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PORT MORESBY

25th February 2025

1. GENERAL OVERVIEW

Economic indicators available to the Bank of Papua New Guinea (the Bank) point to an increase in economic activity in the June quarter of 2024. This was attributed to the resilient export performance by both the mineral and the non-mineral sectors, supported by increases in export prices of most of the export commodities as the world economy continued to recover. An increase in employment and sales in the private sector also supported the growth. The headline inflation continued to remain lower than expected in the June quarter, while imported inflation remained high. The average daily kina exchange rate depreciated against all the major currencies except the Japanese yen, reflecting the depreciation of the kina against the US dollar under the crawl like exchange rate arrangement resulting in the TWI decreasing by 0.8 percent. The Bank began to tighten monetary policy to address inflationary pressures by raising the Kina Facility Rate (KFR) in May by 0.50 percent to 2.50 percent.

Data from the Bank's Business Liaison Survey (BLS) show that the total nominal value of sales in the formal private sector increased by 0.9 percent in the June quarter of 2024, compared to a decline of 8.6 percent in the March quarter of 2024. By sector, sales increased in all sectors, except in construction and mineral. By region, sales increased in the NCD, Morobe and Island regions, while it declined in the Southern (excluding NCD), Highlands and Momase (excluding Morobe).

The Bank's Employment Index shows that the level of employment in the formal private sector increased by 1.6 percent in the June quarter of 2024, compared to a decline of 0.6 percent in the previous quarter. By sector, the level of employment increased in the mineral, agriculture/forestry/fishing, finance, business and other services, and manufacturing sectors, while it decreased in the construction, retail, transport and wholesale sectors. By region, the level of employment increased in all the regions, except in the Islands region.

Quarterly headline inflation, as measured by the Consumer Price Index (CPI), declined by 0.7 percent in the June quarter of 2024, compared to a decline of 2.1 percent in the March quarter of 2024. Price declines in the Alcoholic Beverages, Tobacco and Betelnut, Communication and Household Equipment expenditure groups more than offset increases in the Food and Non-Alcoholic Beverages, Clothing and Footwear, Transport, Restaurants and Hotels, Health and Housing expenditure groups. The Education, Miscellaneous and Recreation expenditure groups recorded no price change in the quarter. By urban centre, prices declined in all the surveyed centres. Annual headline inflation was 0.1 percent in the June quarter, compared to an increase of 2.5 percent in the March quarter of 2024.

In the June quarter of 2024, the average daily kina exchange rate depreciated against all the major currencies except the Japanese yen. These currency movements resulted in the TWI decreasing by 0.8 percent to 28.76.

The weighted average kina price of PNG's exports, excluding LNG, increased by 24.7 percent in the June quarter of 2024, compared to the corresponding quarter of 2023. Higher international prices accounted for this increase reflecting higher kina prices of all mineral export commodities, except for nickel and cobalt, and higher kina prices for agricultural, logs and marine product exports.

The balance of payments recorded an overall deficit of K2,211.1 million for the first six months of 2024, compared to a deficit of K1,154.5 million in the corresponding period of 2023. A deficit in the financial account more than offset a surplus in the current and capital account.

The level of gross foreign exchange reserves at the end of June 2024 was K12,234.2 (US$3,242.1) million, sufficient for 5.7 months of total and 10.5 months of non-mineral import cover.

The Central Bank pursued a tightening stance of monetary policy during the June quarter of 2024. The Kina Facility Rate (KFR) was increased to 2.50 percent in May 2024 consistent with the tightening stance of monetary policy as announced in the March 2024 Monetary Policy Statement to address inflationary pressures. The dealing margins for the Repurchase Agreement (Repo) Facility remained at 150 basis points on both sides of the KFR.

The average level of broad money supply (M3*) declined by 0.8 percent in the June quarter of 2024, compared to an increase of 2.9 percent in the previous quarter. This was due to a decrease of 8.9 percent in the average net foreign assets (NFA) of the banking system, more than offsetting an increase of 1.8 percent in the average net domestic assets (NDA). Total revenue and grants over the six months to June was K8,981.5 million, 23.1 percent higher than in the same period of 2023, and represents 38.4 percent of the 2024 budgeted amount. The increase reflected both higher tax, non-tax receipts and foreign grants.

Total expenditure was K10,904.1 million in the June quarter of 2024, 7.4 percent higher than in the corresponding period of 2023 and represents 39.8 percent of the total appropriation. This was due to higher capital expenditure, which offset lower recurrent expenditure.

Total public (Government) debt outstanding as at end of June 2024 was K58,720.5 million, an increase of K2,918.1 million from the previous quarter, and represents 47.6 percent of GDP.

2. INTERNATIONAL DEVELOPMENTS

Global growth remained resilient in the second quarter of 2024, with varying degrees of economic activity across the globe. Growth continued in advanced economies, mainly underpinned by sustained employment, strong consumption, and moderate inflation. Among emerging market and developing economies, activity improved primarily driven by strong private consumption and exports from Asia, especially China. According to the International Monetary Fund (IMF) World Economic Outlook (WEO) for July 2024, global growth is projected to be at 3.2 percent in 2024.

In April, the IMF-World Bank Group Spring Meetings was held in Washington D.C in the United States (US), with main discussions focused on the World Bank Group's vision to transform the world without poverty into tangible results. The discussions explored ways to speed up achieving universal energy access in Africa and broadening health coverage worldwide. The World Bank Group and the African Development Bank Group also launched a new partnership aimed at providing at least 300 million people in Africa with electricity access by 2030. Furthermore, the World Bank Group announced an initiative aimed at assisting countries to provide quality, affordable health services to 1.5 billion people by 2030.

In May, the Asian Development Bank (ADB) had its 57th Annual Meeting of Governors in Tbilisi, Georgia, with the theme "Bridge to the Future". The discussions focused on enhancing regional connectivity by promoting sustainable and inclusive development across Asia and the Pacific as well as discussions on the key development issues facing the region including climate change, artificial intelligence, and green globalization. The ADB reaffirmed its dedication to supporting the Pacific Developing member countries in addressing challenges for sustainable development. The bank also emphasized the importance of improving fiscal resilience through tax reforms and better debt management, strengthening public-private partnerships, and promoting regional cooperation. In addition, Georgia, for the first time, contributed to the ADB's $5 billion Asian Development Fund, signifying its growing significance as a regional player.

Also in May, the United Nations held its fourth International Conference on Small Island Developing States (SIDS), which is held every 10 years, in St. John, Antigua and Barbuda, under the theme "Charting the course towards resilient prosperity". The conference reviewed the SIDS' sustainable development progress and proposed a new decade of partnership and solutions to fast-track their path to resilient prosperity. The leaders adopted the Antigua and Barbuda agenda for SIDS: A Renewed Declaration for Resilient Prosperity and agreed to facilitate easier access to affordable and concessional finance, increase the effectiveness of development finance and scale-up the biodiversity climate finance.

In June, the Organisation of Petroleum Exporting Countries (OPEC) held its 37th OPEC and non-OPEC ministerial meeting in Vienna, Austria. The participating countries reaffirmed the Framework of the Declaration of Cooperation (DoC) by agreeing to extend the levels of overall crude oil production for OPEC and non-OPEC Participating Countries in the DoC to 31st December 2025. They also agreed to extend the assessment of output indicators by three independent sources to the end of November 2025. The new reference production level for 2026 will be based on the results of this assessment. These decisions were based on the ongoing commitments of the OPEC and non-OPEC+ participating countries in the DoC to achieve and sustain a stable oil market, and to provide long-term guidance and market transparency.

Also in June, the Group of Seven (G7) leaders met in Apulia, Italy, for the 50th G7 Summit, with the focus on the Global South. The summit signified the G7's solidarity and determination to address global challenges affecting rule-based international order, peace and security. In the presence of Ukrainian President, the leaders agreed to provide US$50 billion funds from frozen Russian sovereign assets. The leaders also supported the comprehensive three-phase approach outlined by US President, Joe Biden to end to the war. Moreover, Italy emphasized on prioritizing energy cooperation with Africa, in line with the region's objective of sustainable development and industrial growth.

In the US, real GDP grew by 3.0 percent over the year to June 2024, compared to an increase of 2.8 percent over the same period in 2023. This reflected robust consumer spending and a pickup in industrial production and other business investment. The latest IMF forecast is for real GDP to grow by 2.6 percent in 2024.

Industrial production increased by 1.1 percent over the year to June 2024, compared to a decline of 0.4 percent in the corresponding period of 2023. The growth was driven by higher energy production and increased activity in the manufacturing sector. Retail sales increased by 2.0 percent over the year to June 2024, compared to an increase of 1.9 percent over the same period in 2023. The unemployment rate increased to 4.1 percent, compared to 3.6 percent in the corresponding period of 2023, indicating signs of a slowdown in the labour market.

Consumer prices increased by 3.0 percent over the year to June 2024, the same increase as in the corresponding period of 2023. This was primarily due to price increases in food and energy. Broad money supply increased by 1.0 percent over the year to June 2024, compared to a decline of 3.8 percent over the same period in 2023. The Federal Reserve maintained the federal funds rate at a range of 5.25 percent to 5.55 percent in June 2024.

The trade deficit widened to US$73.2 billion over the year to June 2024, compared to a deficit of US$64.8 billion in the corresponding period in 2023. The deficit reflected lower imports relative to exports.

In Japan, real GDP fell by 1.1 percent over the year to June 2024, compared to 1.9 percent over the same period in 2023. This reflected declines in personal consumption, capital investment and exports. The latest IMF forecast is for real GDP to grow by 0.7 percent.

Industrial production declined by 7.9 percent over the year to June 2024, compared to no change in June 2023. This was attributed mainly to a fall in motor vehicle production. Retail sales increased by 3.8 percent over the year to June 2024, compared to 5.6 percent over the same period in 2023. This is the highest in four months, due to a growth in wages. The unemployment rate in Japan increased by 2.5 percent over the year to June 2024, compared to an increase of 2.5 percent in June 2023.

Consumer prices increased by 2.8 percent over the year to June 2024, compared to 3.3 percent in the corresponding period of 2023. This reflected price increases in energy, food, housing and transport. Broad money supply increased by 1.6 percent, compared to an increase of 2.4 percent in 2023. The Bank of Japan maintained its policy rate at 0.10 percent in June 2024.

The trade surplus improved to USD1.55 billion over the year to June 2024, compared to a surplus of USD253 million in the corresponding period of 2023. The surplus reflected higher exports relative to imports.

In the euro area, real GDP grew by 0.5 percent over the year to June 2024, compared to 0.6 percent over the same period in 2023. This marginal growth was due to an increase in exports and higher government spending. The latest IMF forecast is for real GDP to grow by 0.9 percent for 2024.

Industrial production declined by 3.9 percent over the year to June 2024, compared to a decline of 0.3 percent in the corresponding period of 2023. This primarily reflected declines in capital goods, energy and durable consumer goods. Retail sales declined by 0.8 percent over the year to June 2024, compared to a decline of 1.0 percent over the same period in 2023. This was mainly due to declines in sales of motor vehicles and auto parts. The unemployment rate increased by 6.4 percent in June 2024, compared to 6.5 percent in June 2023.

Consumer prices increased by 2.5 percent over the year to June 2024, compared to 5.5 percent in the corresponding period of 2023. This outcome reflected price increases for services, food, alcohol and tobacco products. Broad money supply increased by 2.5 percent, compared to an increase of 0.6 percent over the same period in 2023. The European Central Bank (ECB) lowered its three key ECB interest rates by 25 basis points each to 4.25 percent, as inflation moderated.

Trade surplus improved to US$410.0 billion over the year to June 2024, compared to US$33.0 billion over the same period in June 2023. This surplus reflected higher exports relative to imports.

In the UK, the economy grew by 0.7 percent over the year to June 2024, compared to an increase of 0.6 percent over the same period in June 2023. This resulted from an expansion in the services sector and in capital investment. The latest IMF forecast is for real GDP to grow by 0.7 percent in 2024.

Industrial production declined by 2.4 percent over the year to June 2024, compared to an increase of 0.6 percent in June 2023. This reflected weak domestic demand for manufactured goods. Retail sales declined by 0.7 percent over the year to June 2024, compared to a decline of 1.7 percent in the corresponding period of 2023, reflecting weak consumer spending. The unemployment rate increased by 4.2 percent in June 2024, the same as in the corresponding period in 2023.

Consumer prices increased by 2.0 percent over the year to June 2024, compared to an increase of 7.9 percent in the corresponding period of 2023. This lower outcome resulted from increased prices in restaurants and hotel accommodation and transport services. Broad money supply declined by 0.4 percent in June 2024, compared to a decline of 0.3 percent over the same period in 2023. The Bank of England's key Bank Rate increased by 0.50 percent to 5.23 percent in June.

The trade deficit widened to US$6.8 billion over the year to June 2024, compared to a deficit of US$3.1 billion over the same period in 2023. This deficit reflected higher imports relative to exports.

In China, real GDP grew by 4.7 percent over the year to June 2024, compared to an increase of 6.3 percent over the same period in 2023. The growth was supported by resilient consumer spending, particularly on services, exports, and investment in manufacturing and public infrastructure. The latest IMF forecast projected a real GDP growth of 5.0 percent for 2024.

Industrial production increased by 5.3 percent over the year to June 2024, compared to an increase of 4.4 percent over the corresponding period in 2023. This was attributed mainly to increases in manufacturing, and supported by increased activity in mining, energy, and water production. Retail sales grew by 2.0 percent over the year to June 2024, compared to 5.5 percent over the same period in 2023. The lower sales were mainly in beverages, tobacco and alcohol, furniture and communication equipment and petroleum products. The unemployment rate was 5.0 percent in June 2024, compared to 5.2 percent in the corresponding period of 2023.

Consumer prices increased marginally by 0.2 percent over the year to June 2024, compared to no change over the same period in 2023. The price increases were in clothing, housing, health, and education, which more than offset declines in food and transport. Broad money supply (M1) declined by 5.0 percent over the year to June 2024, compared to an increase of 3.0 percent over the corresponding period in 2023. The People's Bank of China maintained its policy signalling rate, the one-year medium-term lending facility rate at 2.5 percent in June 2024.

The trade account recorded a surplus of US$99.0 billion over the year to September 2024, compared to a surplus of US$69.8 billion over the corresponding period in 2023.

In Australia, real GDP grew by 1.0 percent over the year to June 2024, compared to an increase of 1.9 percent over the same period in 2023. The lower growth mainly reflected lower household consumption. The latest IMF forecast is for real GDP to grow by 1.4 percent in 2024.

Industrial production decreased by 1.0 percent over the year to June 2024, compared to an increase of 2.0 percent over the same period in 2023. This decline was due to weak international demand for exports and rising costs faced by industries. Retail sales increased by 2.9 percent in June 2024, compared to an increase of 2.3 percent in the corresponding period of 2023. The resilient consumer spending on essential items such as food and household goods accounted for the increase. The unemployment rate increased by 4.1 percent over the year to June 2024, compared to an increase of 3.5 percent over the same period in 2023.

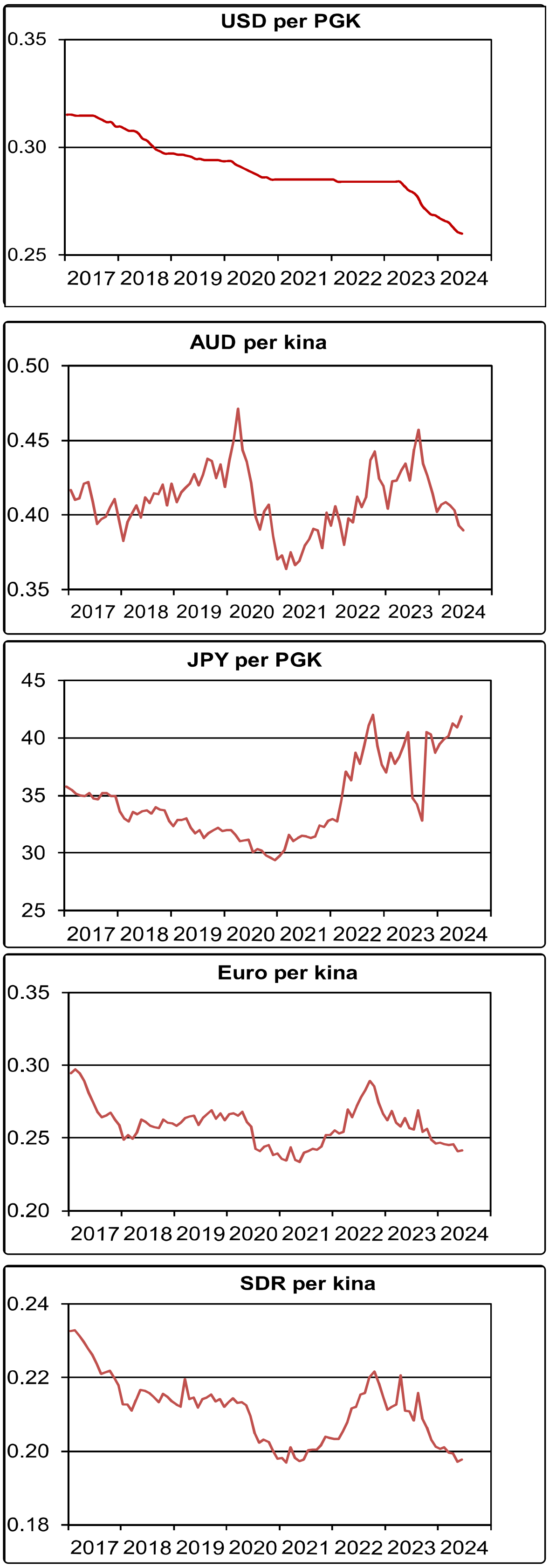
Consumer prices increased by 3.8 percent over the year to June 2024, compared to an increase of 6.0 percent in the corresponding period of 2023. There were price increases in alcohol and tobacco, clothing, housing, health, transport, and recreation and culture expenditure groups. Broad money supply increased by 5.2 percent, compared to an increase of 3.9 percent over the same period in 2023. This increase was attributed to the accommodative monetary policy, reflecting low interest rates and easing quantitative measures undertaken by the Reserve Bank of Australia (RBA). The cash rate target of the RBA remained unchanged at 4.35 percent in June 2024.

