CONTENTS

PORT MORESBY

14th January 2025

1. GENERAL OVERVIEW

Economic indicators available to the Bank of Papua New Guinea point to a slowdown in economic activity in the March quarter of 2024. The lower production and export of major commodities combined with a decline in general imports were reflective of the slowdown. This was also reflected in the decline in sales in the formal private sector, and a marginal increase in employment. Headline inflation continued to trend lower driven by domestic sources, while imported inflation remained high although abating. The kina exchange rate depreciated against all major currencies, resulting in a decline in the Trade Weighted Index (TWI). The Kina Facility Rate (KFR) was reduced to 2.0 percent in March, with the aim to support the recovery following the civil unrest in January 2024.

Data from the Bank's Business Liaison Survey (BLS) show that the total nominal value of sales in the formal private sector declined by 8.3 percent in the March quarter of 2024. Excluding the mineral sector, sales declined by 8.4 percent. By sector, sales declined in all sectors, while it declined in all regions, except in the Momase Region (excluding Morobe). Over the year to March 2024, total sales increased by 4.2 percent. Excluding the mineral sector, sales decreased by 1.9 percent over the year to March 2024.

The Bank's Employment Index show that the level of employment in the formal private sector increased by 0.2 percent in the March quarter of 2024. Excluding the mineral sector, the level of employment decreased by 0.4 percent. Over the year to March 2024, the total level of employment increased by 1.7 percent. Excluding the mineral sector, the level of employment increased by 0.8 percent.

Quarterly headline inflation, as measured by the Consumer Price Index (CPI), declined by 2.1 percent in the March quarter of 2024. There were declines in the Alcoholic Beverages, Tobacco and Betelnut, Communication, and Health expenditure groups. Annual headline inflation was 2.5 percent in the March quarter of 2024, compared to 3.9 percent in the December quarter of 2023.

In the March quarter of 2024, the average daily kina exchange rate depreciated against all major currencies, the USD, AUD, euro, pound sterling and yen. The currency movements resulted in the TWI decreasing by 1.5 percent to 29.08. Over the year, the average daily kina exchange rate depreciated against all the major currencies except the yen.

The weighted average kina price of Papua New Guinea's exports, excluding LNG, increased by 4.5 percent in the March quarter of 2024. The increase was in both the mineral exports and the agricultural, logs and marine product exports. Higher international prices of most commodities coupled with the depreciation of the kina accounted for the increase.

There was an overall balance of payments deficit of K2,015.1 million in the March quarter of 2024, due to a deficit in the financial account, which more than offset a surplus in the current and capital account

The current account recorded a surplus of K5,816.2 million in the March quarter of 2024, due to a higher trade account surplus and net secondary income receipts.

The capital account recorded a net inflow K6.0 million in the March quarter of 2024, reflecting transfers by donor agencies for project financing. The financial account had a deficit of K7,572.7 million in the March quarter of 2024, due to net outflows from direct and other investments.

The level of gross foreign exchange reserves at the end of March 2024 was K12,487.6 (US$ 3,372.9) million, sufficient for 6.0 months of total and 11.6 months of non-mineral import covers.

The Central Bank pursued an easy stance of monetary policy during the March quarter of 2024. The Kina Facility Rate (KFR) was reduced to 2.0 percent in March, with the aim to support with the recovery following the civil unrest in January 2024.

The average level of broad money supply (M3*) increased by 2.8 percent in the March quarter of 2024, due to an increase of 3.8 percent in the average net domestic assets (NDA) of the banking system, more than offsetting a decline of 1.9 percent in the average net foreign assets (NFA).

The average level of monetary base (reserve money) increased by 1.3 percent in the March quarter of 2024, reflecting, an increase in liabilities to other depository corporations (ODCs) held at the Central Bank, mainly CRR deposits of commercial banks.

In the March quarter of 2024, total domestic credit extended by FCs to the private sector, public non-financial corporations and 'Provincial and Local Level Governments' increased by 1.2 percent to K20,476.1 million. This reflected advances of K238.8 million and K136.9 million to the 'Provincial and Local Level Governments' and private sector, respectively, which more than offset repayments from the public non-financial corporations

The fiscal operations of the National Government over the three months to March 2024 recorded a lower deficit of K606.9 million, reflecting higher revenue and lower expenditure during the three months.

Total revenue and grants over the three months to March was K3,261.0 million, reflecting an increase in both tax and non-tax receipts.

Total expenditure was K3,867.9 million in the March quarter of 2024, due to lower recurrent expenditure, which more than offset higher development expenditure. The budget deficit of K606.9 million was financed from domestic sources of K990.8 million less the net external loan repayment of K383.9 million.

The budget deficit of K606.9 million was financed from domestic sources of K990.8 million less the net external loan repayment of K383.9 million.

Total public (Government) debt outstanding as at end of March 2024 was K58,659.4 million, and represents 47.9 percent of GDP.

2. INTERNATIONAL DEVELOPMENTS

Global growth continued and remained higher than projected in the October 2023 World Economic Outlook (WEO) report. Inflation expectations were revised downwards for advanced economies while being offset by an upward revision of the emerging markets and developing economies. Markets are expecting the possibility of central banks moving away from strict monetary policy. Monetary conditions have improved, stock prices rose significantly, capital investments increased in most emerging economies except China, while some low-income countries and frontier economies regain market access. The global economy is projected to grow by 3.2 percent for 2024 according to the International Monetary Fund's WEO update of April 2024.

In January, the Organization of Petroleum Exporting Countries (OPEC) and Non-OPEC oil producing countries met in Vienna, Austria. The meeting reaffirmed their commitment of participating countries to provide market stability through the Declaration of Cooperation. This ongoing cooperation has been instrumental in supporting the global economy, particularly during the COVID-19 pandemic. The countries involved have demonstrated unprecedented levels of collaboration, dialogue, mutual respect, and trust. These efforts have contributed to the stability of the oil market and benefited producers, consumers, and investors alike.

Also in January, key leaders from governments, businesses, and civil societies met in Davos, Switzerland, for the 54th annual World Economic Forum Meeting to discuss major global issues and priorities for the upcoming year. Among the issues discussed, the leaders emphasized the importance of establishing trust in times of unpredictability and fast transformations and discussed specific areas of cooperation including: obtaining security and collaboration in a divided world; generating opportunities and employment for a modern age; artificial intelligence's role in advancing both the economy and the society; and a strategy focusing on climate, nature and energy in the long run. They also discussed on ways aimed at finding solutions with a focus on sustainable inclusive growth that would make a positive impact on the world.

In February, the virtual 52nd Meeting of the Joint Ministerial Monitoring Committee (JMMC) was hosted in Vienna, Austria. The JMMC reviewed crude oil production figures for 2023 and acknowledged the strong adherence of OPEC and non-OPEC countries to the Declaration of Cooperation (DoC). The Committee would monitor the compliance of the production adjustments decided at the 35th OPEC Non-OPEC Ministerial Meeting (ONOMM) on 4th of June 2023, and extra voluntary cuts announced by certain OPEC and non-OPEC countries in April 2023, and the further adjustments in November 2023. The close cooperation between OPEC and non-OPEC oil-producing nations has resulted in producers meeting their targets agreed on.

In February, The Asia Pacific Forum on Sustainable Development (APFSD) was held in Bangkok, Thailand with the theme "Reinforcing the 2030 Agenda for Sustainable Development and eradicating poverty in times of multiple crises: The effective delivery of sustainable, resilient and innovative solutions in Asia and the Pacific". In line with the 2024 High Level Political Forum's (HLPF) agenda, the Forum evaluated advancements on the Sustainable Development Goals (SDGs) on: 1) End poverty;2) End hunger;13) Climate action;16) Peace, justice, and effective institutions; and 17) Partnership for the Goals. The Forum also backed the showcasing of voluntary national reviews at the 2024 HLPF.

In February, The Asia Pacific Forum on Sustainable Development (APFSD) was held in Bangkok, Thailand with the theme "Reinforcing the 2030 Agenda for Sustainable Development and eradicating poverty in times of multiple crises: The effective delivery of sustainable, resilient and innovative solutions in Asia and the Pacific". In line with the 2024 High Level Political Forum's (HLPF) agenda, the Forum evaluated advancements on the SDGs being examined: Goal 1 (End poverty); Goal 2 (End hunger); Goal 13 (Climate action); Goal 16 (Peace, justice, and effective institutions); and Goal 17 (Partnership for the Goals). The Forum also backed the showcasing of voluntary national reviews at the 2024 HLPF.

