild weather in winter and high stock levels. Shipment from the PNG LNG plant diminished to 200,000 tonnes the lowest levels since deliveries commenced in June 2014
- General offer period for the takeover of New Britain Palm Oil (NBPO) has been extended to 20/01/2015 by Sime Darby, The general offer would be subject to Sime Darby receiving a minimum acceptance of 51.0% of the NBPO shares
- This week's BPNG auctions Treasury Bills were undersubscribed by K56.0m for 182 days with a weighted average yield of 4.7% and K115.0m for 364 days with a weighted average yield of 7.4%
- The KSi index was up 0.1% to 3,496.26 from 3,494.18 and KSi Home Index was up for the week 0.4% at 9,544.63 from 9,508.48

### INTERNATIONAL:

- US stocks closed the year lower but with solid gains in spite of significant headwinds that could have easily derailed a multi-year bull market. For the year, DJIA gained 7.5%, Nasdaq gained 13.4% and the S&P 500 gained 11.4%
- The Shanghai Composite Index finished 2014 with a 53.0% gain, making Chinese stocks the top performers worldwide in 2014. The gain also lifted China past Japan to the world's second-largest equity market (refer to graph)
- US 10 year yields fell two basis points to 2.2%. The benchmark 10 year yields touched the lowest in more than a week and remained down. The Australian 10 year bond closed flat at 2.8%
- Crude oil prices continued to slide lower as weak Chinese manufacturing data and demand concerns weighed on prices. For the year Brent is down 48.0% and WTI is down 46.0%
- Copper looked set to post its biggest annual decline in three years at 14.4%, while traditional safe-haven gold was closed the year just shy of 2.0% lower. Silver fell 19.4% in 2014 after a more than 35% drop in 2013
- The yen retreated to 120.41 against the USD. The euro dropped 1.0% to \$1.2053, extending its worst annual loss since 2005
- To end the week, PNG/USD closed lower at 0.3854 and the PGK/AUD depreciated by 1.4% to 0.4736

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