The trade surplus narrowed to US$3.8 billion over the year to June 2024, compared to a surplus of US$6.8 billion over the same period in 2023. The lower surplus reflected lower exports and higher imports.

In the June quarter of 2024, the US dollar showed mixed movements against other major currencies. It appreciated against the euro by 0.8 percent and the pound sterling by 0.5 percent, while it depreciated against the Japanese yen by 5.0 percent and the Australian dollar by 0.2 percent. Over the year to June 2023, the US dollar appreciated against the Australian dollar by 1.3 percent and euro by 1.0 percent, while it depreciated against the Japanese yen by 13.6 percent and 0.9 percent against the pound sterling.

In the June quarter of 2024, the average daily kina exchange rate depreciated against all the major currencies except the Japanese yen. It depreciated against the Australian dollar by 1.9 percent to AU$0.3976, the US dollar by 1.7 percent to US$0.2620, the pound sterling by 1.2 percent to £0.2076, the euro by 1.9 percent to €0.2432, while it appreciated against the Japanese yen by 3.1 percent to ¥40.1845. These currency movements resulted in the TWI decreasing by 0.8 percent to 28.76. Over the year, the average daily kina exchange rate depreciated against all the major currencies, except the Japanese yen. It depreciated against the pound sterling by 8.2 percent, the US dollar by 7.4 percent, the euro by 6.4 percent and the Australian dollar by 6.1 percent, while it appreciated against the Japanese yen by 5.3 percent.

EXCHANGE RATES



3. DOMESTIC ECONOMIC CONDITIONS

DOMESTIC ECONOMIC ACTIVITY

Data from the Bank's Business Liaison Survey (BLS) show that the total nominal value of sales in the formal private sector increased by 0.9 percent in the June quarter of 2024, compared to a decline of 8.6 percent in the March quarter of 2024. Excluding the mineral sector, sales increased by 10.5 percent in the June quarter of 2024, compared to a decline of 8.9 percent in the March quarter of 2024. By sector, sales increased in all sectors, except in the construction and mineral sectors. By region, sales increased in the NCD, Morobe and Islands regions, while it declined in the Southern (excluding NCD), Highlands and Momase (excluding Morobe). Over the year to June 2024, total sales increased by 4.2 percent, compared to a decline of 12.5 percent over the corresponding period of 2023. Excluding the mineral sector, sales increased by 11.1 percent over the year to June 2024, compared to a decrease of 10.1 percent over the corresponding period of 2023.

In the agriculture/forestry/fishing sector, sales increased by 56.3 percent in the June quarter of 2024, compared to a decrease of 6.7 percent in the previous quarter. The increase was driven by higher sales revenue from a major tea company in the Highlands region after a scaling down in the previous quarter. Production and export of logs, palm oil and coffee also supported this growth. Over the year to June 2024, sales increased by 57.5 percent, compared to an increase of 32.6 percent in the corresponding period of 2023.

In the wholesale sector, sales increased by 16.6 percent in the June quarter of 2024, compared to a decrease of 9.4 percent in the previous quarter. The increase reflected higher sales of refined petroleum products, pharmaceutical products, general merchandise, groceries, food and beverages. Over the year to June 2024, sales increased by 31.8 percent, compared to a decrease of 20.5 percent in the corresponding period of 2023.

In the financial/business/other services sector, sales increased by 13.3 percent in the June quarter of 2024, compared to a decrease of 8.9 percent in the previous quarter. The increase was attributed to higher earnings by companies in the financial, accommodation and food, security, telecommunication, and professional, scientific, and technical services. Over the year to June 2024, sales increased by 12.6 percent, compared to an increase of 2.3 percent in the corresponding period of 2023.

In the transportation sector, sales increased by 5.2 percent in the June quarter of 2024, compared to a decrease of 7.4 percent in the previous quarter. The increase mainly reflected higher revenue earned by a major airline. Over the year to June 2024, sales increased by 15.3 percent, compared to a decline of 10.6 percent in the corresponding period of 2023.

In the manufacturing sector, sales increased by 3.6 percent in the June quarter of 2024, compared to a decline of 10.6 percent in the previous quarter. The increase was attributed to higher production and sale of alcohol, refined petroleum products, processed food and meat. Higher sales of electricity, cement and other consumer goods also supported the increase. Over the year to June 2024, sales decreased by 11.0 percent, compared to a decline of 20.0 percent in the corresponding period of 2023.

In the retail sector, sales increased by 3.5 percent in the June quarter of 2024, compared to a decrease of 5.8 percent in the previous quarter. There were higher sales in motor vehicles, heavy equipment and machinery in NCD as well as in groceries and general merchandise. Over the year to June 2024, sales increased by 12.8 percent, compared to a decline of 5.0 percent in the corresponding period of 2023.

In the construction sector, sales declined by 25.1 percent in the June quarter of 2024, compared to a decrease of 16.3 percent in the previous quarter. The decline reflected the slowdown and completion of buildings and civil construction projects in NCD, and Highlands and Morobe regions. Over the year to June 2024, sales decreased by 36.3 percent, compared to an increase of 2.0 percent in the corresponding period of 2023.

In the mineral sector, sales decreased by 9.2 percent in the June quarter of 2024, compared to a decrease of 8.2 percent in the previous quarter. The decline reflected lower exports of Liquefied Natural Gas and copper due to lower international prices and global demand. Over the year to June 2024, sales decline by 2.8 percent, compared to a decline of 11.9 percent in the corresponding period of 2023.

By region, sales increased in NCD, Morobe and Islands regions, while it declined in Southern (excluding NCD), Highlands and Momase (excluding Morobe). In NCD, sales increased by 13.2 percent in the June quarter of 2024, compared to a decline of 15.4 percent in the previous quarter. This was driven by increased sales of refined petroleum products, alcohol, air travel services, gold smelting and exports. Higher sales of pharmaceutical products, processed food, groceries and general merchandise also contributed to the increase. Over the year to June 2024, sales increased by 7.7 percent, compared to a decline of 11.9 percent in the corresponding period of 2023.

In Morobe, sales increased by 7.7 percent in the June quarter of 2024, compared to a decrease of 11.0 percent in the previous quarter. There were higher sales in groceries, general merchandise, frozen meat, boxes, cement as well as increased earnings by security firms and hotels. Over the year to June 2024, sales increased by 11.6 percent, compared to a decrease of 5.2 percent in the corresponding period of 2023.

In the Islands region, sales increased by 3.5 percent in the June quarter of 2024, compared to a decrease of 0.4 percent in the previous quarter. The increase was due to higher sales of refined petroleum products, groceries, household items, general merchandise. Higher production and export of cocoa, palm oil, logs and balsa wood also contributed to the increase. Over the year to June 2024, sales increased by 17.0 percent, compared to a decline of 11.2 percent in the corresponding period of 2023.

In the Southern region, sales declined by 9.7 percent in the June quarter of 2024, compared to a decline of 24.5 percent in the previous quarter. The decline was in the mineral sector mainly from lower production and exports from Ok Tedi mine. Over the year to June 2024, sales decreased by 4.7 percent, compared to an increase of 29.2 percent in the corresponding period of 2023.

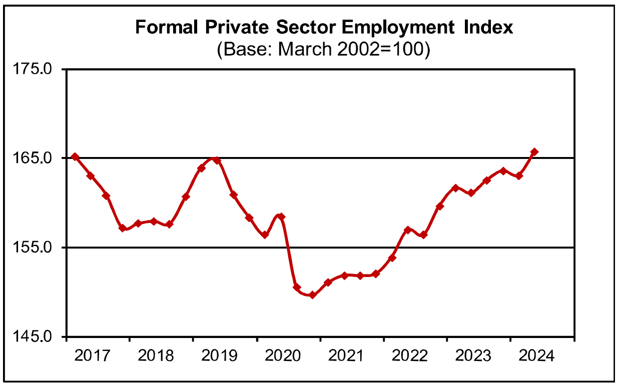
In the Highlands region, sales declined by 7.9 percent in the June quarter of 2024, compared to a decrease of 4.3 percent in the previous quarter. The decline mainly reflected lower production and export of LNG, and the completion of road projects. Over the year to June 2024, sales decreased by 4.4 percent, compared to a decline of 15.7 percent in the corresponding period of 2023.

In the Momase region, sales decreased by 0.1 percent in the June quarter of 2024, compared to an increase of 11.2 percent in the previous quarter. The decline was due to lower production and sale of tuna and tobacco products. Over the year to June 2024, sales increased by 5.4 percent, compared to a decrease of 17.1 percent in the corresponding period of 2023.

EMPLOYMENT

The Bank's Employment Index indicate that the level of employment in the formal private sector increased by 1.6 percent in the June quarter of 2024, compared to a decline of 0.6 percent in the previous quarter. Excluding the mineral sector, the level of employment increased by 1.4 percent. By sector, the level of employment increased in the mineral, agriculture/forestry/fishing, finance, business and other services, and manufacturing, while it fell in the construction, retail, transport and wholesale sectors. By region, the level of employment increased in all the regions, except in the Islands region. Over the year to June 2024, the total level of employment increased by 2.9 percent, compared to an increase of 2.6 percent in the corresponding period of 2023. Excluding the mineral sector, the level of employment increased by 2.1 percent over the year to June 2024, compared to an increase of 2.3 percent in the corresponding period of 2023.

In the mineral sector, the level of employment increased by 4.1 percent in the June quarter of 2024, following an increase of 4.9 percent in the previous quarter. The increase largely reflected the resumption of Porgera Gold mine. Higher recruitment by other mines to meet their production needs also contributed to the increase. Over the year to June 2024, the level of employment increased by 10.9 percent, compared to an increase of 18.0 percent in the corresponding quarter of 2023.



In the agriculture/forestry/fishing sector, the level of employment increased by 3.0 percent in the June quarter of 2024, compared to a decline of 4.7 percent in the previous quarter. The increase reflected the seasonal recruitment of additional workers by two major palm oil companies in the Southern and Island regions, and a major sugar producer in the Momase region. A resumption of operations by a major fishing company also reported an increase in employment, after it suspended operations at the end of 2023. Over the year to June 2024, the level of employment increased by 0.3 percent, compared to an increase of 11.5 percent in the corresponding quarter of 2023.

In the finance, business and other services sector, the level of employment increased by 2.2 percent in the June quarter of 2024, compared to a decline of 0.3 percent in the previous quarter. The increase was driven by higher activity in banking, security, hotels accommodation services. The recruitment of staff by a major catering company also contributed to this increase. Over the year to June 2024, the level of employment increased by 4.7 percent, compared to an increase of 1.5 percent in the corresponding quarter of 2023.

In the manufacturing sector, the level of employment increased by 0.9 percent in the June quarter of 2024, compared to an increase of 4.9 percent in the previous quarter. The lower increase was due to higher production and recruitment by a major tuna processing factory, chemical manufacturers and a cement manufacturer. Over the year to June 2024, the level of employment increased by 4.6 percent compared to a decline of 3.4 percent in the corresponding quarter of 2023.

In the construction sector, the level of employment declined by 2.5 percent in the June quarter of 2024, compared to a decline of 5.2 percent in the previous quarter. The decline was attributed to the completion of several building and road projects in NCD and the Southern region. Over the year to June 2024, the level of employment declined by 14.3 percent, compared to a decline of 24.0 percent in the corresponding quarter of 2023.

In the retail sector, the level of employment decreased by 2.3 percent in the June quarter of 2024, compared to a decline of 4.0 percent in the previous quarter. The decline reflected lower staff capacity in two major companies in NCD and Morobe. Over the year to June 2024, the level of employment declined by 1.5 percent, compared to a decline of 4.2 percent in the corresponding quarter of 2023.

In the transportation sector, the level of employment fell marginally by 0.1 percent in the June quarter of 2024, compared to an increase of 3.9 percent in the previous quarter. The decline reflected an internal restructuring and normal turnover of staff at a major airline. Over the year to June 2024, the level of employment increased by 10.8 percent, compared to an increase of 6.5 percent in the corresponding quarter of 2023.

In the wholesale sector, the level of employment decreased by 0.1 percent in the June quarter of 2024, compared to a decline of 2.3 percent in the previous quarter. The decrease was attributed to laying off of festive season workers and normal staff turnover by several general wholesalers mainly in NCD and the Southern region. Over the year to June 2024, the level of employment declined by 0.8 percent, compared to an increase of 1.2 percent in the corresponding quarter of 2023.

By region, the level of employment increased in all regions except the NCD region. In the Southern region, the level of employment increased by 4.8 percent in the June quarter of 2024, compared to an increase of 0.1 percent in the previous quarter. The increase reflected higher demand of labour by two palm oil plantations, a construction firm in Western Province, a catering company, and a mining company. Over the year to June 2024, the level of employment increased by 6.6 percent, compared to a decline of 4.6 percent in the corresponding quarter of 2023.

In the Morobe region, the level of employment increased by 4.3 percent in the June quarter of 2024, compared to a decline of 1.8 percent in the previous quarter. The increase reflected significant recruitment done by a tuna processing factory to meet production needs. A poultry farm and a palm oil company also hired more workers as production increased. Over the year to June 2024, the level of employment increased by 3.8 percent, compared to an increase of 6.9 percent in the corresponding quarter of 2023.

In the Highlands region, the level of employment increased by 1.7 percent in the June quarter of 2024, compared to a decline of 3.9 percent in the previous quarter. The increase was mainly due to the ongoing recruitment by the Porgera mine following its re-opening. The hiring of seasonal workers for the peak coffee harvesting season as well as the need for additional staff by a catering company also contributed to the increase. Over the year to June 2024, the level of employment increased by 8.7 percent, compared to an increase of 4.4 percent in the corresponding quarter of 2023.

In the Momase region, the level of employment increased by 1.5 percent in the June quarter of 2024, compared to an increase of 4.9 percent in the previous quarter. The increase was driven by additional recruitment by a mining company, a sugar producer and a tuna company due to higher production. Over the year to June 2024, the level of employment increased by 5.4 percent, compared to a decline of 15.6 percent in the corresponding quarter of 2023.

In the Islands region, the level of employment increased by 0.4 percent in the June quarter of 2024, compared to a decline of 0.4 percent in the previous quarter. The increase reflected higher demand for labour by a major palm oil producer and a log exporter. The recruitment by a mining company and soft drink manufacturer also contributed to the increase. Over the year to June 2024, the level of employment decreased by 2.4 percent, compared to an increase of 14.9 percent in the corresponding quarter of 2023.

In NCD, the level of employment declined by 0.3 percent in the June quarter of 2024, compared to a decline of 1.0 percent in the previous quarter. The decline was due to workers being laid off by two construction companies after the completion of building projects, coupled with laying off of staff by wholesaler and retailer companies due to lower activity. Over the year to June 2024, the level of employment increased by 1.7 percent, compared to an increase of 1.6 percent in the corresponding quarter of 2023.

CONSUMER PRICE INDEX

Quarterly headline inflation, as measured by the Consumer Price Index (CPI), declined by 0.7 percent in the June quarter of 2024, compared to a decline of 2.1 percent in the March quarter of 2024. Price declines in the Alcoholic Beverages, Tobacco and Betelnut, Communication and Household Equipment expenditure groups more than offset increases in the Food and Non-Alcoholic Beverages, Clothing and Footwear, Transport, Restaurants and Hotels, Health and Housing expenditure groups. The Education, Miscellaneous and Recreation expenditure groups recorded no price change in the quarter. By urban centres, prices declined in all the surveyed centres. Annual headline inflation was 0.1 percent in the June quarter, compared to an increase of 2.5 percent in the March quarter of 2024.