In February, finance ministers and central bank governors of G20 members met in Sao Paulo, Brazil. The leaders reiterated their commitment to promoting strong, sustainable, and inclusive growth, focusing on mainstreaming inequality, promoting fair taxation, and addressing global debt vulnerabilities. The leaders further acknowledged challenges about the global economy such as conflicts, inequalities, and climate change, requiring renewed multilateral cooperation to tackle pressing issues through established G20 work streams. They also emphasized the importance of properly coordinated and clearly explained fiscal, monetary, financial, and structural policies to encourage robust, lasting, equitable growth, preserve macroeconomic and financial stability to mitigate adverse effects on others. The G20 leaders pledged to continue international dialogue and cooperation to address global challenges.

In March, The Seventh High-Level Meeting of the OPEC-China Energy Dialogue took place at the OPEC Secretariat in Vienna, Austria and was attended by the Secretary General of OPEC, the Administrator of the National Energy Authority (NEA) of China and the Ambassador at the Permanent Mission of China to International Organizations in Vienna. The meeting highlighted China's commitment to green and low-carbon development and their willingness to collaborate with OPEC and other international energy organizations for a fair and inclusive global energy governance system. The leaders also emphasized on the significance of strengthening dialogue and exchange between China and OPEC because China, was the largest oil importer and shares strategic interests with OPEC in maintaining global energy security.

In March, the International Energy Agency, International Energy Forum, and OPEC held the 10th Joint workshop on the Interactions between Physical and Financial Energy Markets. The workshop focused on factors driving oil market volatility, evolving crude benchmarks, price formation, and financing for oil and gas developments. The meeting highlighted the need for significant investment to meet global oil demand, which is expected to reach 116 mb/d by 2045.

In the US, real GDP increased by 1.6 percent over the year to March 2024, compared to an increase of 2.2 percent over the same period in 2023. This was driven by spending on consumption, services, residential investment, intellectual property products, fixed investment and government. The latest IMF forecast is for real GDP to grow by 2.7 percent in 2024.

Industrial production increased by 0.4 percent over the year to March 2024, compared to an increase of 0.1 percent over the same period in 2023, driven by an increase in manufacturing and the utilities sectors. The Purchasing Managers Index (PMI) increased to 50.3 in March 2024, compared to 46.3 in March 2023, driven by higher demand and new export orders. Retail sales increased by 3.6 percent over the year to March 2024, compared to an increase of 2.2 percent in the corresponding period in 2023, driven by robust consumption spending. The unemployment rate increased to 3.8 percent over the year to March 2024, compared to an increase of 3.5 percent over the same period in 2023.

Consumer prices increased by 3.5 percent over the year to March 2024, compared to 5.0 percent over the corresponding period of 2023, driven by higher prices of transportation, shelter, food and energy. Broad money supply increased by 0.4 percent over the year to March 2024, compared to a decline of 1.2 percent in the corresponding period in 2023, driven by a rise in activity as commercial bank loans increased. The Federal Reserve kept the federal funds rate at 5.5 percent in the March quarter stating that they needed greater confidence that inflation was moving towards the target of 2.0 percent before increasing rates.

The trade account recorded a deficit of US$69.4 billion over the year to March 2024, compared to a deficit of US$59.6 billion in the corresponding period of 2023, reflecting a drop in exports.

In Japan, real GDP declined by 0.8 percent over the year to March 2024, compared to an increase of 2.6 percent over the corresponding period in 2023. The decline reflected weak private sector consumption and lower capital spending. The latest IMF forecast is for real GDP to grow by 0.9 percent in 2024.

Industrial production declined by 6.2 percent over the year to March 2024, compared to a decline of 0.8 percent in the corresponding period of 2023. The large decline was due to a fall in the manufacturing sector. Retail sales grew by 1.1 percent over the year to March 2024, compared to an increase of 6.9 percent over the corresponding period in 2023. The growth was driven by higher sales of machinery equipment. The unemployment rate was 2.6 percent in March 2024, compared to 2.8 percent in the corresponding quarter of 2023.

Consumer prices increased by 2.7 percent over the year to March 2024, compared to an increase of 3.2 percent in the corresponding period in 2023. This was driven by higher prices of culture and recreation, food, furniture and household utensils, transport and clothes. Broad money supply increased by 0.3 percent over the year to March 2024, compared to an increase of 0.2 percent over the corresponding period in 2023. The Bank of Japan raised its policy rate to 0.1 percent making a significant departure from its long-standing strategy of boosting growth through extensive monetary stimulus but expected to increase rates if trend inflation continued to rise.

The trade account recorded a deficit of US$2.4 billion over the year to March 2024, compared to a deficit of US$5.0 billion over the same period in 2023. This reflected a strong growth in exports.

In the Euro Area, real GDP increased by 0.4 percent in 2024, compared to an increase of 1.3 percent in 2023. Growth was driven by Germany, France, Italy and Spain's economy. The latest IMF forecast is for real GDP to grow by 0.8 percent in 2024.

Industrial production decreased by 1.2 percent over the year to March 2024, compared to a decline of 0.6 percent over the same period in 2023, driven by declines in the production of energy, capital and intermediate goods. Retail sales increased by 0.8 percent over the year to March 2024, compared to a decline of 3.5 percent over the same period in 2023. The marginal increase was driven by increased consumer spending in the region. The unemployment rate was 6.5 percent in March 2024, the same as in the corresponding period in 2023.

Consumer prices in the Euro Area, as measured by the Harmonized Index of Consumer Prices, increased by 2.4 percent over the year to March 2024, compared to an increase of 6.9 percent over the corresponding period in 2023. The lower increase was contributed to price increases of food, alcohol and tobacco, and non-energy industrial goods. Broad money supply increased by 0.9 percent over the year to March 2024, compared to a decline of 0.1 percent in the corresponding period of 2023. The European Central Bank (ECB) maintained its policy rate unchanged at 4.5 percent in March 2024. The ECB however, indicated for a potential rate cut in June as inflation continued to decline.

The trade account recorded a surplus of US$26.0 billion over the year to March 2024, compared to a deficit of US$20.6 billion in the same period in 2023.

In the UK, real GDP grew by 0.2 percent over the year to March 2024, compared to an increase of 0.9 percent in the corresponding period in 2023. The growth was driven by higher government spending and a pick up in the services sector. The latest IMF forecast is for real GDP to grow by 0.5 percent in 2024.

Industrial production increased by 1.5 percent over the year to March 2024, compared to a decline of 1.1 percent in the same period in 2023. The growth was driven by a recovery in the mining and quarrying, and growth in the manufacturing sector. Retail sales increased by 0.3 percent over the year to March 2024, compared to a decline of 4.6 percent over the year to March 2023. The increase was driven by a higher sale of fuel and non-food products. The unemployment rate was 4.3 percent over the year to March 2024, compared to 4.0 percent over the corresponding period in 2023.

Consumer prices increased by 3.2 percent over the year to March 2024, compared to an increase of 10.1 percent over the same period in 2023. There were lower price increases in the restaurants and hotels, recreation and culture and food. Broad money supply increased by 1.3 percent over the year to March 2024, compared to a decline of 1.0 percent over the corresponding period in 2023. The Bank of England maintained its bank rate at 5.25 percent in March with the aim to achieve an inflation target of 2.0 percent in the medium term.

The trade account recorded a deficit of US$1.4 billion over the year to March 2024, compared to a deficit of US$3.6 billion over the same period in 2023. This reflected higher imports relative to exports.

In China, real GDP grew by 5.3 percent over the year to March 2024, compared to an increase of 4.5 percent over the same period in 2023. The growth reflected on-going support initiatives by the Chinese government and spending associated with the Lunar New Year. The latest IMF forecast is for real GDP to grow by 4.6 percent in 2024.

Industrial production increased by 4.5 percent over the year to March 2024, compared to an increase of 3.9 percent in the corresponding period of 2023. The growth reflected higher output in manufacturing, utilities and mining sectors. Retail sales increased by 3.1 percent over the year to March 2024, compared to an increase of 10.6 percent over the same period in 2023. The increase reflected higher sales of food, communication equipment, home appliances, and personal care products. The unemployment rate was 5.2 percent over the year to March 2024, compared to 5.3 percent over the same period in 2023.

Consumer prices increased by 0.1 percent over the year to March 2024, compared to an increase of 0.7 percent over the corresponding period of 2023. The marginal increase was due to prices easing for food, education and transportation. Broad money supply increased by 3.0 percent over the year to March 2024, compared to an increase of 3.1 percent in the same period in 2023. The People's Bank of China left its benchmark interest rate unchanged at 3.45 percent, aimed at maintaining a stable currency.

The trade account recorded a surplus of US$58.55 billion over the year to March 2024, compared to a surplus of US$78.43 billion over the corresponding period of 2023, reflecting higher imports compared to exports.

In Australia, real GDP increased by 1.3 percent over the year to March 2024, compared to an increase of 2.3 percent over the same period in 2023. The lower growth reflected a decline in consumer demand amid rising interest rates and the cost of living. The latest IMF forecast is for real GDP to grow by 1.5 percent in 2024.

Industrial production increased by 0.3 percent over the year to March 2024, compared to an increase of 1.0 percent over the same period in 2023. Retail sales increased by 0.9 percent over the year to March 2024, compared to an increase of 5.4 percent in the corresponding period of 2023. The unemployment rate was 3.9 percent over the year to March 2024, compared to 3.6 percent in the same period in 2023.

Consumer prices increased by 3.6 percent over the year to March 2024, compared to an increase of 7.0 percent in the same period in 2023. The lower increase was due to price increases for insurance and financial services, alcohol and tobacco, education, housing, health, transport and food. Broad money supply increased by 0.2 percent over the year to March 2024, compared to an increase of 0.5 percent over the corresponding period in 2023. The Reserve Bank of Australia left the cash rate unchanged at 4.35 percent in March.

The trade account recorded a surplus of US$3.3 billion over the year to March 2024, compared to a surplus of US$9.9 billion over the corresponding period of 2023.

In the March quarter of 2024, the US dollar appreciated against the pound sterling by 2.2 percent, the euro by 1.1 percent, the Australian dollar by 1.0 percent and the Japanese yen by 0.4 percent. Over the year, the US dollar appreciated against the Japanese yen by 12.2 percent, the pound sterling by 4.4 percent, the euro by 1.2 percent, while it depreciated against, the AUD by 2.0 percent.

In the March quarter of 2024, the average daily kina exchange rate depreciated against the USD by 1.0 percent to US$0.2666, the AUD by 2.1 percent to A$0.4051, the euro by 2.0 percent to €0.2456, the pound sterling by 3.2 percent to £0.2102 and the yen by 0.6 percent to ¥39.5697. These currency movements resulted in the TWI decreasing by 1.5 percent to 29.08. Over the year, the average daily kina exchange rate depreciated against all the major currencies except the yen. It appreciated against the yen by 5.3 percent, while it depreciated against the pound sterling by 10.1 percent, euro by 7.3 percent, USD by 6.1 percent, and AUD by 2.4 percent.

3. DOMESTIC ECONOMIC CONDITIONS

DOMESTIC ECONOMIC ACTIVITY

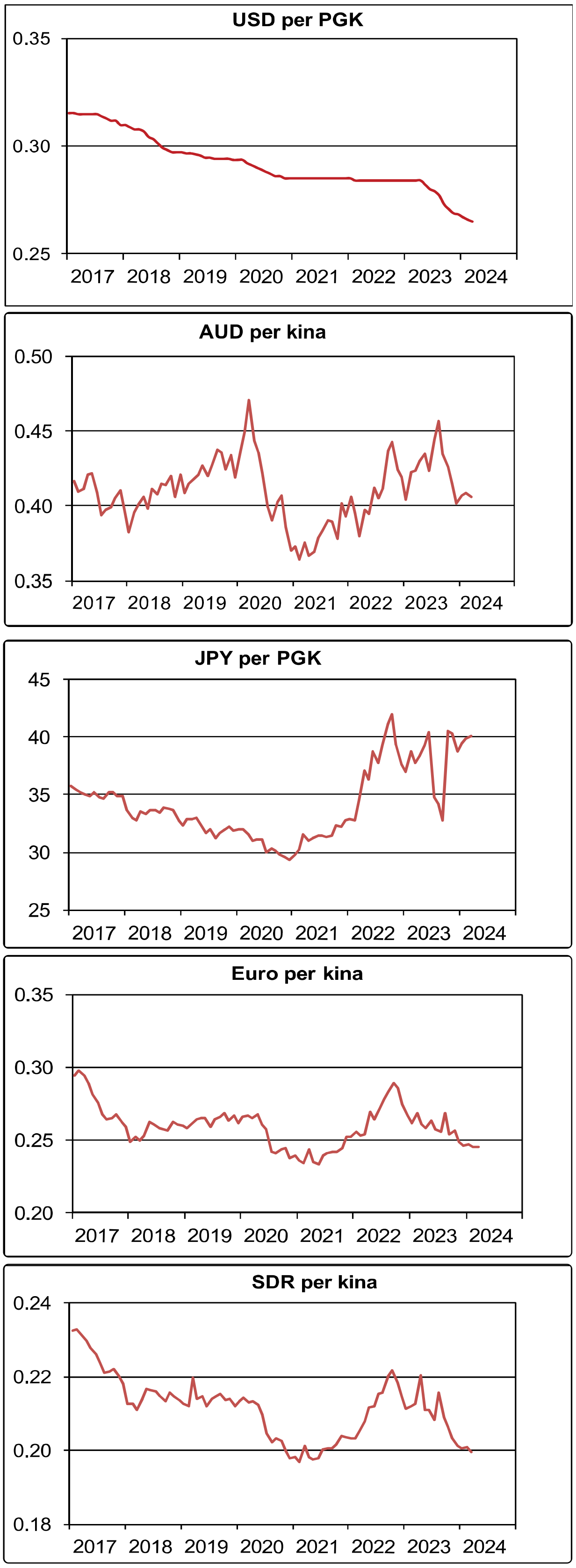
Data from the Bank's Business Liaison Survey (BLS) show that the total nominal value of sales in the formal private sector declined by 8.3 percent in the March quarter of 2024, compared to an increase of 11.6 percent in the December quarter of 2023. Excluding the mineral sector, sales declined by 8.4 percent in the March quarter of 2024, compared to an increase of 4.5 percent in the December quarter of 2023. By sector, sales declined in all sectors. By region, sales declined in all regions, except in the Momase Region (excluding Morobe), which increased. Over the year to March 2024, total sales increased by 4.2 percent, compared to a decline of 19.1 percent over the corresponding period in 2023. Excluding the mineral sector, sales decreased by 1.9 percent over the year to March 2024, compared to an increase of 2.6 percent over the corresponding period in 2023.

In the construction sector, sales declined by 19.1 percent in the March quarter of 2024, compared to an increase of 6.6 percent in the previous quarter. The decline reflected the slowdown in construction activity and completion of projects in most of the regions. Over the year to March 2024, sales decreased by 28.6 percent, compared to an increase of 53.3 percent in the corresponding period of 2023.

In the manufacturing sector, sales declined by 13.7 percent in the March quarter of 2024, compared to an increase of 0.3 percent in the previous quarter. The decrease reflected lower production and sale of petroleum, processed food and meat products, and alcoholic beverages. Over the year to March 2024, sales decreased by 12.8 percent, compared to a decline of 13.5 percent in the corresponding period of 2023.

In the financial/business/other services sector, sales declined by 8.6 percent in the March quarter of 2024, compared to an increase of 6.4 percent in the previous quarter. The decline was attributed to lower earnings by banks, waste management, telecommunication, and professional service companies. Over the year to March

EXCHANGE RATES



2024, sales increased by 0.1 percent, compared to an increase of 6.9 percent in the corresponding period of 2023.

In the mineral sector, sales decreased by 8.2 percent in the March quarter of 2024, compared to an increase of 22.3 percent in the previous quarter. The decline mainly reflected lower production and export of minerals and hydrocarbons by major mining and a petroleum companies. Over the year to March 2024, sales increased by 12.7 percent, compared to a decline of 34.1 percent in the corresponding period of 2023.

In the transportation sector, sales decreased by 7.5 percent in the March quarter of 2024, compared to an increase of 12.3 percent in the previous quarter. The decline reflected lower activity in the land transportation and cargo haulage, shipping services, and fall in air passenger travel. Over the year to March 2024, sales increased by 2.1 percent, compared to a decline of 1.1 percent in the corresponding period of 2023.