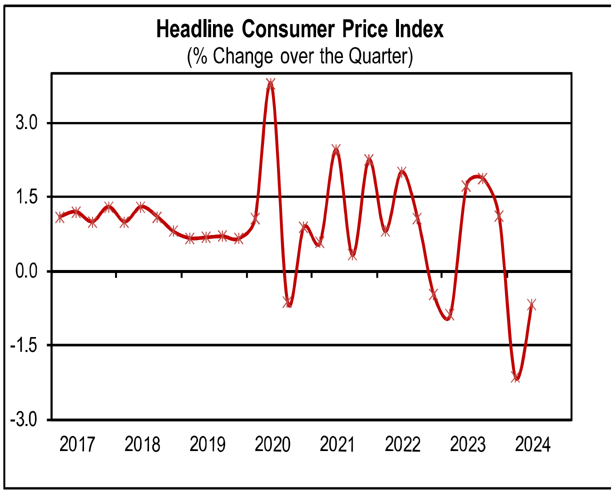
The CPI for the Alcoholic Beverages, Tobacco and Betelnut expenditure group declined by 10.2 percent in the June quarter of 2024, compared to a decrease of 14.3

percent in the previous quarter. The significant declined in prices of betelnut and mustard sub-group of 19.0 percent, which more than offset increases in the tobacco and alcoholic beverages sub-groups of 2.7 percent and 0.9 percent, respectively. This expenditure group contributed 1.6 percentage points and 2.5 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

The CPI for the Communication expenditure group declined by 1.1 percent in the June quarter of 2024, compared to a decline of 2.3 percent in the previous quarter. This was mainly attributed to a decline of 1.7 percent in the telephone services sub-group, while postal services, telephone equipment and other services sub-groups recorded no price changes in the quarter. This expenditure group's contribution to the overall quarterly CPI inflation was negligible, whilst it contributed 0.3 percentage points to the overall annual CPI inflation outcome.

The CPI for the Household Equipment expenditure group declined by 1.1 percent in the June quarter of 2024, compared to an increase of 1.1 percent in the previous quarter. This reflected decreases in the household maintenance goods and household appliances sub-groups of 3.4 percent and 0.3 percent, respectively. These decreases more than offset an increase of 2.7 percent in the household furniture and furnishings sub-group. This expenditure group contributed 0.1 percentage point to the overall quarterly CPI inflation outcome, whilst its contribution to the overall annual CPI inflation was negligible.

The CPI for the Food and Non-Alcoholic Beverages expenditure group increased by 2.3 percent in the June quarter of 2024,



compared to an increase of 0.2 percent in the previous quarter. There were increases in the fruits & vegetables sub-group of 7.9 percent, cereals of 1.8 percent, other food products of 1.2 percent, fish of 1.0 percent, sugars and confectionary of 0.9 percent, oil and fats of 0.7 percent, dairy products, eggs, cheese of 0.6 percent, and both non-alcoholic beverages and meat of 0.3 percent each. This expenditure group contributed 0.7 percentage points and 1.5 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

The CPI for the Clothing and Footwear expenditure group increased by 0.4 percent in the June quarter of 2024, compared to an increase of 1.7 percent in the previous quarter. There were increases in the clothing, sewing items, men's wear, headwear and footwear sub-groups of 4.5 percent, 3.5 percent, 1.6 percent, 1.4 percent and 1.1 percent, respectively. These more than offset declines in the woman and girls wear, and boys wear sub-groups of 1.9 percent and 0.3 percent, respectively. This expenditure group's contribution to the overall quarterly CPI inflation was negligible, whilst it contributed 0.3 percentage points to the overall annual CPI inflation outcome.

The CPI for the Transport expenditure group increased by 0.4 percent in the June quarter of 2024, compared to an increase of 1.3 percent in the previous quarter. This reflected price increases in the fuel and lubricants sub-group of 3.6 percent and, both operations and motor vehicle purchases sub-groups of 0.5 percent each. The fares and other services sub-groups recorded no price change in the quarter. This expenditure group contributed 0.1 percentage points and 0.4 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

The CPI for the Restaurants and Hotels expenditure increased by 0.4 percent in the June quarter of 2024, compared to a decline of 1.9 percent in the previous quarter. This was due to price increase in the accommodation sub-group of 3.5 percent, whilst the takeaway foods sub-group recorded no price change. This expenditure group's contribution to the overall quarterly CPI inflation was negligible, whilst it contributed 0.1 percentage points to the overall annual CPI inflation outcome.

The CPI for the Health expenditure group increased by 0.3 percent in the June quarter of 2024, compared to a decline of 0.9 percent in the previous quarter. This was attributed to an increase in the price of medical supplies sub-group of 0.6 percent. The price of medical services sub-group remained unchanged. This expenditure group's contribution to the overall quarterly CPI inflation was negligible, whilst it contributed 0.2 percentage points to the overall annual CPI inflation outcome.

The CPI for the Housing expenditure group increased by 0.3 percent in the June quarter of 2024, compared to an increase of 0.1 percent in the previous quarter. This was attributed to increases of 0.5 percent and 0.3 percent in the cooking and rent sub-groups, respectively, which more than offset a decline of 0.5 percent in the maintenance sub-group. The electricity and water sub-groups recorded no price changes in the quarter. This expenditure group's contribution to the overall quarterly CPI inflation was negligible, whilst it contributed 0.2 percentage points to the overall annual CPI inflation outcome.

The CPI for the Education expenditure group recorded no price change in the June quarter of 2024, compared to an increase of 1.8 percent in the previous quarter. The education fees and other expenses sub-groups recorded no price changes in the quarter. This expenditure group contribution to the overall quarterly CPI inflation was negligible, whilst it contributed 0.1 percentage points to the overall annual CPI inflation outcome.

The CPI for the Miscellaneous expenditure group recorded no price change in the June quarter of 2024, compared to an increase of 0.4 percent in the previous quarter. There were increases in the toiletries and personal care products of 0.5 percent and 0.1 percent, which more than offset declines in the baby oil and powder, and barber fees of 2.7 percent and 0.2 percent, respectively. Court fees and insect repellent remained unchanged. This expenditure groups' contribution to the overall quarterly and annual CPI inflation was negligible.

The CPI for the Recreation expenditure group recorded no price change in the June quarter of 2024, compared to an increase of 0.4 percent in the previous quarter. There were increases in the prices of television and newspaper of 4.0 percent and 3.6 percent, which more than offset decreases in the prices of flash drives, magazines, batteries and biros of 2.7 percent, 2.0 percent, 1.5 percent, and 0.3 percent, respectively. The prices of bicycle, DVD player, biros, photograph and sports gate and movie fees remained unchanged. This expenditure group's contribution to both the quarterly and annual CPI inflation outcomes was negligible.

Prices in Lae declined by 3.0 percent in the June quarter of 2024, compared to a decline of 4.6 percent in the previous quarter. The Alcoholic Beverages, Tobacco and Betelnut expenditure group recorded the largest decline with 18.2 percent, followed by Communication with 1.7 percent, Household Equipment with 0.4 percent, Miscellaneous with 0.3 percent and Health with 0.2 percent. These more than offset increases in the Restaurants and Hotels, Food and Non-Alcoholic Beverages, Clothing and Footwear, Housing and Transport expenditure groups of 1.9 percent, 0.8 percent, 0.6 percent and 0.1 percent, respectively. The Education and Recreation expenditure groups recorded no price changes in the quarter. Lae contributed 0.4 percentage points and 1.1 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

Prices in Port Moresby declined by 0.3 percent in the June quarter of 2024, compared to a decline of 2.5 percent in the previous quarter. The Alcoholic Beverages, Tobacco and Betelnut expenditure group recorded the largest decline of 7.6 percent, followed by Communication with 1.0 percent, Household Equipment with 0.7 percent, Restaurants and Hotels with 0.3 percent, and Recreation with 0.2 percent. These more than offset increases in Food and Non-Alcoholic Beverages of 2.4 percent, Clothing and Footwear of 0.6 percent, and Transport, Health and Miscellaneous of 0.4 percent each, and Housing of 0.2 percent. The Education expenditure group recorded no price change in the quarter. Port Moresby contributed 0.2 percentage points each to the overall quarterly and annual CPI inflation outcomes, respectively.

In Alotau/Kimbe-Kokopo/Rabaul, prices declined by 0.8 percent in the June quarter of 2024, compared to a decline of 2.3 percent in the previous quarter. The Alcoholic Beverages, Tobacco and Betelnut expenditure group recorded the largest decline of 14.4 percent, followed by Household Equipment with 3.9 percent, Health with 0.5 percent and, Clothing and Footwear with 0.4 percent. These more than offset increases in the Food and Non-Alcoholic Beverages of 4.2 percent, Restaurants and Hotels of 3.5 percent, Transport of 1.3 percent, both Miscellaneous and Recreation of 1.1 percent each, and Housing of 0.6 percent. The Education and Communication expenditure groups recorded no price changes in the quarter. Alotau/Kimbe-Kokopo/Rabaul contributed 0.1 percentage points and 0.4 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

In Goroka/Mt. Hagen/Madang, prices declined by 0.1 percent in the June quarter of 2024, compared to an increase of 3.0 percent in the previous quarter. The Alcoholic Beverages, Tobacco and Betelnut Food expenditure group recorded the largest fall of 4.2 percent, followed by Miscellaneous with 2.5 percent, Communication with 1.8 percent, Recreation with 0.7 percent, Household Equipment with 0.3 percent and, Restaurants and Hotels with 0.1 percent. These more than offset increases in the Food and Non-Alcoholic Beverages, Health, Transport and Housing expenditure groups of 1.6 percent, 0.8 percent, 0.5 percent, 0.2 percent, respectively. The Education and Clothing and Footwear expenditure groups recorded no price changes in the quarter. Goroka/Mt. Hagen/Madang centres' contribution to the overall quarterly CPI was negligible, whilst it contributed 0.4 percentage points to the overall annual CPI inflation outcome.

The annual headline inflation marginally increased by 0.1 percent in the June quarter of 2024, compared to an increase of 2.5 percent in the previous quarter. All expenditure groups recorded increases except the Alcoholic Beverages, Tobacco and Betelnut, Communication and Recreation, which declined. The largest increase was in the Clothing and Footwear expenditure group with 5.1 percent, followed by both Health and Miscellaneous with 5.0 percent each, Food and Non-Alcoholic Beverages with 4.9 percent, Transport with 3.2 percent, Restaurants and Hotels with 2.5 percent, both Education and Housing with 1.8 percent each and Household Equipment with 0.7 percent. These more than offset price declines in the Alcoholic beverages, Tobacco, and Betelnut, Communication and Recreation expenditure groups of 14.9 percent, 12.8 percent and 0.6 percent, respectively.

The NSO's quarterly exclusion-based inflation measure (which is the overall CPI excluding seasonal, customs excise and price regulated items) increased by 1.4 percent in the June quarter of 2024, compared to an increase of 3.8 percent in the previous quarter. Annual exclusion-based inflation was 5.5 percent in the June quarter of 2024, compared to 5.3 percent in the previous quarter.

The quarterly trimmed mean inflation measure published by the Bank of PNG increased by 0.5 percent in the June quarter of 2024, compared to an increase of 1.3 percent in the previous quarter. The annual trimmed mean inflation was 3.2 percent in the June quarter of 2024, compared to 4.8 percent in the same period of 2023.

4. EXPORT COMMODITIES REVIEW

The total value of merchandise exports was K12,230.5 million in the June quarter of 2024, compared to K10,826.8 million in the corresponding quarter of 2023. There were higher export receipts for most of PNG's major export commodities, while there were declines for palm oil, nickel, cobalt, condensate and LNG.

The value of agricultural, marine products and other non-mineral exports, excluding forestry and refined petroleum product exports, was K1,560.6 million, accounting for 12.8 percent of total merchandise exports in the June quarter of 2024, compared to K1,228.0 million or 11.3 percent of total merchandise exports in the corresponding quarter of 2023. Forestry product exports were K185.3 million, which accounted for 1.5 percent of total merchandise exports in the quarter, compared to K155.3 million or 1.4 percent in the corresponding quarter of 2023. Refined petroleum product exports were K98.2 million and accounted for 0.8 percent of total merchandise exports in the quarter, compared to K98.9 million or 0.9 percent in the corresponding quarter of 2023. Mineral export receipts, including LNG and condensate were K10,386.5 million and accounted for 84.9 percent of total merchandise exports in the quarter, compared to K9,344.6 million or 86.3 percent in the June quarter of 2023.

The weighted average kina price of PNG's exports, excluding LNG, increased by 24.7 percent in the June quarter of 2024, compared to the corresponding quarter of 2023. Higher international prices accounted for this increase. There was an increase of 16.4 percent in the weighted average kina price of mineral exports, reflecting higher kina prices of all mineral commodities, except for nickel and cobalt. For agricultural, logs and marine product exports, the weighted average kina price increased by 66.5 percent, due to higher kina prices for all non-mineral commodities, except for tea and marine. Excluding logs, the weighted average kina price of agricultural and marine product exports increased by 77.5 percent in the June quarter of 2024, compared to the corresponding quarter of 2023.

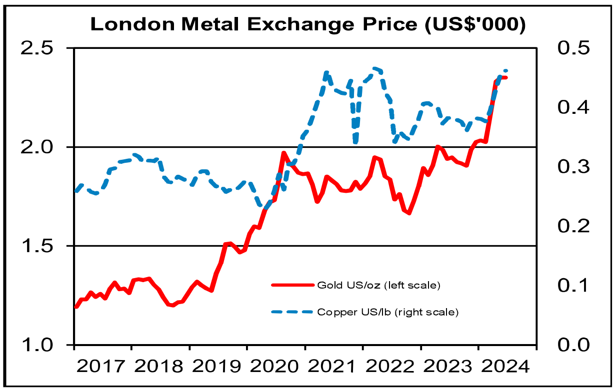
MINERAL EXPORTS

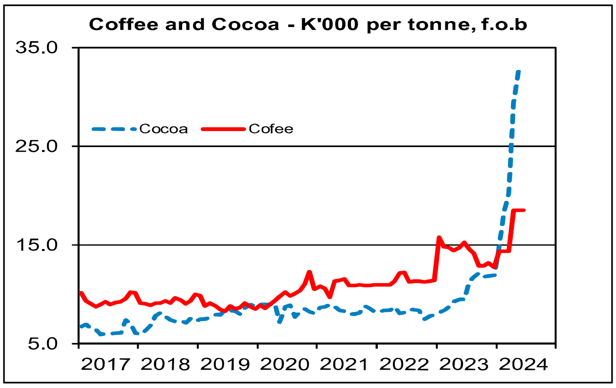
Total mineral export receipts were K10,386.5 million in the June quarter of 2024, compared to K9,344.6 million in the corresponding quarter of 2023. The increase was due to higher values of all mineral export commodities, except for nickel, cobalt, condensate and LNG.

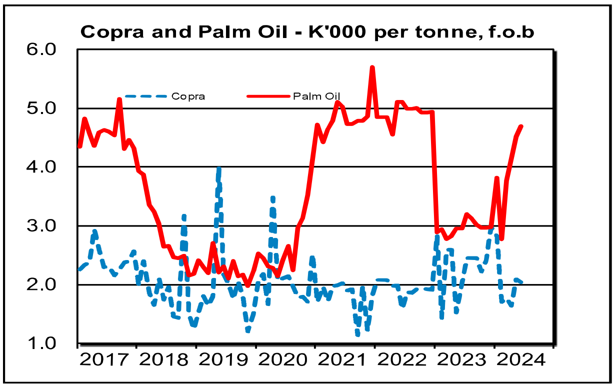
The value of LNG export was K4,566.9 million in the June quarter of 2024, compared to K4,849.1 million in the corresponding quarter of 2023. The decline was due to lower LNG prices, attributed to a weaker demand from Europe, one of the main consuming markets.

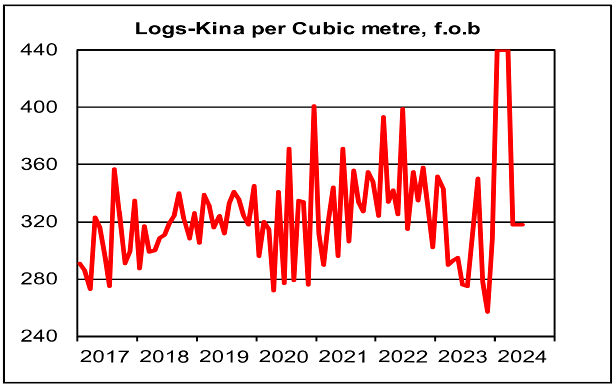
The volume of condensate exported was 982.1 thousand barrels in the June quarter of 2024, compared to 1,322.0 thousand barrels in the corresponding quarter of 2023. There were lower shipments by the PNG LNG project. The average free on board (f.o.b) price for condensate export was

EXPORT COMMODITY PRICES









K315 per barrel in the quarter, compared to K265 per barrel in the corresponding quarter of 2023, reflecting higher international prices. The decline in export volume more than offset the increase in export price, resulting in lower export receipts of K309.5 million in the quarter, compared to K350.3 million in the June quarter of 2023.