In the agriculture/forestry/fishing sector, sales declined by 6.1 percent in the March quarter of 2024, compared to a decrease of 4.3 percent in the previous quarter. The decline was due to lower production and export of palm oil, coffee and logs. Over the year to March 2024, sales declined by 2.8 percent, compared to an increase of 77.0 percent in the corresponding period of 2023.

In the wholesale sector, sales declined by 5.0 percent in the March quarter of 2024, compared to an increase of 8.9 percent in the previous quarter. The decline was due to lower sales of refined petroleum products, general merchandise, groceries, food and beverages. Over the year to March 2024, sales increased by 5.9 percent, compared to an increase of 2.1 percent in the corresponding period of 2023.

In the retail sector, sales declined by 5.0 percent in the March quarter of 2024, compared to an increase of 6.1 percent in the previous quarter. The decline was attributed to lower sales of food items and beverages, groceries, general merchandise and pharmaceutical products. Over the year to March 2024, sales increased by 8.4 percent, compared to an increase of 1.1 percent in the corresponding period of 2023.

By region, sales declined in all the regions, except Momase (excluding Morobe) region. In the Southern region, sales declined by 24.6 percent in the March quarter of 2024, compared to an increase of 72.2 percent in the previous quarter. The decline was due to lower production and export by Ok Tedi mine, and lower sales of food and beverages, and other general merchandise goods. The completion of some major road construction projects also contributed to the decline. Over the year to March 2024, sales increased by 34.9 percent, compared to a decline of 12.4 percent in the corresponding period of 2023.

In NCD, sales declined by 16.7 percent in the March quarter of 2024, compared to an increase of 9.5 percent in the previous quarter. The decline reflected lower sales for petroleum products, general merchandise, groceries, food and alcoholic beverages, transportation, hotel accommodation, telecommunication, and waste management services, and lower earnings by commercial banks. A slowdown and completion of some construction projects also contributed to the decline. Over the year to March 2024, sales declined by 1.8 percent, compared to a decline of 14.5 percent in the corresponding period of 2023.

In Morobe, sales declined by 11.6 percent in the March quarter of 2024, compared to an increase of 4.6 percent in the previous quarter. The decline was attributed to lower sales for petroleum products, general merchandise and groceries, combined with lower earnings by the transport and security companies. Over the year to March 2024, sales declined by 10.1 percent, compared to an increase of 12.7 percent in the corresponding period of 2023.

In the Highlands region, sales declined by 1.6 percent in the March quarter of 2024, compared to an increase of 6.0 percent in the previous quarter. The decline was attributed to lower production and export of crude oil, coffee and tea, and lower sales of groceries and general merchandise. Over the year to March 2024, sales increased by 5.9 percent, compared to a decline of 4.1 percent in the corresponding period of 2023.

In the Islands region, sales declined by 0.5 percent in the March quarter of 2024, compared to an increase of 17.1 percent in the previous quarter. The decline was due to lower production and export of palm oil and logs. Lower sales of groceries, general merchandise and refined petroleum products also contributed to the decline. Over the year to March 2024, sales increased by 9.3 percent, compared to a decline of 39.1 percent in the corresponding period of 2023.

In the Momase region, sales increased by 10.3 percent in the March quarter of 2024, compared to a decline of 8.8 percent in the previous quarter. The increase reflected higher production and export of fish, sugar and logs. Higher production and sales of a general food by a processing company also contributed to the increase. Over the year to March 2024, sales increased by 5.6 percent, compared to an increase of 22.0 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 0.2 percent in the March quarter of 2024, compared to an increase of 0.9 percent in the previous quarter. Excluding the mineral sector, the level of employment decreased by 0.4 percent. By sector, the level of employment increased in the manufacturing, mineral and transportation sectors, while it declined in the agriculture/forestry/fishing, construction, retail, wholesale and finance, business and other services sectors. By region, the level of employment increased in the Momase (excluding Morobe) and Island regions, while it decreased in the Highlands, Southern, NCD and Morobe regions. Over the year to March 2024, the total level of employment increased by 1.7 percent, compared to an increase of 5.0 percent in the corresponding quarter of 2023. Excluding the mineral sector, the level of employment increased by 0.8 percent over the year to March 2024, compared to an increase of 5.0 percent in the corresponding quarter of 2023.

In the manufacturing sector, the level of employment increased by 5.0 percent in the March quarter of 2024, compared to an increase of 0.8 percent in the previous quarter. The increase was due to higher recruitments by two major tuna processing companies in Momase to meet their production targets. This was also attributed to a major biscuit company in Morobe recruiting technicians to install a plant at its factory. Over the year to March 2024, the level of employment increased by 3.9 percent, compared to a decline of 2.2 percent in the corresponding quarter of 2023.

In the mineral sector, the level of employment increased by 4.9 percent in the March quarter of 2024, compared to a decline of 1.0 percent in the previous quarter. The increase mainly reflected recruitment by the New Porgera Limited following the reopening of the mine in late 2023. Over the year to March 2024, the level of employment increased by 9.6 percent, compared to an increase of 16.8 percent in the corresponding quarter of 2023.

In the transportation sector, the level of employment increased by 3.9 percent in the March quarter of 2024, compared to an increase of 4.7 percent in the previous quarter. The increase reflected higher demand for air passenger travel and domestic shipping services. A recruitment by a major port management company to fill in existing vacancies also contributed to the increase. Over the year to March 2024, the level of employment increased by 10.2 percent, compared to an increase of 15.4 percent in the corresponding quarter of 2023.

In the agriculture/forestry/fishing sector, the level of employment declined by 6.4 percent in the March quarter of 2024, compared to an increase of 1.2 percent in the previous quarter. The decline was mainly attributed to the scaling down of operations at a major tea plantation in the Highlands region. Over the year to March 2024, the level of employment decreased by 5.5 percent, compared to an increase of 16.5 percent in the corresponding quarter of 2023.

In the construction sector, the level of employment declined by 5.2 percent in the March quarter of 2024, following a decline of 0.4 percent in the previous quarter. The decline was due to completion of some road construction projects in the Highlands region and the reduction of staff by several firms in NCD as a result of lower activity. Over the year to March 2024, the level of employment decreased by 16.9 percent, compared to a decline of 0.1 percent in the corresponding quarter of 2023.

In the retail sector, the level of employment decreased by 3.5 percent in the March quarter of 2024, compared to an increase of 0.3 percent in the previous quarter. The decline was due to the laying off of staff by several retailers in NCD following the destruction and looting of shops in January, and the completion of on-the-job training by a major retailer. Over the year to March 2024, the level of employment decreased by 1.5 percent, compared to a decline of 5.5 percent in the corresponding quarter of 2023.

In the wholesale sector, the level of employment decreased by 2.4 percent in the March quarter of 2024, compared to an increase of 3.6 percent in the previous quarter. The decrease reflected lower activity for wholesale companies involved in general merchandise and motor vehicle service parts. Over the year to March 2024, the level of employment increased by 6.2 percent, compared to an increase of 0.6 percent in the corresponding quarter of 2023.

In the finance, business and other services sector, the level of employment decreased by 0.2 percent in the March quarter of 2024, compared to an increase of 0.5 percent in the previous quarter. The decline was attributed to a fall in demand for security workers in the Southern and Momase regions and laying off of employees by a catering company in the Southern Region due to non-renewal of its major contract. Over the year to March 2024, the level of employment increased by 2.3 percent, compared to a decline of 0.5 percent in the corresponding quarter of 2023.

By region, the level of employment increased in the Momase and Islands regions, while it decreased in the Highlands, Southern, NCD and Morobe regions. In the Momase region, the level of employment increased by 9.8 percent in the March quarter of 2024, compared to a decrease of 0.8 percent in the previous quarter. The increase reflected higher demand for energy and shipping services. Over the year to March 2024, the level of employment increased by 9.9 percent, compared to a decline of 12.5 percent in the corresponding quarter of 2023.

In the Islands region, the level of employment increased by 2.3 percent in the March quarter of 2024, compared to a decline of 0.8 percent in the previous quarter. The increase reflected higher activity in the mineral and transportation sectors in the region. Over the year to March 2024, the level of employment declined by 1.5 percent, compared to an increase of 17.4 percent in the corresponding quarter of 2023.