The volume of gold exported was 11.5 tonnes in the June quarter of 2024, compared to 10.9 tonnes in the corresponding quarter of 2023. The increase reflected higher production and shipment from the Ok Tedi and K92 mines, combined with the resumption of the Porgera mine. The average f.o.b price for PNG's gold exports was K257.6 million per tonne in the June quarter, compared to K206.1 million per tonne in the corresponding quarter of 2023. This reflected higher international prices combined with the depreciation of the kina against the US dollar. The average gold price at the London Metal Exchange increased by 18.6 percent to US$2,344.3 per fine ounce in the June quarter, compared to the corresponding quarter of 2023. The increase was mainly due to strong demand for gold as a safe-haven investment driven by concerns over global economic stability and inflationary pressures. The combined increase in export volume and price resulted in higher export receipts of K2,962.8 million in the June quarter, compared to K2,246.0 million in the corresponding quarter of 2023.

The volume of copper exported was 27.9 thousand tonnes in the June quarter of 2024, compared to 20.7 thousand tonnes in the June quarter of 2023. The increase was due to higher production of metal ore grades and shipment by the Ok Tedi mine. The average f.o.b. price of PNG's copper exports was K36,075.0 per tonne in the quarter, compared to K30,493.0 per tonne in the June quarter of 2023. The higher price was mainly due to lower production from the major producer, Chile, combined with higher global demand relating to power energy transition and artificial intelligence technologies. The combined increase in export volume and price resulted in higher export receipts of K1, 006.5 million in the quarter, compared to K631.2 million in the June quarter of 2023.

The volume of nickel exported was 7.7 thousand tonnes in the June quarter of 2024, compared to 9.1 thousand tonnes in the corresponding quarter of 2023. The decline was due to lower production and shipment by the Ramu Nickel/Cobalt mine. The average f.o.b. price of PNG's nickel exports was K69,286 per tonne in the June quarter, compared to K78,462 per tonne in the corresponding quarter of 2023. The outcome reflected lower international prices. The combined decline in export volume and price resulted in lower export receipts of K533.5 million in the quarter, compared to K714.0 million in the June quarter of 2023.

The volume of cobalt exports was 0.7 thousand tonnes in the June quarter of 2024, compared to 0.8 thousand tonnes in the corresponding quarter of 2023. The decline was due to lower production and shipment by the Ramu Nickel/ Cobalt mine. The average f.o.b. price of PNG's cobalt exports was K101,337 per tonne in the quarter, compared to K115,250 per tonne in the June quarter of 2023. The outcome reflected lower international prices. The combined decline in export price and volume resulted in lower export receipts of K70.9 million in the June quarter, compared to K92.2 million in the corresponding quarter of 2023.

The volume of crude oil exported was 2,274.4 thousand barrels in the June quarter of 2024, compared to 1,133.1 thousand barrels in the June quarter of 2023. This was due to higher production from the Kutubu and Gobe oil fields. The average export price of crude oil was K315 per barrel in the quarter, compared to K283 per barrel in the June quarter of 2023. This increase was reflective of higher international prices due to production cuts by the OPEC members led by Saudi Arabia and Russia. The combined increase in export volume and price resulted in higher export receipts of K715.8 million in the June quarter, compared to K320.7 million in the corresponding quarter of 2023.

Export receipts of refined petroleum products, which include Naphtha from the PNG LNG project, were K98.2 million in the June quarter, compared to K98.9 million in the corresponding quarter of 2023.

AGRICULTURE, LOGS AND FISHERIES EXPORTS

Export prices of all non-mineral commodities increased in the June quarter of 2024, except for tea and marine, compared to the corresponding quarter of 2023. Palm oil prices increased by 114.6 percent, cocoa by 236.8 percent, coffee by 25.2 percent, copra by 3.4 percent, copra oil by 47.3 percent, rubber by 29.2 percent and logs by 10.8 percent, while the price for tea and marine declined by 25.0 percent and 16.4 percent respectively. The net effect was a 66.5 percent increase in the weighted average kina price of agricultural, logs and marine product exports. Excluding logs, the weighted average kina price of agricultural and marine product exports increased by 77.5 percent in the June quarter, compared to the corresponding quarter of 2023.

The export volume of coffee was 10.9 thousand tonnes in the June quarter, compared to 9.5 thousand tonnes in the corresponding quarter of 2023. The increase was due to higher production and shipment, reflecting favourable weather conditions. The average export price of coffee was K18,565 per tonne, an increase of 25.2 percent from the corresponding quarter of 2023. The outcome reflected higher international prices due to lower production from one of the major producers, Vietnam, attributed to unfavourable dry weather conditions. The combined increase in export volume and price resulted in export receipts of K202.4 million in the quarter, an increase of 43.6 percent from the corresponding quarter of 2023.

The export volume of cocoa was 13.1 thousand tonnes in the June quarter, compared to 11.2 thousand tonnes in the corresponding quarter of 2023. The increase was due to higher production and shipments from the main producing regions, reflecting favourable supply response to higher international prices. The average export price of cocoa was K31,901 per tonne in the quarter, a significant increase of 236.8 percent from the corresponding quarter of 2023. The outcome reflected record high global prices due to lower production from the major producers, Ghana and Ivory Coast, attributed to unfavourable dry weather conditions, coupled with damages inflicted by pests and diseases. The combined increase in export volume and price resulted in export receipts of K417.9 million in the June quarter, a substantial increase of 293.9 percent from the corresponding quarter of 2023.

The export volume of copra was 8.2 thousand tonnes in the June quarter, compared to 2.9 thousand tonnes in the corresponding quarter of 2023. The increase reflected higher production from the major producing regions. The average export price of copra was K1,890 per tonne in the quarter, an increase of 3.4 percent from the corresponding quarter of 2023. This outcome reflected lower production from the major producers, the Philippines and India, due to unfavourable weather conditions, combined with a stronger global demand. The combined increase in export volume and price resulted in export receipts of K15.5 million in the June quarter, a significant increase of 192.5 percent from the corresponding quarter of 2023.

The export volume of copra oil was 4.3 thousand tonnes in the June quarter, compared to 1.6 thousand tonnes in the corresponding quarter of 2023. The increase was due to higher production and shipments. The average export price of copra oil was K4,419 per tonne in the quarter, an increase of 47.3 percent from the June quarter of 2023. This reflected higher international prices. The price increase was due to a supply shortage of the base product, coconut, from the major producers, Philippines and India, as a result of unfavourable weather conditions. The combined increase in export volume and price resulted in export receipts of K19.0 million in the June quarter, a substantial increase of 295.8 percent from the corresponding quarter of 2023.

The export volume of palm oil was 82.5 thousand tonnes in the June quarter of 2024, compared to 193.3 thousand tonnes in the corresponding quarter of 2023. The decline was due to lower production and shipment. The average export price of palm oil was K7,057 per tonne in the quarter, an increase of 114.6 percent from the June quarter of 2023. This was due to lower production from the major producer, Indonesia, attributed to unfavourable dry weather, combined with higher global demand. The decline in export volume more than offset the increase in export price, resulting in export receipts of K582.2 million in the quarter, a decline of 8.4 percent from the corresponding quarter of 2023.

The export volume of tea was 0.1 thousand tonnes in the June quarter of 2024, compared to 0.05 thousand tonnes in the corresponding quarter of 2023. This was due to higher production and shipment. The average export price of tea was K3,000 per tonne in the quarter, compared to K4,000 per tonne in the June quarter of 2023. The increase in export volume more than offset the decline in export price, resulting in export receipts of K0.3 million in the quarter.

The export volume of rubber was 0.6 thousand tonnes in the June quarter, compared to 0.4 thousand tonnes in the corresponding quarter of 2023. The increase was due to higher production from the major producers. The average export price of rubber was K5,167 per tonne in the quarter, an increase of 29.2 percent from the corresponding quarter of 2023. This reflected higher international prices driven by lower production from Thailand, attributed to wet weather conditions, coupled with high global demand. The combined increase in export volume and price resulted in export receipts of K3.1 million in the quarter, an increase of 93.8 percent from the corresponding quarter of 2023.

The export volume of logs was 552.0 thousand cubic meters in the June quarter, compared to 513.0 thousand cubic meters in the corresponding quarter of 2023. The average export price of logs was K318 per cubic meter in the quarter, an increase of 10.8 percent from the corresponding quarter of 2023. This outcome reflected lower production from the major producers, Indonesia and Malaysia. The combined increase in export volume and price resulted in export receipts of K175.5 million in the June quarter, an increase of 19.4 percent from the corresponding quarter of 2023.

The value of marine products exported was K174.9 million in the June quarter, compared to K111.3 million in the corresponding quarter of 2023. This resulted from an increase in export volumes which more than offset a decline in export prices.

5. BALANCE OF PAYMENTS

SIX MONTHS TO JUNE 2024 ON SIX MONTHS TO JUNE 2023

The balance of payments recorded an overall deficit of K2,211.1 million for the first six months of 2024, compared to a deficit of K1,154.5 million in the corresponding period of 2023. A deficit in the financial account more than offset a surplus in the current and capital account.

The surplus in the current and capital account was due to a trade surplus and net secondary income receipts, which more than offset net service and primary income payments.

The deficit in the financial account was due to net outflows from direct and other investments reflecting outflow of funds from offshore foreign currency accounts, for investments and debt service payments on external loans, largely by mineral companies, including LNG project partners.

The trade account recorded a surplus of K15,712.1 million for the first six months of 2024, compared to the surplus of K12,296.1 million in the corresponding period of 2023. The surplus was due to higher exports and lower imports as a result of lower foreign exchange inflows and the depreciation effect of the kina against the US dollar.

The value of merchandise exports was K23,736.4 million in the first six months of 2024, compared to K22,557.3 million in the corresponding period of 2023. The increase was attributed to higher export values of most commodities, while there were declines for palm oil, rubber, nickel, cobalt, condensate and LNG exports.

The value of merchandise imports was K8,024.3 million in the first six months of 2024, compared to K10,261.2 million in the corresponding period of 2023. There were lower general and petroleum imports. The value of general imports was K4,366.3 million in the period, compared to K6,611.6 million in the corresponding period of 2023, reflecting lower domestic economic activities attributed to lower foreign exchange inflows combined with the depreciation effect of kina against the US dollar. The value of petroleum sector imports was K418.4 million in the period, compared to K745.7 million in the corresponding period of 2023. This reflected lower expenditure on exploration and drilling activities by a resident petroleum company. Resident companies in the mining and petroleum sectors used funds held in their offshore foreign currency accounts to pay for imports. Mining sector imports was K3,239.6 million in the period, compared to K2,903.9 million in the corresponding period of 2023. The increase was due to higher capital expenditure undertaken by all mines except for Ramu Nickel & Cobalt Mine and alluvial miners.

The services account had a deficit of K4,624.4 million in the first six months of 2024, compared to a deficit of K4,273.6 million in the corresponding period of 2023.

The increase was due to higher payments for services, including manufacturing, travel, construction and other business services.

The primary income account recorded a deficit of K2,731.7 million in the first six months of 2024, compared to a deficit of K5,197.4 million in the corresponding period of 2023. This outcome was mainly due to lower payments for interest and dividends.

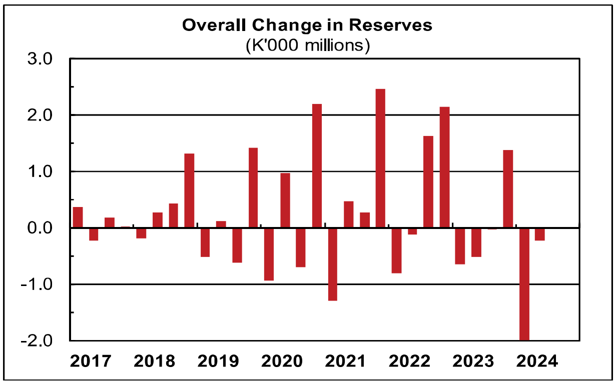
The secondary income account had a surplus of K823.4 million in the first six months of 2024, compared to a surplus of K510.7 million in the corresponding period of 2023. The outcome was mainly due to higher receipts in general government, reflecting licensing fees and taxes, and gifts and grants.

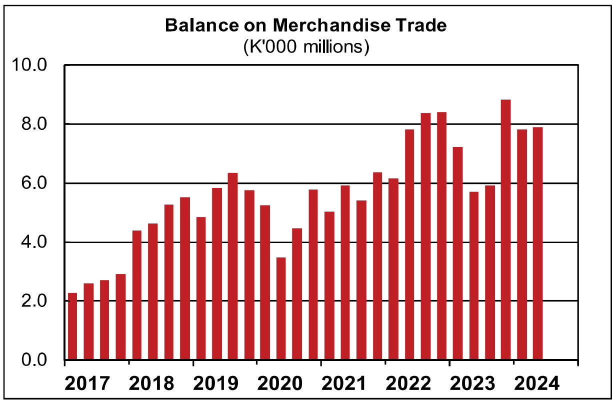
The capital account recorded a net inflow of K9.7 million in the first six months of 2024, compared to a net inflow of K12.5 million in the corresponding period of 2023, reflecting lower transfers by donor agencies for project financing.

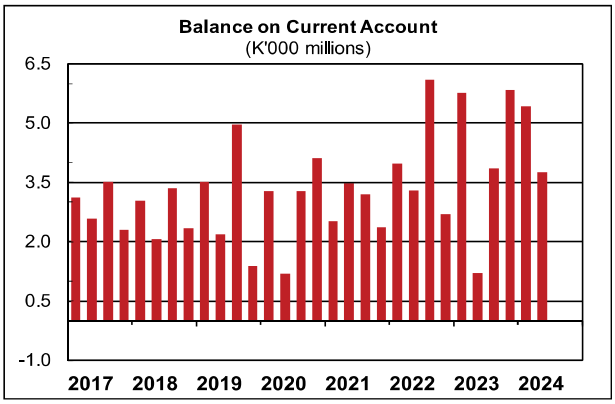
As a result of the developments in the trade, services, capital, primary and secondary income accounts, the current and capital account recorded a surplus of K9,179.4 million in the first six months of 2024, compared to a surplus of K3,335.8 million in the corresponding period of 2023.

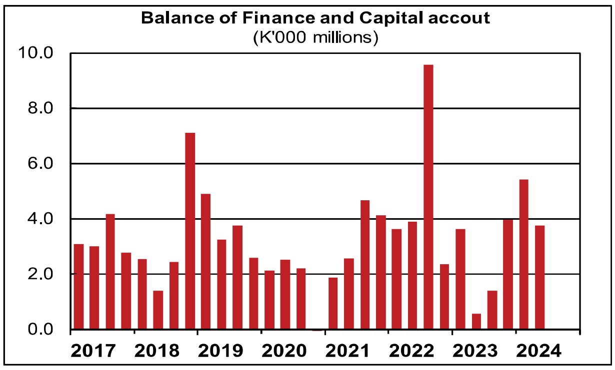
The financial account recorded a deficit of K13,244.7 million in the first six months of 2024, compared to a deficit of K4,713.1 million in the corresponding period of 2023. The outcome was due to net outflows from direct and other investments, reflecting net outflow of funds from offshore foreign currency accounts for investments and external debt service payments. The external

BALANCE OF PAYMENTS









loan repayments were from the Government and mineral companies, including LNG project partners.

JUNE QUARTER 2024 ON JUNE QUARTER 2023

The balance of payments recorded an overall deficit of K218.2 million in the June quarter of 2024, compared to a deficit of K505.8 million in the corresponding quarter of 2023. A deficit in the financial account more than offset a surplus in the current and capital account.

The value of merchandise imports was K4,343.5 million in the June quarter, compared to K5,454.3 million in the corresponding quarter of 2023. The outcome was due to lower general and petroleum sector imports. The value of general imports was K2,308.8 million in the quarter, compared to K3,782.0 million in the corresponding quarter of 2023, reflecting lower domestic economic activities. The value of petroleum sector imports was K191.8 million in the quarter, compared to K352.9 million in the corresponding quarter of 2023. This reflected lower expenditure on exploration and drilling activities by a resident petroleum company. Mining sector imports was K1,537.4 million in the quarter, compared to K1,319.4 million in the corresponding quarter of 2023. The increase was due to higher capital expenditure undertaken by the Kainantu, Ok Tedi, Porgera, Simberi and Hidden Valley mines. Mining and petroleum sector companies used their offshore foreign currency accounts to pay for imports.

The services account had a deficit of K2,526.2 million in the June quarter, compared to a deficit of K2,493.2 million in the June quarter of 2023. This was due to higher payments for manufacturing, travel, construction and other business services.

The primary income account recorded a deficit of K2,107.3 million in the June quarter, compared to K4,196.2 million in the corresponding quarter of 2023. The outcome was mainly due to lower payments for interest and dividends.

The secondary income account had a surplus of K497.8 million in the June quarter, compared to a surplus of K446.5 million in the corresponding quarter of 2023. The outcome was mainly due to higher receipts in licensing fees and taxes, and gifts and grants.

The capital account recorded a net inflow of K4.8 million in the June quarter of 2024, compared to a net inflow of K8.3 million in the corresponding quarter of 2023, reflecting lower transfers by donor agencies for project financing.

As a result of these developments in the trade, services, capital, primary and secondary income accounts, the current and capital account recorded a surplus of K3,751.4 million in the June quarter, compared to a deficit of K870.4 million in the corresponding quarter of 2023.

The financial account recorded a deficit of K6,642.6 million in the June quarter, compared to a deficit of K611.1 million in the June quarter of 2023. The outcome was due to net outflows from direct and other investments, reflecting net outflow of funds from offshore foreign currency accounts for investments and external loan repayments by mineral companies, including LNG project partners, and the Government, respectively.

The level of gross foreign exchange reserves at the end of June 2024 was K12,234.2 (US$3,242.1) million, sufficient for 5.7 months of total and 10.5 months of non-mineral import cover.

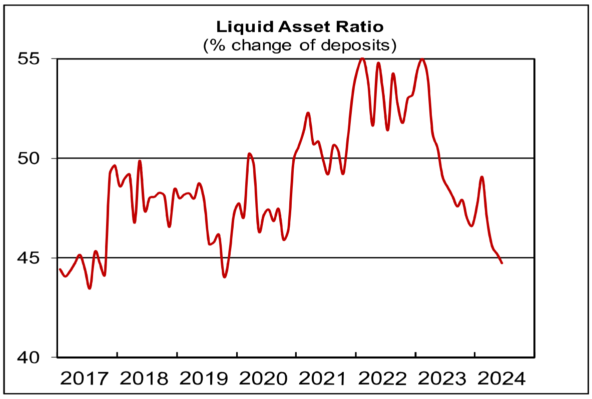
6. MONETARY DEVELOPMENTS

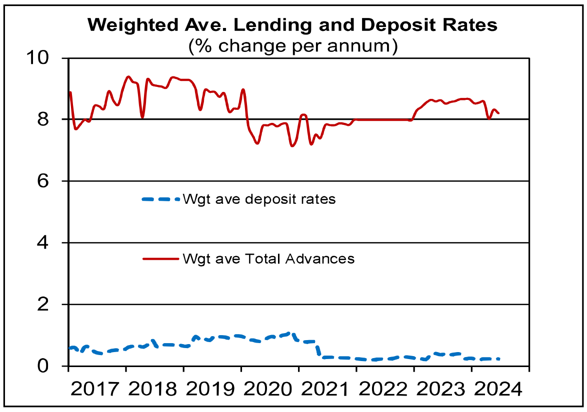
INTEREST RATES AND LIQUIDITY

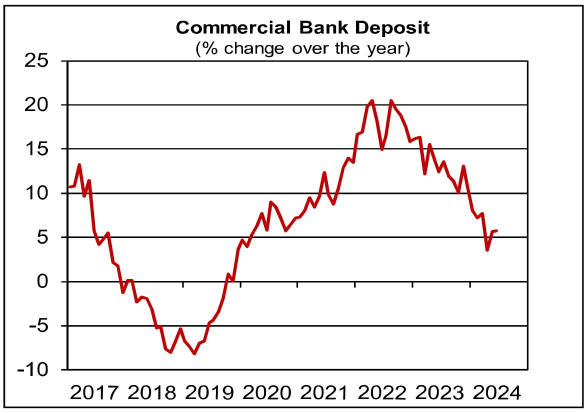
The Central Bank pursued a tightening stance of monetary policy during the June quarter of 2024. The Kina Facility Rate (KFR) was increased by 0.50 percentage points to 2.50 percent in May and maintained in 2024. This was in line with the tightening stance of monetary policy as announced in the March 2024 Monetary Policy Statement, which aims to counter inflationary pressures resulting from the downward adjustments in the kina exchange rate and imported inflation. The dealing margins for the Repurchase Agreement (Repo) Facility remained at 150 basis points on both sides of the KFR.

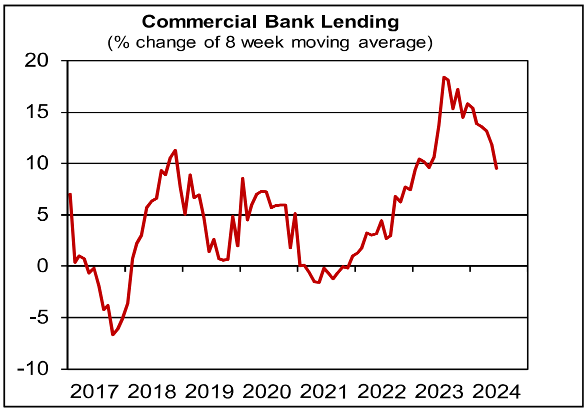
Domestic weighted average interest rates for short-term securities generally increased for most maturities between the end of June and March 2024. At the Central Bank Bill (CBB) auction for the 7-day CBB under the Fixed Rate Full Allotment (FRFA), the rate increased in line with the KFR. Between the end of June and March 2024, the 7-day CBB rate increased by 0.50 percentage points to 2.50 percent. The Government's Treasury bill rates for the 182-day, 273-day and 364-day terms increased by 1.15 percentage points, 0.19 percentage points and 1.06 percentage points to 3.00 percent, 2.64 percent and 4.35 percent, respectively.

The weighted average interest rates on commercial banks' large term deposits



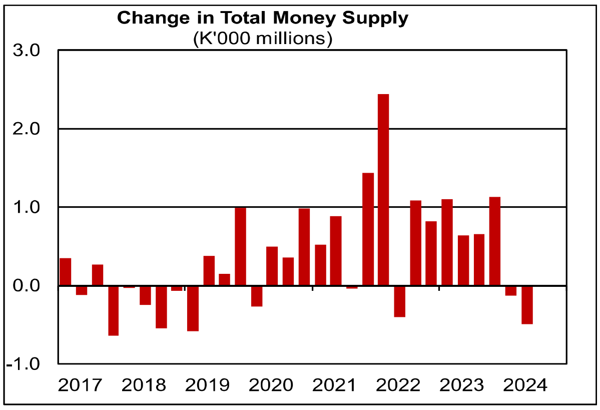


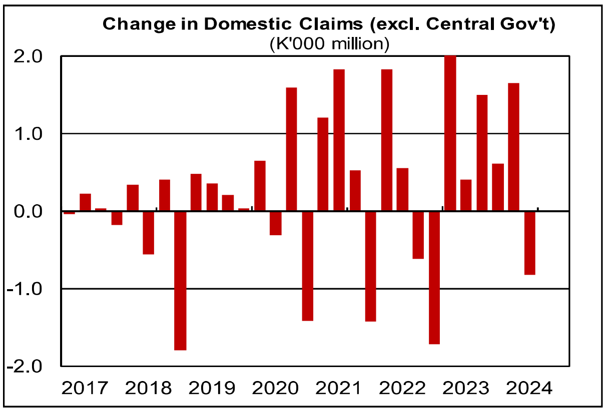


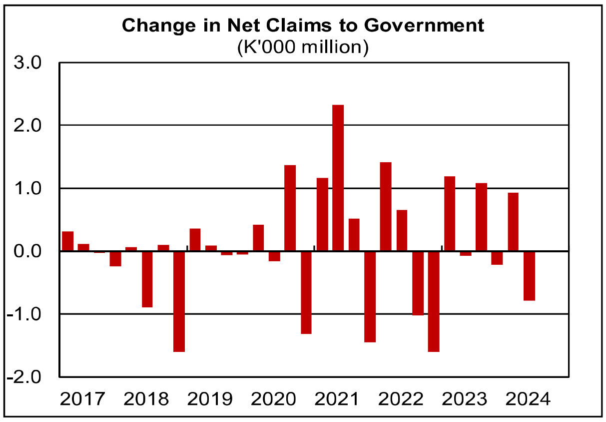


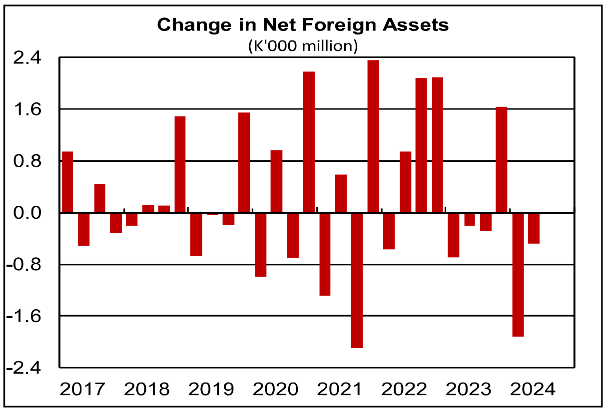
(K500,000 and above) showed mixed movements for all terms, over the June quarter of 2024. The 30-day rate remained unchanged at 0.50 percent, while the 60-day, 90-day and 365-day deposit rates declined by 0.19 percentage points, 0.31 percentage points and 0.04 percentage points to 0.29 percent, 1.12 percent and 1.95 percent, respectively. The 180-day and 270-day deposit rates increased by 0.26 percentage points and 1.10 percentage points to 1.25 percent and 2.15 percent, respectively. The monthly weighted average interest rate on total deposits remained unchanged at 0.24 percent during the June quarter of 2024, while the monthly weighted average rate for total loans decreased to 8.22 percent from 8.41 percent. The Indicator Lending Rates (ILR) for commercial banks remained unchanged between 6.95 percent and 11.70 percent in the June quarter of 2024.

The Bank utilized its Open Market Operation (OMO) instruments in the conduct of monetary policy. Total liquid asset holdings of the banking system continue to remain high. There was net diffusion of K51.1 million in CBBs in the June quarter under the FRFA. There was a net issuance of government securities totalling K22.3 million, reflecting the issuance of K456.1 million in Treasury Bonds (Inscribed Stock), which more than offset retirement of K433.8 million in Treasury Bills. There were six interbank deals, and forty repo transactions recorded during the June quarter of 2024. There were interbank borrowings at rates between 4.00 percent and 4.50 percent, while the repo deals were all overnight deals between the rate of 3.50 percent and 4.00 percent. The Cash Reserve Requirement (CRR) on commercial banks' deposits was increased progressively from 10 percent to 12.0 percent over the June quarter of 2024 in line with the tightening stance. The increase in CRR









diffused around K680.0 million in liquidity.

MONEY SUPPLY

The average level of broad money supply (M3*) declined by 0.8 percent in the June quarter of 2024, compared to an increase of 2.9 percent in the previous quarter. This was due to a decrease of 8.9 percent in the average net foreign assets (NFA) of the banking system, more than offsetting an increase of 1.0 percent in the average net domestic assets (NDA). The average net domestic claims, excluding average net claims on Central Government, increased by 1.9 percent in the June quarter of 2024, compared to an increase of 5.2 percent in the previous quarter. This reflected increases in average claims on the private sector, 'Provincial and Local Level Governments' and other financial corporations, which more than offset a decline in average claims on public non-financial corporations.

The average level of monetary base (reserve money) declined by 1.9 percent in the June quarter of 2024, compared to an increase of 1.3 percent in the previous quarter. This reflected a decline in liabilities to other depository corporations (ODCs) held at the Central Bank, mainly CRR deposits of commercial banks, which more than offset an increase in currency in circulation issued by the Central Bank.

The average level of narrow money supply (M1*) decreased by 1.1 percent in the June quarter of 2024, compared to an increase of 3.0 percent in the previous quarter. This was due to a decline in the average level of transferable deposits, more than offsetting an increase in currency outside depository corporations (DCs). The average level of quasi money increased by 0.8 percent in the June quarter of 2024, compared to an increase of 2.2 percent in the previous quarter.

The average level of deposits at other depository corporations (ODCs) declined marginally by 0.1 percent to K36,382.8 million in the June quarter of 2024, from K36,416.7 million in the previous quarter. This reflected a decline in deposits by other financial corporations and other resident sectors, which more than offset increases from the public non-financial corporations, Government and other depository corporations.

The NFA of Financial Corporations (FCs), comprising DCs and other financial corporations (OFCs), decreased by 1.0 percent to K14,303.1 million during the June quarter of 2024, following a decrease of 9.8 percent in the previous quarter. This resulted from a decline in the NFA of the DCs, more than offsetting an increase in OFCs. The decline in Central Bank's NFA reflected a decline in its international reserves due to outflows from monthly interventions in the foreign exchange market and Government debt repayments, while the decline in ODCs' was due to a reduction in claims on non-residents, reflecting offshore investments. The increase in OFCs' NFA was due to higher claims on non-residents mainly reflecting an increase in superfunds' investments abroad.

Net claims on the Central Government by FCs declined by 3.3 percent to K20,818.7 million in the June quarter of 2024, compared to an increase of 5.6 percent in the previous quarter. The decline reflected net maturity of Government securities, combined with an increase in Government deposits at the ODCs.

LENDING

In the June quarter of 2024, total domestic credit extended by FCs to the private sector, public non-financial corporations and 'Provincial and Local Level Governments' declined by 3.7 percent to K21,725.8 million, compared to an increase of 5.6 percent in the previous quarter. This reflected net repayments of K806.7 million and K36.8 million by the private sector and 'Provincial and Local Level Governments', respectively, which more than offset advances to the public non-financial corporations. The decline by the private sector was mainly due to repayments from the commerce (mainly wholesale trade), transport and communication sectors, as well as various other businesses.

7. PUBLIC FINANCE

The fiscal operations of the National Government over the six months to June 2024 recorded a deficit of K1,922.6 million, compared to a deficit of K2,858.3 million in the corresponding period of 2023. This reflected lower revenue and higher expenditure.

Total revenue and grants over the six months to June was K8,981.5 million, 23.1 percent higher than in the same period of 2023, and represents 38.4 percent of the 2024 budgeted amount. The increase reflected higher tax, and non-tax receipts and foreign grants.

Total tax revenue was K7,986.2 million in the June quarter, 10.1 percent higher than in the corresponding period of 2023, and represents 42.7 percent of the budgeted amount. Direct tax receipts totaled K5,291.1 million, 11.6 percent higher than in the same period of 2023, and represents 40.9 percent of the budgeted amount. The increase was mainly due to higher collections in personal income and other direct taxes. The higher personal income taxes were due to strong employment growth, especially in teachers. In addition, the re-opening of the Porgera mine and its spillover effects on activities and on employment contributed to this increase. The increase in mining and petroleum taxes (MPT) is due to higher mineral prices and production.

Indirect tax revenue totaled K2,695.1 million in the June quarter of 2024, 7.2 percent higher than in the same period of 2023 and represents 46.7 percent of the budgeted amount. The increase was driven by higher excise duties.

Total non-tax revenue was K417.1 million in the June quarter of 2024, significantly higher than the corresponding period in 2023, and represents 16.7 percent of the budgeted amount. The higher outcome reflects dividend payments from the mining & petroleum sector, statutory transfers from state agencies and foreign grants for the June quarter.

Total expenditure was K10,904.1 million in the June quarter of 2024, 7.4 percent higher than in the corresponding period of 2023 and represents 39.8 percent of the total appropriation. This was due to higher capital expenditure, which offset lower recurrent expenditure.

Recurrent expenditure was K6,752.1 million in the June quarter, 2.4 per cent lower than in the corresponding period of 2023 and represents 40.5 percent of the budget appropriation. The lower outcome was mainly due to the decline in provincial government expenditure.

Total development expenditure for the period was K4,152.0 million in the June quarter of 2024, 28.3 percent higher than in the corresponding period in 2023, and represents 38.8 percent of the total appropriation. The outcome was due to higher capital investment on national and provincial projects.

The developments in revenue and expenditure in the six months to June resulted in a budget deficit of K1,922.6 million. The deficit was financed from domestic sources of K2,233.8 million offsetting net external loan repayments of K311.2 million. Net domestic financing comprised of K1,755.7 million in cheque floats (unpresented cheques for encashment), K677.3 million and K178.1 million in borrowing from OFCs, and BPNG, respectively. These more than offset net retirement of government securities of K277.3 million and K100.0 million by ODCs and Public non-financial corporations, respectively. External loan repayments consisted of K113.6 million, K176.1 million and K21.5 million, from concessional, extraordinary and commercial sources, respectively.

Total public (Government) debt outstanding as at end of June 2024 was K58,720.5 million, an increase of K61.1 million from the previous quarter, and represents 47.6 percent of GDP. The total debt outstanding comprised of K30,798.2 million from domestic sources and K27,922.3 million in external debt. Total Government deposits at depository corporations increased by K434.0 million to K6,474.4 in the June quarter of 2024.

MONETARY DEVELOPMENTS FINANCIAL SOUNDNESS INDICATORS (FSI) DEVELOPMENTS

OVERVIEW

In light of the global developments and domestic economic challenges, PNG's financial stability continued to remain resilient in fulfilling its intermediary role of supporting economic growth. This was demonstrated by a resilient and efficient financial system infrastructure, increased lending, high asset quality and asset growth, and adequate profit. Excess liquidity and a high capital level also provides strong back-up for the financial system's smooth operation.