In the Highlands region, the level of employment decreased by 3.9 percent in the March quarter of 2024, compared to an increase of 0.8 percent in the previous quarter. The decrease was due to lower production of coffee and tea. Over the year to March 2024, the level of employment increased by 7.1 percent, compared to an increase of 5.9 percent in the corresponding quarter of 2023.

In the Southern region, the level of employment decreased by 3.0 percent in the March quarter of 2024, following a decline of 1.5 percent in the previous quarter. The decrease reflected lower demand for security and catering services. Over the year to March 2024, the level of employment decreased by 4.5 percent, compared to an increase of 3.2 percent in the corresponding quarter of 2023.

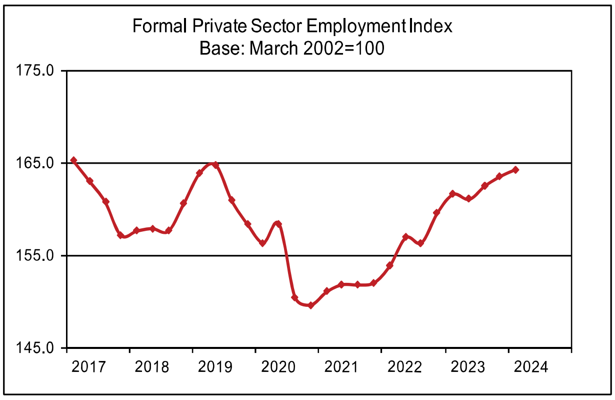
In NCD, the level of employment declined by 0.6 percent in the March quarter of 2024, compared to an increase of 3.6 percent in the previous quarter. The decline was due to the laying-off of employees by several retail companies following the looting and destruction of shops in the January, and a restructure and retrenchment exercise carried out by two major companies in NCD. Over the year to March 2024, the level of employment increased by 3.0 percent, compared to an increase of 1.9 percent in the corresponding quarter of 2023.

In Morobe, the level of employment decreased by 0.5 percent in the March quarter of 2024, compared to an increase of 1.4 percent in the previous quarter. This mainly reflected laying off of workers at a tuna factory and by a major retail company. Over the year to March 2024, the level of employment increased by 0.8 percent, compared to an increase of 8.8 percent in the corresponding quarter of 2023.

CONSUMER PRICE INDEX

Quarterly headline inflation, as measured by the Consumer Price Index (CPI), declined by 2.1 percent in the March quarter of 2024, compared to an increase of 1.1 percent in the December quarter of 2023. There were declines in the Alcoholic Beverages, Tobacco and Betelnut, Communication, and Health expenditure groups, which more than offset increases in the Restaurants and Hotels, Education, Clothing and Footwear, Transport, Household Equipment, Miscellaneous, Recreation, Food and Non-Alcoholic Beverages and Housing expenditure groups. By urban centre, prices declined in Lae, Port Moresby and Alotau/Kimbe/Kokopo/Rabaul, while it increased in Goroka/Hagen/Madang. Annual headline inflation was 2.5 percent in the March quarter of 2024, compared to an increase of 3.9 percent in the December quarter of 2023.

The CPI for the Alcoholic Beverages, Tobacco and Betelnut expenditure group declined by 14.3 percent in the March quarter of 2024, compared to an increase of 4.8 percent in the previous quarter. This was due to a major decline in the betelnut subgroup of 27.4 percent, which more than offset an increase in the Tobacco and Alcoholic beverages sub-groups of 7.7 percent and 0.5 percent, respectively. This expenditure group contributed 2.6 percentage points and 0.1 percentage points to the



overall quarterly and annual CPI inflation outcomes, respectively.

The CPI for the Communication expenditure group declined by 2.3 percent in the March quarter of 2024, compared to a decline of 6.5 percent in the previous quarter. There was a decline of 5.8 percent and 0.7 percent in the price of the telephone services and other services sub-groups, respectively, which more than offset an increase in the telephone equipment sub-groups of 0.2 percent. The postal services sub-group 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 Health expenditure group declined by 0.9 percent in the March quarter of 2024, compared to an increase of 2.4 percent in the previous quarter. The decline was in the medical supplies sub-group of 1.8 percent. The medical services sub-group recorded no price change. 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 Restaurants and Hotels expenditure increased by 1.9 percent in the March quarter of 2024, compared to a decline of 1.5 percent in the previous quarter. This was due to a price increase in the takeaway food and accommodation sub-groups of 2.2 percent and 0.2 percent, respectively. This expenditure group contributed 0.1 percentage point and 0.2 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

The CPI for the Education expenditure group increased by 1.8 percent in the December quarter of 2023, compared to an increase of 0.1 percent in the previous quarter. This reflected an increase in the other expenses sub-group of 2.7 percent and the education fees sub-group of 1.2 percent in the quarter. This expenditure group contributed 0.1 percentage point to both the quarterly and annual overall CPI inflation outcome.

The CPI for the Clothing and Footwear expenditure group increased by 1.7 percent in the March quarter of 2024, compared to an increase of 0.2 percent in the previous quarter. There were increases in the boys' wear, men's wear, sewing items, clothing, and women and girls wear sub-groups of 7.5 percent, 7.5 percent, 1.9 percent, 1.3 percent and 0.4 percent, respectively. These more than offset declines in the footwear sub-group of 1.0 percent, while the headwear sub-group recorded no price change. This expenditure group contributed 0.1 percentage points and 0.5 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

The CPI for the Transport expenditure group increased by 1.3 percent in the March quarter of 2024, compared to an increase of 0.2 percent in the previous quarter. This reflected price increases in the fares and motor vehicle purchases sub-groups of 2.3 percent and 2.2 percent, respectively, which more than offset price declines in the fuel and lubricants, and operations of transport sub-groups of 3.5 percent and 0.8 percent, respectively. The other services sub-group remained unchanged. This expenditure group contributed 0.2 percentage points and 0.3 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

The CPI for the Household Equipment expenditure group increased by 1.1 percent in the March quarter of 2024, compared to an increase of 0.1 percent in the previous quarter. This reflected price increases in the household furniture and furnishings, and household appliances sub-groups of 5.0 percent and 3.0 percent, respectively, which more than offset a price decline in the household maintenance goods sub-group of 2.8 percent. This expenditure group contributed 0.1 percentage points and 0.2 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

Prices in the Miscellaneous expenditure group increased by 0.4 percent in the March quarter of 2024, compared to an increase of 3.7 percent in the previous quarter. This reflected price increases in the insect repellant, children's toys, toiletries and personal care products and barber fees of 1.6 percent, 0.8 percent, 0.5 percent and 0.3 percent, respectively, which more than offset a price decline of 1.4 percent in baby oil and powder. The court fees remained unchanged. 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 Recreation expenditure group increased by 0.4 percent in the March quarter of 2024, compared to a decline of 0.5 percent in the previous quarter. This reflected price increases in biros, television, bicycle, DVD player, digital camera and magazine subgroups of 6.8 percent, 6.1 percent, 2.0 percent, 0.5 percent, 0.4 percent and 0.3 percent, respectively. These more than offset declines in the prices of flash drives, batteries and photography of 3.3 percent, 0.5 percent and 0.1 percent, respectively. The prices for sports gate and movie fees, and newspaper remained unchanged. This expenditure group's contribution to both the quarterly and annual CPI inflation outcomes was negligible.