The Bank of PNG (the Bank) through its regulatory and supervisory role continues to remain vigilant in promoting a sound Financial System to support economic growth. It maintains its timely surveillance and assessment of risk at the institutional level through on-site and off-site supervision. At the macro level, the Bank monitors the FSI developments and provides a forward-looking assessment on risk related to capital adequacy, asset quality, liquidity, profitability and market sensitivity.

In the reporting quarter, FSIs reflected positive developments for the overall financial system. Other Deposit Corporations (ODCs) liquidity and capital adequacy indicators have trended way above their regulatory limits. Asset quality also improved along with continued profitability. For Other Financial Corporations (OFCs), the superannuation industry's ability to meet its obligation has improved, reflecting high liquidity and timely payout, along with increased profitability. The life insurance sector also saw stable growth in profitability.

SOUNDNESS OF THE FINANCIAL SYSTEM

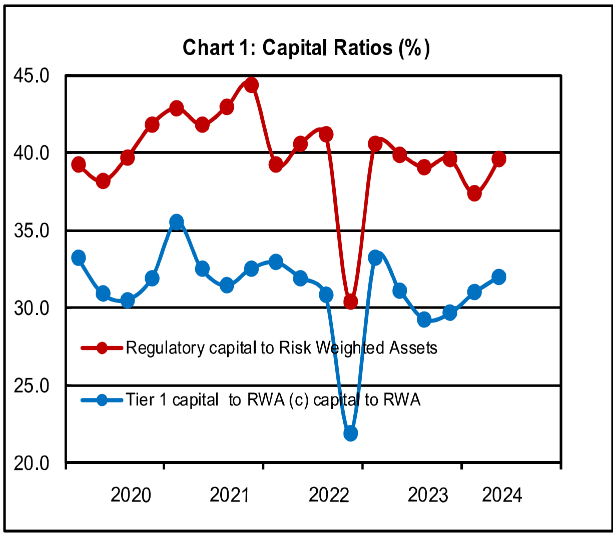
1.0 BANKS/ODCs

Capital Adequacy Ratio (CAR) - Capital Measures

Regulatory Capital to Risk Weighted Assets (RWA) and Regulatory Tier 1 Capital to Risk Weighted Assets (RWA).

CAR continued to trend well above the regulatory limits, indicating that the banking system has maintained its ability to adequately absorb unexpected losses from its risky assets and being solvent.

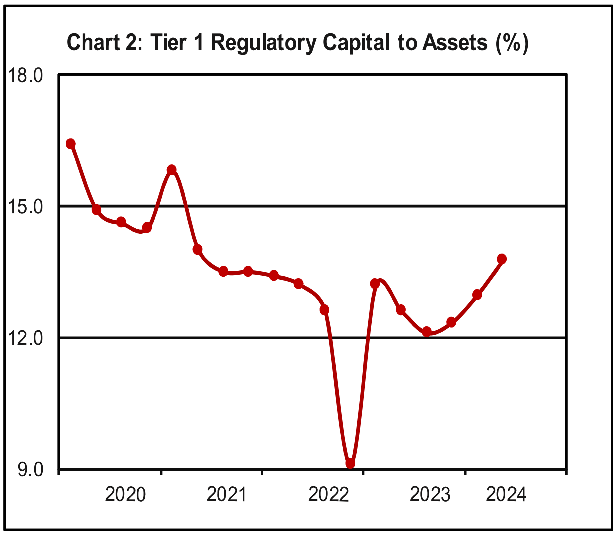
In June 2024 quarter, Regulatory Capital to RWA increased to 39.6 percent compared to 37.6 percent in the March quarter. Tier 1 Capital to RWA also increased to 32.0 percent compared to 31.0 percent during the same period. The growth in CAR was mainly driven by an increase in Tier 1 Capital following an increase in profit margins for banks.



Tier 1 Capital to Total Asset

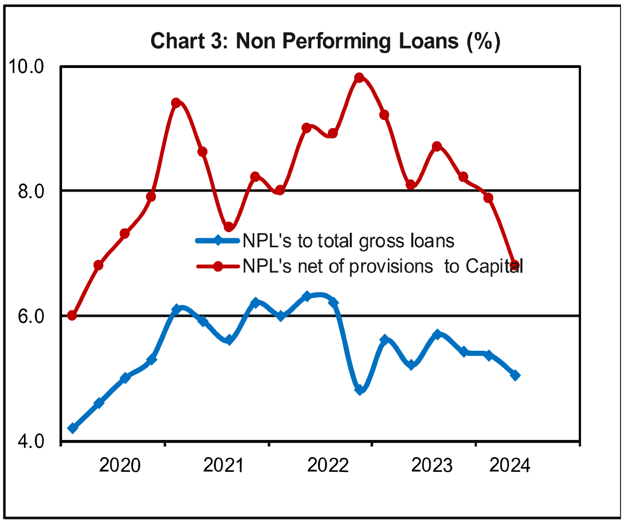
The banking system continued to leverage from Tier 1 Capital to finance asset expansion and growth.

Tier 1 Capital to Total Asset increased to 13.8 percent in the June quarter compared to 13.0 percent in the previous quarter, due to continuous increase in Tier 1 Capital (Chart 2).



Non-Performing Loans (NPLs) Net of provision to Capital

NPLs Net of Provisions to Capital declined to 6.8 percent in the June quarter compared to 7.7 percent in the previous quarter, attributed to a fall in NPLs balance while the banks' capital increased (Chart 3). Hence,

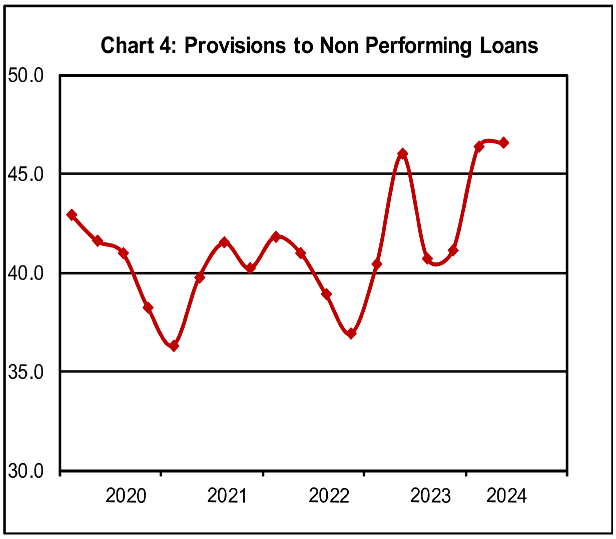


any potential capital risk related to NPLs remains very low.

Asset Quality Measures

Provision to Non-Performing Loans (NPLs) and Non-Performing Loan to Total Gross Loan Asset quality indicators continued to show that banks have maintained strong asset quality into the reporting quarter.

Provision to NPLs increased slightly to 46.5 percent in June 2024 quarter compared to 46.4 percent in the previous quarter. NPLs to Total Gross Loans declined to 5.0 percent compared to 5.4 percent in the previous quarter as a result of the fall in NPLs.



Large Exposures to Tier 1 Capital

Large Exposures improved in the June quarter. The ratio for Large Exposure to Tier 1 Capital decreased to 68.2 percent in June 2024 quarter, compared to 71.3 percent in the previous quarter due to a decrease in loan balances of corporate clients reflecting loan repayments and increase in tier 1 capital (Chart 5).

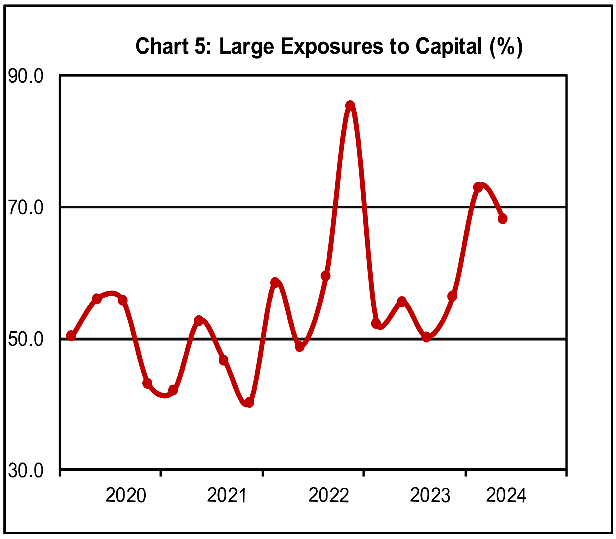


Chart 5: Large Exposures to Capital (%)

Foreign Currency (FX) Loans to Total Loans & Foreign Currency (FX) Liabilities to Total Liabilities

FC Loans to total loans decreased slightly to 2.0 percent in June 2024 quarter compared to 2.2 percent in the previous quarter, reflected loan repayments. FC liabilities to total liabilities remained at 2.6 percent (Chart 6).

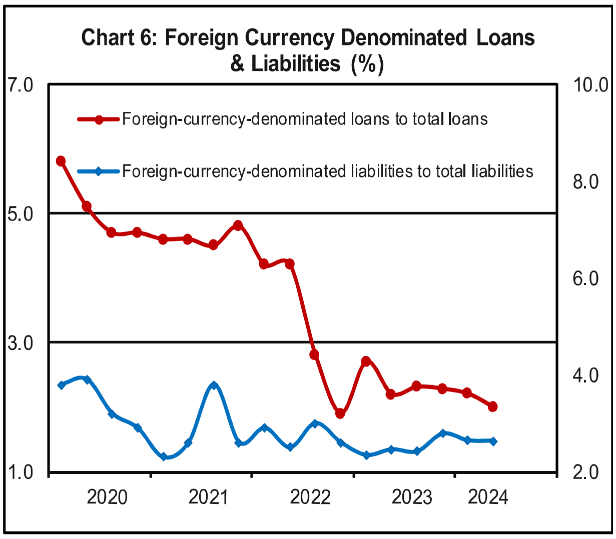


Chart 6: Foreign Currency Denominated Loans & Liabilities (%)

Earnings and Profitability Measures

Return on Asset (ROA) and Return on Equity (ROA)

Despite the challenging economic conditions, the banking sector continue to show resilience in terms of managing its earnings and costs efficiency in generating income, while maintaining adequate capital & reserves.

In the June 2024 quarter, the ROA remained unchanged at 4.8 percent. During the same period, ROE increased to 19.2 percent compared to 17.6 percent in the previous quarter due to an increase in net income after the tax (profit) relative to shareholder’s equity.

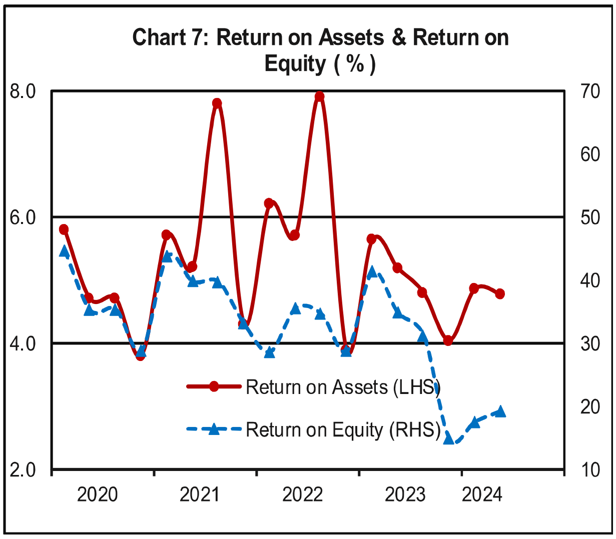


Chart 7: Return on Assets & Return on Equity (%)

‘Interest Margin and Non Interest Expenses’ to Gross Income

Interest Margin to Gross Income increased to 61.4 percent in the June 2024 quarter, compared to 60.7 percent in the previous quarter. Non-Interest Expenses to Gross Income also increased to 43.8 percent compared to 40.6 percent in the previous quarter. The trend shows that while generating revenue banks increased their operational expenses.

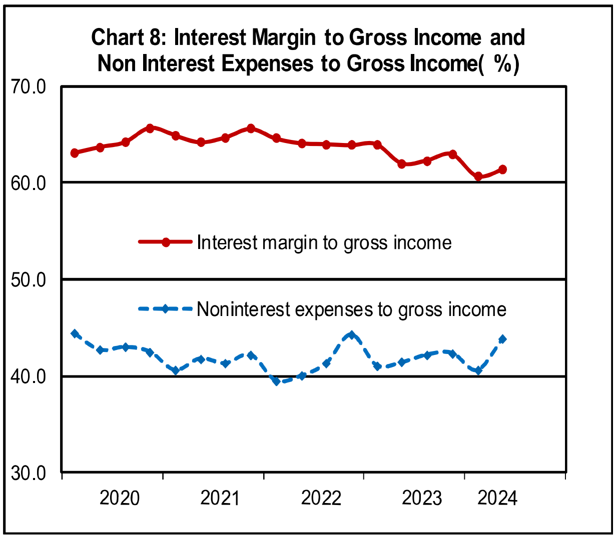


Chart 8: Interest Margin to Gross Income and Non Interest Expenses to Gross Income(%)

Trading Income to Total Income

Trading Income to Total Income declined to 16.3 percent in June 2024 compared to 18.5 percent in the previous quarter. (Chart 9). The decline was attributed to an increase in total income which was higher than the trading income following an increase in gains on financial instruments after revaluation on the FC account.

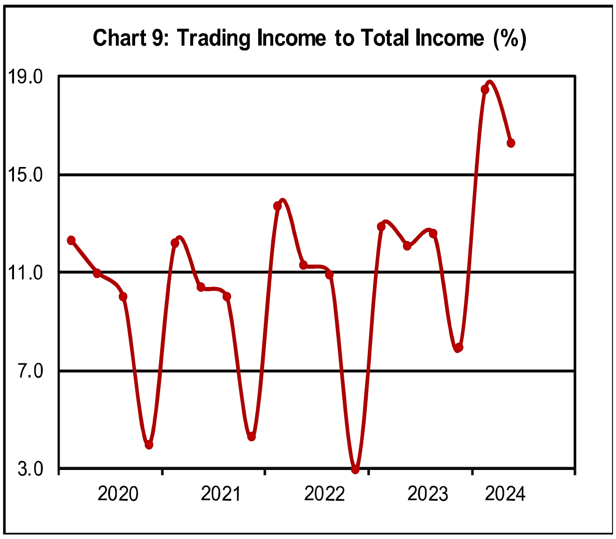


Chart 9: Trading Income to Total Income (%)

Personnel Expenses to Non-interest Expenses

Non–interest expenses are made up of personal and administrative expenses. Personnel Expenses have so far trended below 41.0 percent of the Non–interest expense, while the rest of the expenses were dominated by administrative expenses.

In June 2024 quarter, Personal Expense to Non-interest Expense has slightly fell to 39.3 percent, compared to 39.4 percent in the previous quarter (Chart 10).

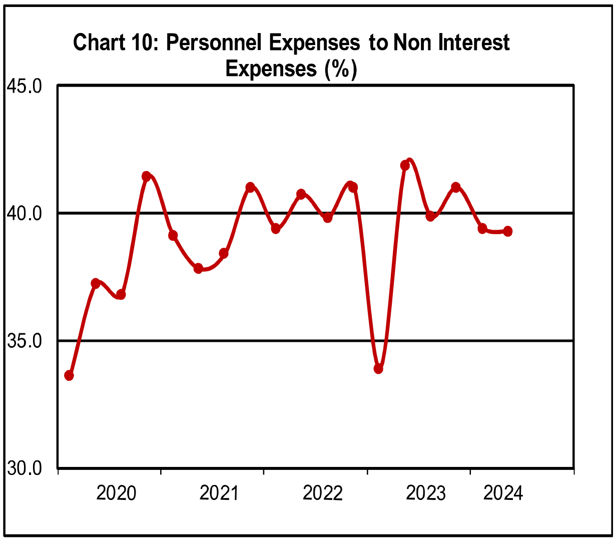


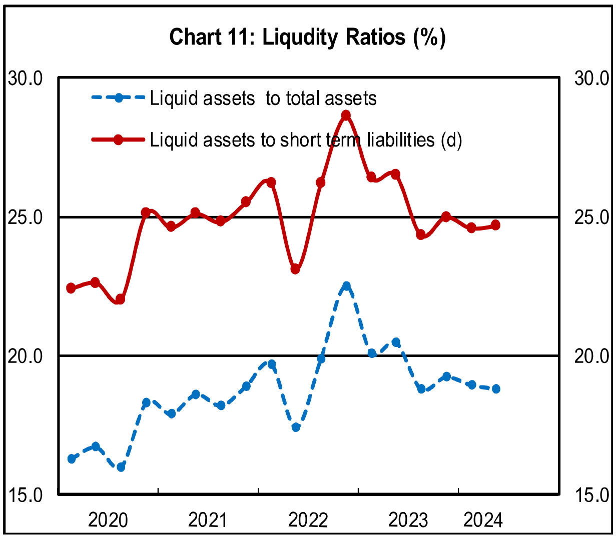
Chart 10: Personnel Expenses to Non Interest Expenses (%)

Liquidity Measures

Liquid Assets to Total Assets and Liquid Assets to Short- term Liabilities

Liquidity in the financial system continued to remain elevated sufficient to meet customer demand with minimal liquidity risk.