The CPI for the Food and Non-Alcoholic Beverages expenditure group increased by 0.2 percent in the March quarter of 2024, compared to an increase of 3.0 percent in the previous quarter. There were increases in the sugars and confectionary, cereals, fish, other food products, meat, oil and fats, dairy products, eggs, cheese, and non-alcoholic beverages sub-groups of 2.8 percent, 2.0 percent, 1.9 percent, 1.3 percent,1.2 percent, 0.8 percent, 0.5 percent and 0.2 percent, respectively. These more than offset declines in the fruits & vegetables sub-group. 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 Housing expenditure group increased by 0.1 percent in the March quarter of 2024, compared to an increase of 0.8 percent in the previous quarter. This was attributed to an increase of 5.7 percent and 0.3 percent in the maintenance and rent sub-groups respectively, which more than offset a decline of 3.4 percent in the cooking sub-group. The electricity and water sub-groups recorded no price changes in the quarter. This expenditure group contributed 0.1 percentage points and 0.2 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

Prices in Lae declined by 4.6 percent in the March quarter of 2024, compared to an increase of 0.5 percent in the previous quarter. The Alcoholic Beverages, Tobacco and Betelnut expenditure group recorded the largest decline of 21.2 percent, followed by Health with 6.1 percent, Restaurants and

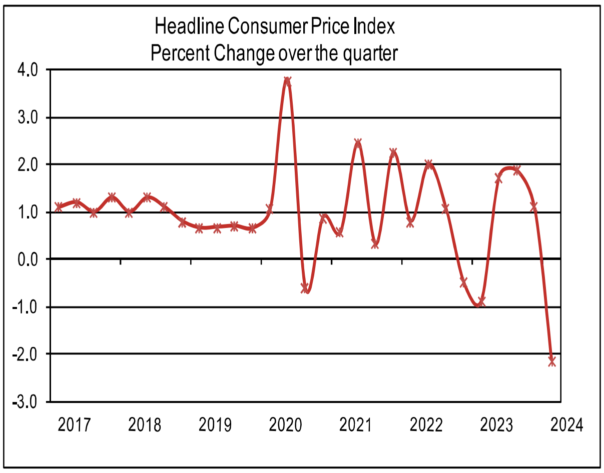
Hotels with 5.2 percent, Communications with 3.6 percent and Household Equipment with 0.9 percent. These more than offset increases in the Education, Housing, Clothing and Footwear, Food and Non-Alcoholic Beverages, Transport and Recreation expenditure groups of 4.3 percent, 2.1 percent, 1.5 percent, 1.4 percent, 1.1 percent and 0.8 percent, respectively. Lae contributed 0.7 percentage points and 0.2 percentage points to the overall quarterly and annual CPI inflation, respectively.

Prices in Port Moresby declined by 2.5 percent in the March quarter of 2024, compared to an increase of 1.5 percent in the previous quarter. Alcoholic Beverages, Tobacco and Betelnut expenditure group recorded the largest decline of 18.7 percent, followed by Communications with 2.5 percent and Food and Non-Alcoholic Beverages with 0.4 percent. These more than offset increases in Restaurants and Hotels, Household Equipment, Clothing and Footwear, Transport, Education, Recreation, Miscellaneous and Housing expenditure groups of 4.1 percent, 2.6 percent, 1.2 percent, 1.5 percent, 0.9 percent, 0.8 percent, 0.4 percent and 0.1 percent, respectively. Port Moresby contributed 1.8 percentage points and 1.5 percentage points to the overall quarterly and annual CPI inflation, respectively.

In Alotau/Kimbe-Kokopo/Rabaul, prices declined by 2.3 percent in the March quarter of 2024, compared to an increase of 3.9 percent in the previous quarter. The Alcoholic Beverages, Tobacco and Betelnut expenditure group recorded the largest price decline of 14.0 percent, followed by Household Equipment with 2.1 percent, and both Recreation and Restaurants and Hotels with 0.9 percent, and Communications with 0.6 percent. These more than offset increases in the Clothing and Footwear, Transport, Miscellaneous, Food and Non-Alcoholic Beverages and Health expenditure groups of 2.5 percent, 2.1 percent, 0.2 percent, 0.1 percent, and 0.1 percent, respectively. The Education expenditure group recorded no price changes. Alotau/Kimbe-Kokopo/Rabaul contributed 0.2 percentage points and 0.6 percentage points to the overall quarterly and annual CPI inflation, respectively.

In Goroka/Mt. Hagen/Madang, prices increased by 3.0 percent in the March quarter of 2024, compared to an increase of 0.1 percent in the previous quarter. The Alcoholic Beverages, Tobacco and Betelnut expenditure group recorded the largest increase of 19.3 percent, followed by Education with 10.2 percent, Food and Non-Alcoholic Beverages with 0.9 percent, both the Miscellaneous and Restaurants and Hotels with 0.7 percent, respectively, and Transport with 0.2 percent. These more than offset declines in the Household Equipment, Health, Communications, Housing, Clothing and Footwear and Recreation expenditure groups of 1.4 percent, 1.3 percent, 1.0 percent, 0.7 percent, 0.5 percent and 0.4 percent, respectively. Goroka/Mt. Hagen/Madang contributed 0.3 percentage points and 0.6 percentage points to the overall quarterly and annual CPI inflation, respectively.

The annual headline inflation increased by 2.5 percent in the March quarter of 2024, compared to an increase of 3.9 percent in the December quarter of 2023. All expenditure groups recorded increases except the Alcoholic Beverages, Tobacco and Betelnut, Communication, and Health expenditure groups which declined. The largest increase was in the Restaurants and Hotels with 1.9 percent, followed by Education with 1.8 percent, Clothing and footwear with 1.7 percent, Transport with 1.3 percent, Household Equipment with 1.1 percent, Miscellaneous and Recreation with 0.4 percent, Food and Non-Alcoholic Beverages with 0.2 percent and Housing with 0.1 percent.



These more than offset declines in the Alcoholic beverages, tobacco, and betelnut, Communications, and Health expenditure groups of 14.3 percent, 2.3 and 0.9 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 3.8 percent in the March quarter of 2024, compared to a decline of 0.4 percent in the previous quarter. Annual exclusion-based inflation was 5.3 percent in the March quarter of 2024, compared to 2.2 percent in the previous quarter.

The quarterly trimmed mean inflation measure published by the Bank of PNG increased by 1.3 percent in the March quarter of 2024, compared to an increase of 0.3 percent in the previous quarter. The annual trimmed mean inflation was 4.2 percent in the March quarter of 2024, compared to 5.6 percent in the same period of 2023.

4. EXPORT COMMODITIES REVIEW

The total value of merchandise exports was K11,334.0 million in the March quarter of 2024, compared to K11,730.5 million in the corresponding quarter of 2023. The decline was due to a combined decline in the export values and volumes of palm oil, logs and crude oil, and lower export values for nickel, cobalt and LNG.

The value of agricultural, marine products and other non-mineral exports, excluding forestry and refined petroleum product exports was K1,075.1 million and accounted for 9.5 percent of total merchandise exports in the March quarter of 2024, compared to K1,185.9 million or 10.1 percent of total merchandise exports in the corresponding quarter of 2023. Forestry product exports were K202.4 million, which accounted for 1.8 percent of total merchandise exports in the March quarter, compared to K202.8 million or 1.7 percent in the corresponding quarter of 2023. Refined petroleum products exports were K98.0 million and accounted for 0.9 percent of the total merchandise exports in the March quarter, compared to K76.5 million or 0.7 percent in the corresponding quarter of 2023. Mineral export receipts, including Liquefied Natural Gas (LNG) and condensate were K9,958.5 million, and accounted for 87.9 percent of the total merchandise exports in the March quarter of 2024, compared to K10,265.4 million or 87.5 percent in the March quarter of 2023.

The weighted average kina price of Papua New Guinea's exports, excluding LNG, increased by 4.5 percent in the March quarter of 2024, compared to the corresponding quarter of 2023. There was an increase of 4.9 percent in the weighted average kina price of mineral exports, accounted for by higher kina prices of most mineral commodities. For agricultural, logs and marine product exports, the weighted average kina price increased by 3.0 percent, due to higher kina prices of cocoa, copra, copra oil, logs and marine products. Excluding logs, the weighted average kina price of agricultural and marine product exports declined by 2.2 percent in the March quarter of 2024, compared to the corresponding quarter of 2023. Higher international prices of most commodities coupled with the depreciation of kina accounted for the increase.

MINERAL EXPORTS

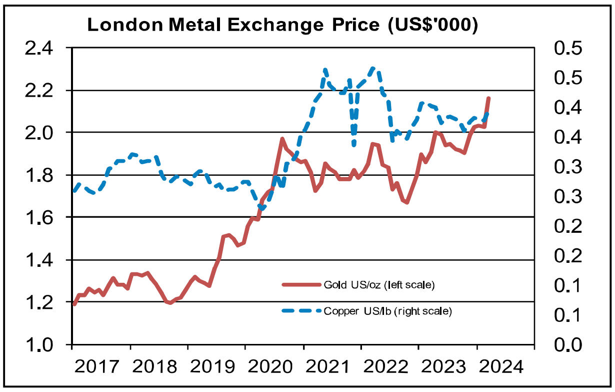
Total mineral export receipts were K9,958.5 million in the March quarter of 2024, compared to K10,265.4 million in the corresponding quarter of 2023. The lower export values reflected a decline in the international prices for nickel and cobalt, combined with a decline in the export volume of crude oil and condensate.