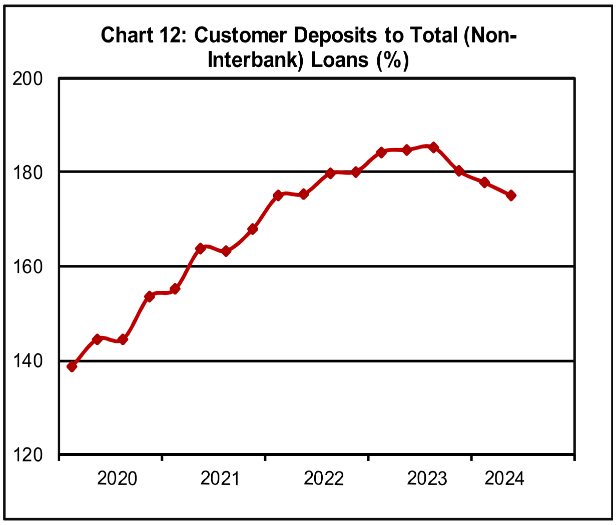
In June 2024 quarter, Liquid Asset to Total Assets trended steadily at 18.8 percent compared to 18.9 percent in the previous quarter. Liquid Assets to Short Term Liabilities also maintained a steady growth at 24.7 percent compared to 24.5 percent in the previous quarter (Chart 11).



Customer Deposits to Total (Non-Interbank) Loans

Customer deposits are regarded as more stable and always high relative to loan volume. Consistent stable deposits and sufficient liquid assets enhance banks' lending ability.

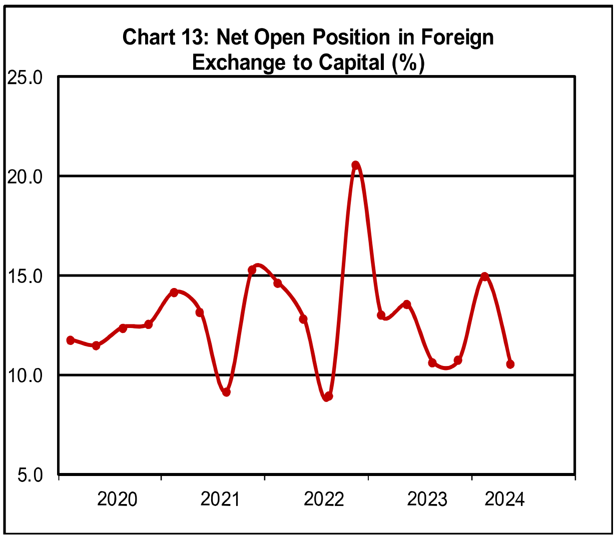
The Customer Deposits to Total (non-interbank) Loans ratio declined moderately to 175.0 percent in the June quarter compared to 177.7 percent in the previous quarter (Chart 12). The fall in the ratio of deposits to total loans was mainly impacted by the increase in total loans.



Sensitivity to Market Risk Measures

Net Open Position (NOP) in Foreign Exchange (FX) to Capital

Due to the depreciation of the kina against other major trading currencies, NOP remained negative in the June quarter. NOP in FX to Capital decreased significantly to 10.6 percent in June quarter of 2024 compared to 14.7 percent in the previous quarter, following the increase in foreign currency liabilities. However, overall the NOP in FX to Capital remained positive demonstrating that banks still have adequate FX assets (Chart 13). Any negative exposure can be absorbed by the high capital reserves available in the banking system.

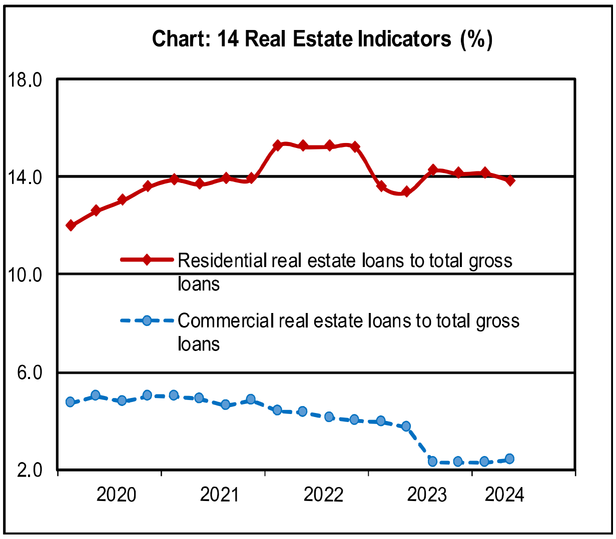


Real Estate Market Measures

Residential Real Estate Loans and Commercial Real Estate Loans to Total Gross Loans

In June 2024 quarter, Residential Real Estate Loans to Gross Loans decreased to 13.9 percent, compared to 14.2 percent in the previous quarter, this is due to the residential real estate loan repayments. Commercial Real Estate Loans to Total Gross

Loans slightly increased to 2.4 percent in June quarter 2024 compared to 2.3 percent in the previous quarter (Chart 14).



2.0 OTHER FINANCIAL CORPORATIONS (OFCs)

The soundness of the OFCs is assessed and measured by Profitability, Liquidity and Total Assets as the main indicators under Authorized Superannuation Funds (ASFs) and Life insurance sector.

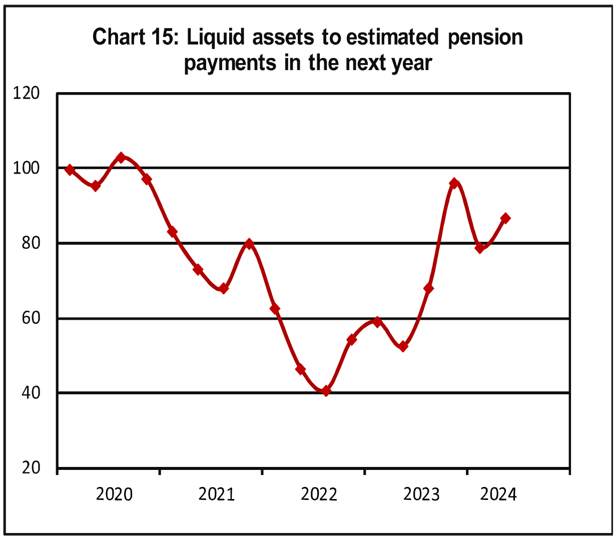
AUTHORISED SUPERANNUATION FUNDS (ASFs) INDUSTRY

Assets of the Superannuation industry continued to grow in the quarter. To maintain growth and their operations while minimising risk, the ASFs need to keep adequate liquidity to meet their short- and long-term funding obligations while ensuring that investment returns were sufficient to maintain profitability, liquidity and solvency level.

Liquid Assets to Estimated Pension Payment for the Next Year

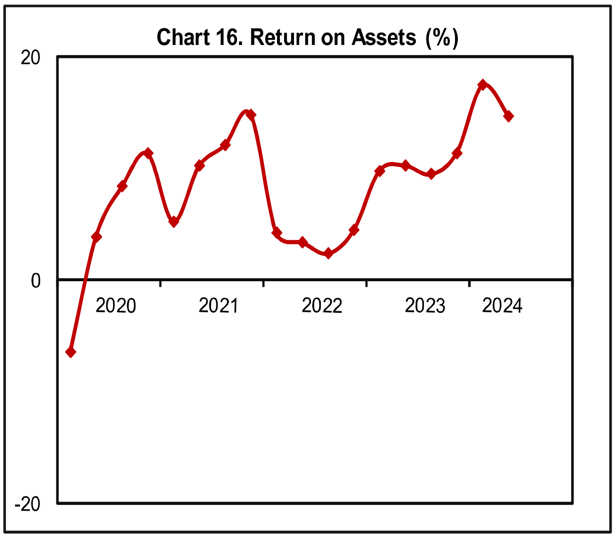
In the June quarter, Liquid Assets of the Superfunds remained elevated. This further strengthened the payout obligations in the next 12 months with minimal liquidity risk.

Liquid Assets to estimated pension payments has significantly increased to 86.8 percent in June 2024 quarter, compared to 78.7 percent in the previous quarter. The outcome was backed by strong growth in cash and net receivables (Chart 15).



Return on Asset (ROA)

The ASF's ROA remained high despite a fall in the June quarter. ROA was at 14.8 percent in the June quarter 2024, compared to 17.5 percent in the previous quarter due to a decline in income before tax (Chart 16).



Even though the ratio depicted a decline in volume, income has been growing on the back of efficient investments in different asset classes.

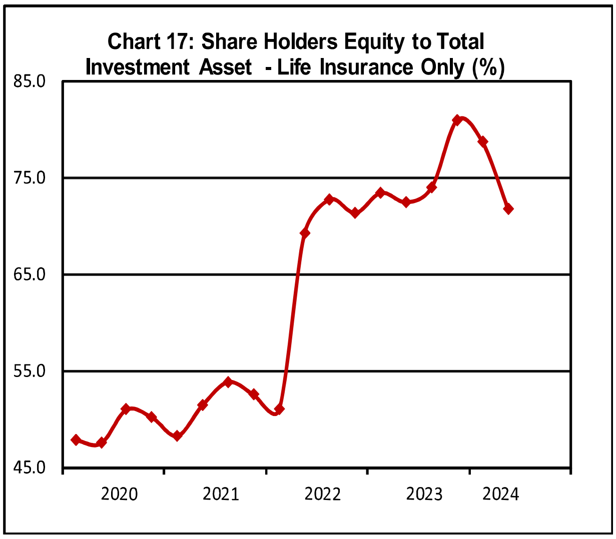
LIFE INSURANCE SECTOR

The sector must maintain adequate liquidity for payments while ensuring that investment returns are sufficient to maintain profitability and solvency.

The following is an analysis of the constructed FSIs for Life Insurance for the reporting quarter.

Shareholder Equity to Total Invested Assets

Shareholder Equity (Capital) to Total Invested Assets decreased to 71.7 percent in June 2024 quarter, compared to 78.7 percent in the previous quarter (Chart 17). The decline in the ratio was underpinned by a proportional decrease in capital and investment assets during the quarter.



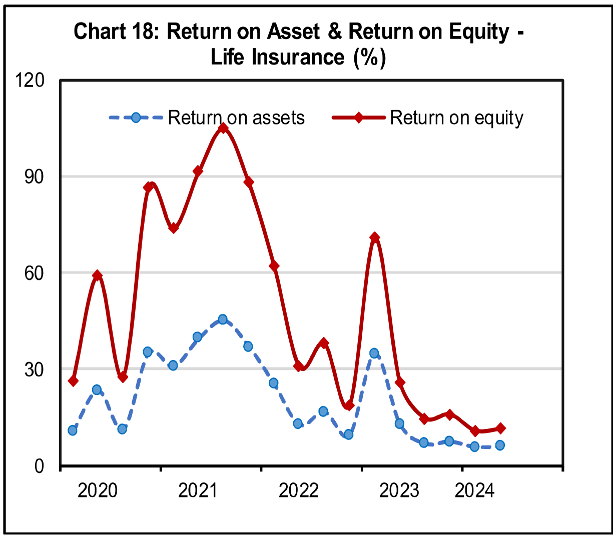
The sector has maintained its capacity of absorbing losses over time from its investments and has the potential to leverage its high capital to finance investment assets (existing & new) for expansion and growth.

Annualised Return on Asset (ROA) & Return on Equity (ROE)

Both ROA and ROE reflected growth in the June quarter.

In June 2024 quarter, ROA has increased marginally to 5.9 percent compared to 5.7 percent in the previous quarter due to increase in income before tax, following an improvement in earnings from premium payments along with a decrease in policy payout obligation.

Net income after tax (profit) related to shareholders also increased causing the ROE to increase to 11.3 percent compared to 10.8 percent reported in the previous quarter. The outcome reflected an improvement in profitability and the capital & reserves.



FOR THE RECORD

MONTHLY KINA FACILITY RATE ANNOUNCEMENTS

The Central Bank introduced the Kina Facility Rate (KFR) in February 2001 as the official rate to indicate its stance of monetary policy. The KFR is a monthly rate and any changes to it should translate to changes in market interest rates. Changes to the KFR is based on assessment of economic fundamentals consistent with the overall objective of monetary policy of price stability in the economy. From January 2019, the KFR announcements by the Bank were;

2021	06 September	Maintained at 3.00%
	06 October	Maintained at 3.00%
	01 November	Maintained at 3.00%
	06 December	Maintained at 3.00%
2022	03 January	Maintained at 3.00%
	07 February	Maintained at 3.00%
	07 March	Maintained at 3.00%
	04 April	Maintained at 3.00%
	02 May	Maintained at 3.00%
	06 June	Maintained at 3.00%
	04 July	Increased to 3.25%
	01 August	Maintained at 3.25%
	05 September	Maintained at 3.25%
	03 October	Maintained at 3.25%
	07 November	Maintained at 3.25%
	05 December	Maintained at 3.25%
2023	03 January	Increased to 3.50%
	06 February	Maintained at 3.50%
	06 March	Maintained at 3.50%
	05 April	Maintained at 3.50%
	03 May	Maintained at 3.50%
	07 June	Maintained at 3.50%
	05 July	Maintained at 3.50%
	02 August	Maintained at 3.50%
	06 September	Lowered to 3.00%
	02 October	Lowered to 2.50%
	06 Noember	Maintained at 2.50%
	04 December	Maintained at 2.50%
2024	08 January	Maintained at 2.50%
	05 February	Lowered to 2.00%
	04 March	Maintained at 2.00%
	01 April	Maintained at 2.00%
	06 May	Increased to 2.50%
	03 June	Maintained at 2.50%
	01 July	Maintained at 2.50%
	05 August	Increased to 3.00%

For details of the KFR, see Table 7.3 (S47) of the QEB. KFR announcements prior to January 2019 are reported in various bulletins starting with the March 2001 QEB.

GLOSSARY OF TERMS AND ACRONYMS

Balance of Payments

A statistical statement that systematically summaries a country's economic transactions with the rest of the world, over a specific time period. It comprises the Current and Capital and Financial Accounts.

Broad Money Supply (M3*)

Total volume of money comprising narrow money (M1*) and quasi money in the economy at a point in time. See 'narrow' and 'quasi' money.

Cash Reserve Requirement (CRR)

A requirement imposed on commercial banks to hold cash as a percentage of total deposits and other prescribed liabilities at all times.

Capital Account

Records all transactions that involves the receipts or transfers of capital and acquisitions/disposal of non-produced, non-financial assets such as purchase of production facilities, i.e. plants and machinery, etc.

Capital to assets

Reflects that the sum of share equity and other funding sources fund assets. Also reflects the ability of the domestic money banks' ability to secure funds in the event of a drain on capital

Central Bank (CB)

The Bank of Papua New Guinea (BPNG) is the monetary authority in Papua New Guinea (PNG) that has legislative power over the financial system and is responsible for issuing currency, managing international reserves, undertakes transactions with the IMF and providing credit to the commercial banks.

Central Bank Bill (CBB)

A monetary policy instrument of the Bank of PNG used to manage liquidity in the banking system by either injecting or defusing it in order to achieve a desired level of interest rate.

Central Bank Survey (CBS)

The CBS is the balance sheet of the Central Bank,which contains data on all components of the monetary base, comprising of currency in circulation an central bank

	liabilities to ODCs and other sectors. This measures banks' exposure to the commercial real estate market relative to total loans outstanding.
Current Transfers Account	Records all foreign transactions that are not transfers of capital and cannot be repaid. This includes donations, gifts and grants, superannuation funds and licensing fees.
Commercial real estate loans to total gross loans	This measures banks' exposure to the commercial real estate market relative to total loans outstanding.
Customer deposits to total (non-interbank) loans	Is a measure of funds available for new loans.
Depository Corporations Survey (DCS)	The survey is a consolidation of the CBS and the ODCS, which contains data on all depository corporations' liabilities in the national definition of broad money and data on depository corporations, assets that are claims on (i.e credit) other sectors of the economy, including the external sector.
Deposits	Deposits include all claims on the Bank of PNG and ODCs. These are further classified into transferable and other deposits.(I). Transferable deposits comprises all deposits that are: a). Exchangeable on demand at par and without penalty or restrictions; b). Directly usable for making payments by cheque, draft direct debit/credit or other direct payment facilities. (ii) Other deposits comprise all claims, other than transferable deposits. These include savings and term deposits and non transferable deposits in foreign currency.
Exchange Settlement Account (ESA)	Accounts of the commercial banks with the Bank of PNG for settlement transactions with each other.
Exclusion-based CPI measure	An underlying inflation measure which involves zero weighting of volatile sub-groups or items such as fruit & vegetables, betelnut and prices that are largely determined by non-market (seasonal) forces, as well as alcoholic drinks, cigarettes & tobacco, etc. See 'Underlying CPI'. Records all transactions associated with changes of ownership of foreign financial assets such as holdings of monetary gold, special drawing rights (SDR), claims on non-residents and foreign liabilities.
Financial Account	Records all transactions associated with changes of ownership of foreign financial assets such as holdings

of monetary gold, special drawing rights (SDR), claims on non-residents and foreign liabilities.

Financial Corporation Survey (FCS)

The FCS is the broadest set of monetary and financial statistics in terms of institutional coverage. The survey contains consolidated balance sheet data for all institutional units within the financial corporations sector, thereby providing the stock and flow data for analyzing claims on and liabilities to all other sectors of the economy, including the external sector.

Financial Derivatives

A financial instrument linked to a specific financial instrument, indicator or commodity and through which specific financial risks (such as interest rates, currency equity and commodity price risk, credit risk, etc.) can be traded in their own right in financial markets.

Foreign-currency-denominated liabilities to total liabilities

This measures the relative importance of foreign currency funding within total liabilities. The magnitude of this ratio should be considered together with the value of the foreign-currency denominated loans to total loans.

Foreign-currency-denominated loans to total loans

This measures the relative size of the foreign currency loans relative to total loans. Particularly where domestic lending in foreign currencies is permitted, it is important to monitor this ratio because of the increased credit risk associated with the ability of the local borrowers to service their foreign currency denominated liabilities, predominantly in the context of large devaluations.

Gross asset position in financial derivatives to capital

Is intended to gauge the exposure of deposit money banks asset positions in financial derivatives relative to capital.

Gross liability position in financial derivatives to capital

Is intended to provide an indication of the exposure of deposit money banks financial derivative liability positions relative to capital.

Headline Consumer Price Index (CPI)

A measure of inflation as calculated and published quarterly by the National Statistical Office (NSO), which measures the total price movements in goods and services in the basket.

Income Account

Records transactions such as compensation of employees, which cover wages, salaries, and other benefits in cash and kind, dividends and interest earned on investments

	between PNG and the other countries.
Inscribed Stock (bond)	A Government debt instrument sold to the public for a maturity term of one year or longer for Budget financing.
Insurance Technical Reserves	Comprises of (i) net equity of households in life insurance corporations reserves,(ii) net equity of households in superannuation (pension) funds and (iii) prepayment of premiums. This is the major liability item of the superannuation funds and insurance corporations. On the assets side, this category records prepaid insurance premiums, which are relatively small amounts.
Interest margin to gross income	A measure of the share of net interest income earned relative to gross income
Kina Facility Rate (KFR)	Official benchmark rate used by the Bank of PNG to signal its monetary policy stance. The KFR is announced monthly by the Governor and published in the newspapers and on the Bank's website.
Large exposures to capital	Identifies vulnerabilities arising from the concentration of credit risk. Large exposure refers to one or more credit exposures to the same individual or group that exceed a certain percentage of regulatory capital, such as 10 percent.
Liquid Assets	Assets of the commercial banks,which are in near liquid form, comprising cash, ESA balances, CBBs,Treasury bills and Inscribed stocks less than 3 years to maturity.
Liquid assets to short-term liabilities	Measures liquidity mismatch between assets and liabilities, and indicates the deposit money banks' ability to meet short-term withdrawal of funds and their ability to replenish without facing liquidity problems.
Liquid assets to total assets	Is an indicator of the liquidity available to meet expected and unexpected demands for cash by the deposit money banks.
Minimum Liquid Asset Ratio (MLAR)	A prudential requirement imposed by the Bank of PNG on commercial banks to hold liquid assets as a percentage of total depos-

its and other prescribed liabilities at all times.

Monetary Base (or Reserve Money)	Comprised of currency held by the public and liquid assets of the commercial banks, including deposits held with the Bank of PNG under the Repurchase Agreement Facility (RAF) or Repos.
Narrow Money	A component of total money supply that is considered liquid or can be converted easily to cash on demand, and comprises of currency in circulation (held outside the banking system) and demand deposits.
Net Equity of Households in Life Insurance Reserves	Comprises of policyholders claims on the reserves of insurance corporations. These reserves must be ultimately used to provide benefits to policyholders, upon the occurrence of other specified events, or to compensate heirs upon the death of the policyholder. These claims constitute assets of the household sector rather than of insurance corporations.
Net Equity of Households in Pension Funds	Comprises policyholders' claims on pension funds. These reserves must be ultimately used to provide benefits to policyholders upon their retirement or to compensate heirs upon death of the policyholder. Pension funds are considered assets of the household sector rather than assets of the institutional units that manage the funds. Pension funds do not include social security funds, which are considered part of the general government sector.
Net open position in foreign exchange to capital	This ratio measures deposit money banks foreign exchange risk exposure compared to the capital base.
Net open position in foreign exchange to capital	Identifies deposit money banks' exposure to exchange rate risk from mismatch (open position) of foreign currency asset and liability positions.
Non-interest expenses to gross income	Measures the size of administration expenses relative to gross income.
Non-performing loans net of provisions to capital	Measures the net impact on the capital base of the deposit money banks after all non-performing loans have been appropriately provisioned.
Non-performing loans to total gross	The portion of bad loans in relation to total loans

loans	by deposit money banks. Is the measure of asset quality relative to its total loan book.
Open Market Operations (OMO)	Operations of liquidity management conducted by the Bank of PNG with commercial banks and other financial intermediaries involving Government securities, CBB, Repos and foreign exchange trading to influence short-term interest rates.
Other Depository Corporations (ODCs)	The ODC sub-sector in PNG comprises of the commercial banks, finance companies, merchant banks, savings and loans societies and microfinance companies. These financial corporations are mainly engaged in financial intermediation and issue liabilities included in the definition of broad.
Other Depository Corporations Survey (ODCS)	The ODCS shows the consolidated stock and flow balance sheet data for the institutional units covered under the ODC sub-sector.
Other Financial Corporations (OFCs)	The OFC sub-sector is made up of the insurance corporations, superannuation (pension) funds, other financial intermediaries and financial auxiliaries such as insurance brokers, investment managers and fund administrators.
Other Financial Corporations Survey (OFCS)	The OFCS contains consolidated stock and flow balance sheet data for insurance corporations, superannuation funds, other financial intermediaries and financial auxiliaries.
Over the year CPI	Percentage change in the CPI of a quarter compared to the corresponding quarter of the previous year (Also called 'annual' CPI).
Personnel expenses to non-interest expenses	Measures the incidence of personnel costs in total administrative costs.
Portfolio Investment	Investments, mainly in equity and debt securities such as bonds and notes, money market debt instruments and financial derivatives, as well as long-term debt, equity and securities.
Prepayment of Premiums and Re-	These are current claims of policyholders rather

serves against Outstanding Claims

than net equity of insurance corporations. Prepayments of premiums, which are made by customers at the beginning of the periods covered by their policies, generate reserves for insurance corporations. Such prepayments are considered to be earned by an insurance corporation on a prorated basis during the policy period. These reserves are assets of policyholders. Reserves against outstanding claims are funds set aside by insurance corporations to cover the amounts that are not settled or claims that may be disputed. Reserves against such outstanding claims are considered to be assets of the beneficiaries and liabilities of the insurance corporation. Policy benefits due to claimants are considered assets of the claimants. Until actually paid, these assets are held by insurance corporations as reserves.

Public non-financial corporations

Public non-financial corporations are resident non-financial corporations and quasi–corporations controlled by government units. Control may be exercised through ownership of more than half the voting shares, legislation, decree, or regulation that establish specific corporate policy or all the government to appoint the directors. In PNG this would include those institutions that are controlled by the Independent Public Business Corporation (IPBC).

Quasi Money

A component of total money supply that is not easily convertible to cash on demand and comprises of savings and term deposits. Synonymous to Capital Adequacy Ratio (CAR). A regulatory requirement for banks to maintain certain amount of capital against their risk exposures. The required capital will cushion out any operational losses incurred by banks. Reflects vulnerability of the capital base of deposit money banks relative to the assets which are discounted by risk weights. For instance,Government securities have zero percent risk while private sector borrowing ha100 percent risk.

Regulatory capital to risk-weighted assets

Also known as Tier 1 Capital Ratio. It reflects the vulnerability of core Tier 1 capital

	-that is its equity and disclosed reserves to total risk-weighted assets. It is a key measure of a bank's financial strength that has been adopted as part of the Basel III Accord on bank regulation.
Repurchase Agreement Facility (RAF)	A money market instrument used by Bank of PNG to lend to or borrow from the commercial banks, for liquidity management, and is unwound on maturity. The terms range from overnight to 14 days and can be collateralised, for instance, using Treasury bills.
Residential real estate loans to total gross loans	This is intended to identify deposit money banks' exposure to the residential real estate sector, with the focus on household borrowers.
Return on assets	Measures deposit money banks efficiency in using their assets in optimizing or maximizing its income.
Return on equity	Measures shareholders value of its investment or the deposit money banks performance in comparison to shareholder liabilities.
Sectoral distribution of loans to total loans	Measures the distribution of loans to resident sectors and non-residents by economic sectors classified by standard industrial trade classification
Securities other than Shares	These are negotiable instruments serving as evidence that units have obligations to settle by means of providing cash, a financial instrument, or some other items of economic value. Common securities in PNG include treasury bills and inscribed stocks issued by the Government and Central Bank Bills (CBBs) issued by the Bank of PNG.
Shares and Other equity	Shares and other equity comprises all instruments and records acknowledging, after claims of all creditors have been met, claims on the residual value of a corporation. The components of shares and other equity include:(a).Funds contributed by owners; (b).Retained earnings; (c). Current year profit and loss; (d).General and special reserve; and (e).Valuation adjustments.
Tap Facility	A facility conducted by the Bank of PNG for sale of Treasury bills and Inscribed stocks to the public.

Temporary Advance Facility	A statutory mechanism stipulated under Section 54 of the Central Banking Act 2000, that provides the National Government with access to short-term financing to meet mismatches in revenue.
Trading income to total income	Is the share of deposit money banks income from financial market activities, including currency trading, relative to total income.
Trade Account	Records all economic transactions associated with merchandise exports and imports of physical goods.
Trade Weighted Index	The Trade Weighted Index (TWI) measures the value of the kina against a basket of currencies of PNG's major trading partners.
Treasury Bill	Government security or debt instrument sold at a discount value, but redeemed at face value on maturity or purposes of Budget financing. In PNG, Treasury bills are issued for 28, 61, 91, 182 and 364 day maturities.
Trimmed-mean CPI measure	A fixed proportion of prices at each end of the distribution of price changes are zero weighted and the mean of the remaining price changes recomputed. See also 'Underlying CPI'.
Underlying CPI (exclusion-based and Trimmed-mean CPI measures)	A measure of inflation that excludes short-term volatile movements in prices, such as seasonal factors, Government policy decisions and price controlled items.

REFERENCE "FOR THE RECORD"

Some issues of the Quarterly Economic Bulletin contains a review of economic conditions of past quarters and a comprehensive set of updated statistical tables. Articles of special interest to current economic policy are also prepared by Bank Staff for inclusion in the bulletin. The following articles have appeared in the Quarterly Economic Bulletin since December 2000.

Issue		For the Record
Jun 2007	-	Debt Ratios
Sep 2007	-	Revisions to the Consumer Price Indices in June Quarter 2007 back to September Quarter 2005.
Mar 2008	-	Updated Weights for the Trade Weighted Index (TWI)
Mar 2009	-	Changed Monetary Policy Statement release month from January to March
Mar 2009	-	Updated Weights for the Trade Weighted Index (TWI)
Dec 2009	-	New Tables; 8.7, 8.8, 8.9 and 8.10 were included in the December Quarterly Economic Bulletin, resulting in subsequent renumbering of all other tables that follow.
Dec 2009	-	Revisions to Monetary and Financial Statistics tables in the December 2009 Quarterly Economic Bulletin.
Jun 2010	-	Expansion of Monetary and Financial Data Coverage.
Sep 2010	-	Recalculation of months of import cover
Mar 2011	-	Updated Weights of the Trade Weighted Index (TWI)
Mar 2013	-	Updated Weights of the Trade Weighted Index (TWI)
Mar 2013	-	Inclusion of Tables 4.16 and 4.17 for General Insurance Companies
Mar 2014	-	Revised PNG Consumer Price Index Basket
Dec 2014	-	Update to tables 8.1, 8.2, 8.3 & 8.5 to include Ramu Nickel/Cobalt
Dec 2014	-	Inclusion of LNG & Condensate in tables 8.1, 8.2, 8.3 and 8.5
Dec 2014	-	Commencement of Nickel and Cobalt production in December quarter of 2012.
	-	PNG LNG Project commenced production and shipment in June quarter of 2014.
	-	Updated Table 8.2: Exports Classified by Commodity Group
	-	Updated Table 8.5: Non-Agricultural Exports – Quantities Exported of Major Commodities
Dec 2016	-	Recalculation of import cover taking account of the service payments.
Dec 2019	-	New GDP Tables; 9.11 and 9.12 were included in the December 2019 Publication.
Jun 2021	-	Updated Weights for the Trade Weighted Index (TWI)
Sep 2021	-	Inclusion of FSI Tables 5.1(Financial Soundness Indicators (%) and Table 5.2 (Financial Soundness Indicators (%) - Additional FSI)
Sep 2022	-	PNG migrates from BPM5 To BPM6. BOP Tables with changes to Tables 9.1 (a) is in Standard presentation from which the QEB Text is derived. Table 9.1 (b) is the Analytical presentation.
Dec 2022	-	Inclusion of FSI Table 5.3 (Financial Soundness Indicators (%) - OFCs

REFERENCE

Each issue of the Quarterly Economic Bulletin contains a review of economic conditions for the past quarter and a comprehensive set of updated statistical tables. Articles of special interest to current economic policy are also prepared by Bank staff for inclusion in the Bulletin. The following articles have appeared in the Quarterly Economic Bulletin since December 2005.

Issue	Title
Dec 2009	The 2010 National Budget Article
Dec 2009	Monetary Policy Statement, March 2010
Mar 2010	Papua New Guinea's Total External Exposure
Sep 2010	Monetary Policy Statement, September 2010
Dec 2010	The 2011National Budget Article
Dec 2010	Monetary Policy Statement, March 2011
Jun 2011	Papua New Guinea's Total External Exposure
Sep 2011	Monetary Policy Statement, September 2011
Dec 2011	The 2012 National Budget Article
Dec 2011	Monetary Policy Statement, March 2012
Mar 2012	Papua New Guinea's Total External Exposure
Sep 2012	Monetary Policy Statement, September 2012
Dec 2012	The 2013 National Budget Article
Mar 2013	Papua New Guinea's Total External Exposure
Sep 2013	Monetary Policy Statement, September 2013
Mar 2014	Papua New Guinea's Total External Exposure
Mar 2014	Monetary Policy Statement, March 2014
Jun 2014	Monetary Policy Statement, September 2014
Dec 2014	The 2015 National Budget Article
Mar 2015	Papua New Guinea's Total External Exposure
Dec 2015	The 2016 National Budget Article
Mar 2016	Papua New Guinea's Total External Exposure
Jun 2016	Monetary Policy Statement, September 2016
Dec 2016	The 2017 National Budget Article
	Monetary Policy Statement, March 2017
Mar 2017	Papua New Guinea's Total External Exposure
Sep 2017	Monetary Policy Statement, September 2017
Dec 2017	Monetary Policy Statement, March 2018
Mar 2018	Papua New Guinea's Total External Exposure
	The 2018 National Budget Article
Mar 2019	Papua New Guinea's Total External Exposure
Sep 2019	Monetary Policy Statement - March 2019
Mar 2020	Papua New Guinea's Total External Exposure
Sep 2020	Monetary Policy Statement - September 2020
Mar 2021	Papua New Guinea's Total External Exposure
Mar 2021	The 2021 National Budget Article
Sep 2021	The Financial Soundness Indicators (FSI)
Dec 2021	2022 National Budget

STATISTICAL SECTION

Sources

Statistics for the commercial banks have been derived from returns submitted to the Bank. Statistics on Savings and Loan Societies and Papua New Guinea Government securities are derived from sources within the Bank.

Government financial statistics are supplied by the Department of Finance and Treasury. Information on prices of Papua New Guinea exports are gathered from marketing boards or export producers; world indicator prices are reproduced from the Public Ledger published in London. Tea prices are from the Tea Market Report, London. The general indices of commodity prices are constructed from data published in The Economist, London.

Most other statistics are published initially by the National Statistical Office.

Symbols used

n.a	not available
..	figure less than half the digit shown
-	nil
e	estimate
f	forecast
p	provisional
r	revised
n.i.e	not included elsewhere

LIST OF TABLES