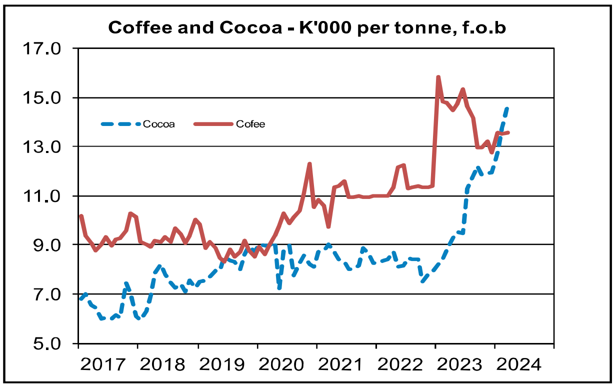
The value of LNG export was K4,836.2 million in the March quarter of 2024, compared to K5,757.9 million in the corresponding quarter of 2023. The decline reflected lower international gas prices reflecting high inventories and on-going low demand from key markets, including Asia and the Europe.

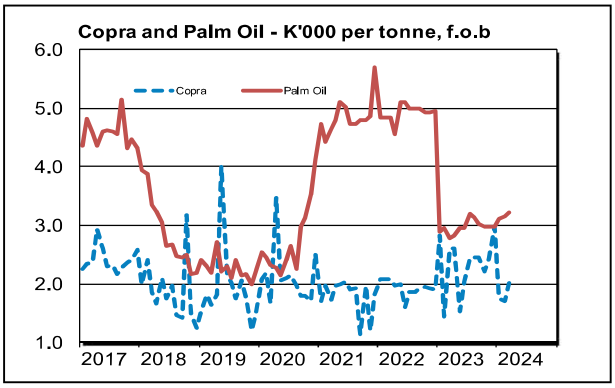
The volume of condensate exported was 1,471.4 thousand barrels in the March quarter of 2024, compared to 1,597.5 thousand barrels in the corresponding quarter of 2023. The average free on board (f.o.b) price for condensate export was K294.0 per barrel in the March quarter, compared to K268.0 per barrel in the corresponding quarter of 2023, reflecting high international prices. The increase in export price more than offset the decline in export volume, resulting in a higher export receipt of K433.0 million in the March quarter of 2024, compared to K428.6 million in the corresponding quarter of 2023.

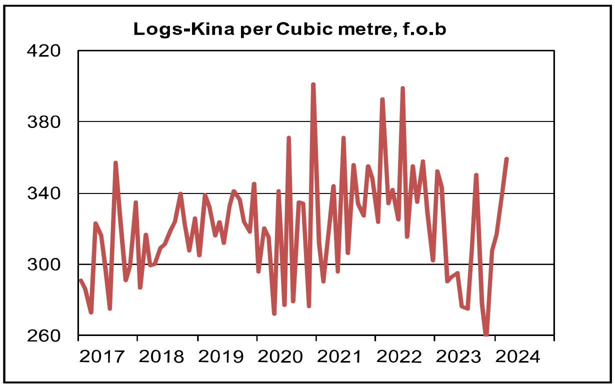
The volume of gold exported was 11.0 tonnes in the March quarter of 2024, compared to 9.5 tonnes in the March quarter of 2023. The increase reflected higher pro-

EXPORT COMMODITY PRICES









duction from the Lihir, Ok Tedi, Hidden Valley, K92, Simberi and Porgera mines. The average f.o.b price for gold exports was K248.2 million per tonne in the March quarter of 2024, compared to K207.4 million per tonne in the March quarter of 2023, reflecting higher international prices. The average gold price at the London Metal Exchange increased by 9.8 percent to US$2,071.7 per fine ounce in the March quarter of 2024, compared to the corresponding quarter of 2023. The increase was mainly due to strong demand for gold as a safe-haven investment attributed to the adverse effects of the on-going war between Israel and Hamas, increase in market volatility, and weaker US dollar. The combined increase in export volume and price resulted in a higher export receipt of K2,729.7 million in the March quarter of 2024, compared to K1,970.5 million in the corresponding quarter of 2023.

The volume of copper exported was 27.0 thousand tonnes in the March quarter of 2024, compared to 18.5 thousand tonnes in the March 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 copper exports was K31,481 per tonne in the March quarter of 2024, compared to K31,281 per tonne in the corresponding quarter of 2023. The outcome reflected higher international prices due to lower production from Chile, the world's largest producer, combined with stronger demand, mainly from China, particularly driven by the energy sector and artificial intelligence technologies. The combined increase in the export volume and price resulted in a higher export receipt of K850.0 million in the March quarter of 2024, compared to K578.7 million in the March quarter of 2023.

The volume of nickel exported was 8.9 thousand tonnes in the March quarter of 2024, compared to 7.9 thousand tonnes in the corresponding quarter of 2023. The increase was due to higher production and shipment by the Ramu Nickel/Cobalt mine. The average f.o.b. price of nickel exports was K62,232 per tonne in the March quarter of 2024, compared to K89,633 in the corresponding quarter of 2023. The lower outcome reflected a decline in international prices. The decline in the export price more than offset the increase in the export volume resulting in a lower export receipt of K553.9 million in the March quarter of 2024, compared to K708.1 million in the corresponding quarter of 2023.

The volume of cobalt exported was 0.8 thousand tonnes in the March quarter of 2024, compared to 0.7 thousand tonnes in the corresponding quarter of 2023. The increase was due to higher production and shipment by the Ramu Nickel/Cobalt mine. The average f.o.b. price of cobalt exports was K108.8 million per tonne in the March quarter of 2024, compared to K128.7 million per tonne in the March quarter of 2023. The lower outcome reflected a decline in international prices. The decline in the export price more than offset the increase in the export volume resulting in a lower export receipt of K87.0 million in the March quarter of 2024, compared to K90.1 million in the corresponding quarter of 2023.

The volume of crude oil exported was 1,263.1 thousand barrels in the March quarter of 2024, compared to 2,092.7 thousand barrels in the corresponding quarter of 2023. This was due to lower production from the Kutubu oil fields. The average export price of crude oil was K271 per barrel in the March quarter of 2024, the same as in the March quarter of 2023. The outcome reflected mixed global sentiments and weaker demand reflecting softening global growth combined with higher non-OPEC production led by the US, despite expectations of voluntary extension of production cuts by OPEC+ member countries. The decline in export volume resulted in lower export receipts of K342.8 million in the March quarter of 2024, compared to K568.0 million in the corresponding quarter of 2023.

Export receipts of refined petroleum products, which includes Naphtha from the PNG-LNG project, were K98.0 million in the March quarter of 2024, compared to K76.5 million in the corresponding quarter of 2023. The outcome was due to higher export demand from Singapore, a major importer.

AGRICULTURE, LOGS AND FISHERIES EXPORTS

Export prices of all non-mineral commodities increased, except for coffee, tea, palm oil and rubber, which declined in the March quarter of 2024, compared to the corresponding quarter of 2023. Cocoa price increased by a significant 116.9 percent, copra by 19.1 percent, copra oil by 22.6 percent, logs by 35.0 percent and marine products by 21.5 percent. Prices for coffee, tea, palm oil and rubber declined by 5.6 percent, 50.0 percent, 19.9 percent and 35.0 percent, respectively. The weighted average kina price of agricultural, logs and marine product exports increased by 3.0 percent. Excluding logs, the weighted average kina price of agricultural and marine product exports declined by 2.2 percent in the March quarter of 2024, compared to the corresponding quarter of 2023.

The volume of coffee exported was 14.5 thousand tonnes in the March quarter of 2024, compared to 9.0 thousand tonnes in the corresponding quarter of 2023. The increase was due to higher production and shipment from the coffee producing regions, reflecting favourable weather conditions. The average export price of coffee was K14,366.0 per tonne, a decline of 5.6 percent from the corresponding quarter of 2023. The outcome reflected higher production from Brazil, the world's major producer, attributed to favourable wet weather conditions. The increase in the export volume more than offset the decline in export price, resulting in a higher export receipt of K208.3 million in the March quarter of 2024, an increase of 52.2 percent from the corresponding quarter of 2023.

The volume of cocoa exported was 4.9 thousand tonnes in the March quarter of 2024, compared to 8.4 thousand tonnes in the corresponding quarter of 2023. The decline was attributed to a lower production and shipment from the major producing regions. The average export price of cocoa was K18,306.0 per tonne in the March quarter of 2024, a significant increase of 116.9 percent from the corresponding quarter of 2023. The higher price reflected a substantial decline in production from the Ivory Coast and Ghana, the world's top producers. The increase in the export price more than offset the decline in export volume, resulting in an export receipt of K89.7 million in the March quarter of 2024, an increase of 26.5 percent from the corresponding quarter of 2023.

The volume of palm oil exported was 133.8 thousand tonnes in the March quarter of 2024, compared to 185.4 thousand tonnes in the corresponding quarter of 2023. The decline was due to lower production and shipment from the major producing regions. The average export price of palm oil was K2,658.0 per tonne in the March quarter of 2024, a decline of 19.9 percent from the March quarter of 2023. The decline was due to higher production mainly from Indonesia and lower demand as consumers switched to cheaper substitutes. The combined decline in the export volume and price resulted in a lower export receipt of K355.6 million in the March quarter of 2024, a decline of 42.2 percent from the corresponding quarter of 2023.

The volume of copra exported was 5.9 thousand tonnes in the March quarter of 2024, compared to 3.9 thousand tonnes in the corresponding quarter of 2023. The increase was attributed to higher production and shipments from the major producing regions. The average export price of copra was K2,169.0 per tonne in the March quarter of 2024, an increase of 19.1 percent from the corresponding quarter of 2023. The outcome reflected higher international prices, due to lower production from Indonesia and the Philippines, at the back of unfavourable wet weather conditions. The combined increase in export volume and price resulted in a higher export receipt of K12.8 million in the March quarter of 2024, a substantial increase of 80.3 percent from the corresponding quarter of 2023.

The volume of copra oil exported was 5.4 thousand tonnes in the March quarter of 2024, compared to 4.4 thousand tonnes in the corresponding quarter of 2023. The increase was attributed to higher production and shipments. The average export price of copra oil was K3,537.0 per tonne in the March quarter, an increase of 22.6 percent from the corresponding quarter of 2023. The outcome mainly reflected higher international prices due to lower production from Indonesia and the Philippines, combined with increased demand for coconut oil in the global market. The combined increase in export volume and price resulted in an export receipt of K19.1 million in the March quarter, an increase of 50.4 percent from the corresponding quarter of 2023.

The volume of tea exported was 0.2 tonnes in the March quarter of 2024, compared to 0.1 tonne in the corresponding quarter of 2023. The outcome reflected higher production and shipments. The average export price of tea was K1,000.0 per tonne in the March quarter, a decline of 50.0 percent from the corresponding quarter of 2023. The outcome reflected higher production from Kenya and India, two of the major producers, attributed to favourable wet weather conditions. The increase in export volume more than offset the decline in export prices, resulting in export receipt of K0.2 million in the March quarter, the same as in the corresponding quarter of 2023.

The volume of rubber exported was 1.2 thousand tonnes in the March quarter of 2024, compared to 0.6 thousand tonnes in the corresponding quarter of 2023. The outcome reflected higher production and shipment. The average export price of rubber was K3,250.0 per tonne in the March quarter, a decline of 35.0 percent from the corresponding quarter of 2023. This reflected lower international prices due to a weak demand from China, combined with higher production from Malaysia and Indonesia. The increase in export volume more than offset the decline in export price, resulting in an export receipt of K3.9 million in the March quarter, an increase of 30.0 percent from the corresponding quarter of 2023.

The volume of logs exported was 443.0 thousand cubic meters in the March quarter of 2024, compared to 602.0 thousand cu bic meters in the corresponding quarter of 2023. The outcome was due to lower production from the major producing provinces reflecting the high export tax. The average export price of logs was K440.0 per cubic meter in the March quarter, an increase of 35.0 percent from the corresponding quarter of 2023. The outcome reflected higher international prices following lower production from New Zealand, the world's largest exporter of softwood logs, combined with a strong demand from China. The decline in the export volume more than offset the increase in the export price, resulting in a lower export receipt of K194.7 million in the March quarter, a decline of 0.8 percent from the corresponding quarter of 2023.

The value of marine products exported was K169.7 million in the March quarter of 2024, compared to K120.5 million in the corresponding quarter of 2023. The outcome resulted from a combined increase in the export volume and price.

5. BALANCE OF PAYMENTS

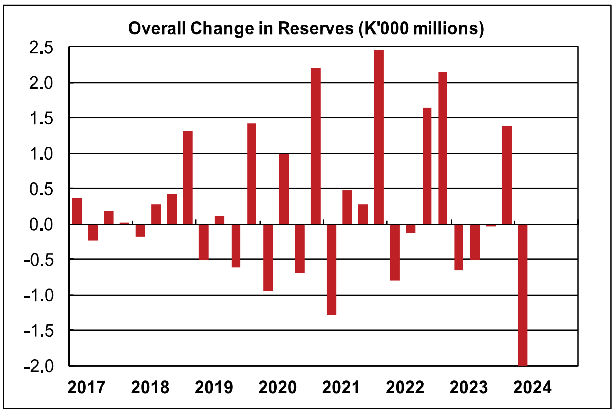
The overall balance of payments recorded a deficit of K2,015.1 million in the March quarter of 2024, compared to a deficit of K648.7 million in the March quarter of 2023. This was due to a deficit in the financial account, which more than offset a surplus in the current and capital account.

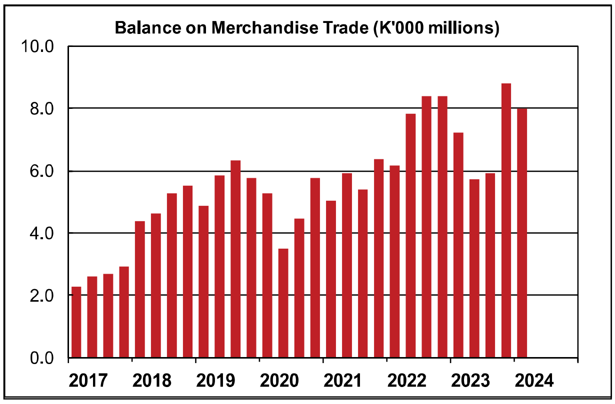
The current account recorded a surplus of K5,816.2 million in the March quarter of 2024, compared to a surplus of K4,206.2 million in the corresponding period of 2023. This was due to a higher trade account surplus and net secondary income receipts, which more than offset higher net payments in service and primary income.

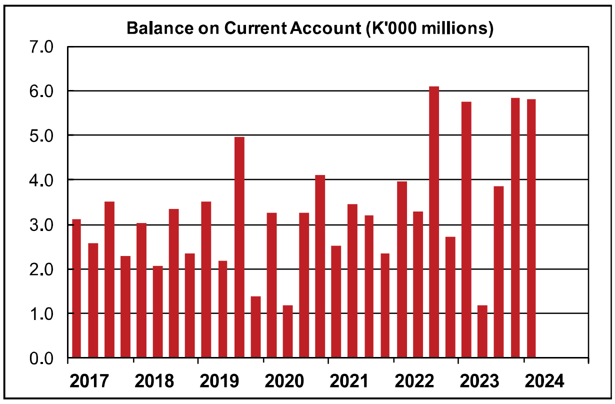
The value of merchandise exports was K11,334.0 million in the March quarter of 2024, compared to K11,730.6 million in the corresponding quarter of 2023. There were higher values for most of major export commodities, while there were decreases for nickel, cobalt, crude oil, palm oil and logs.

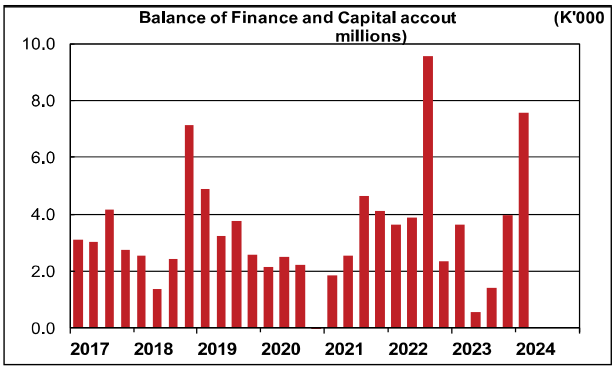
The value of merchandise imports was

BALANCE OF PAYMENTS









K3,449.9 million in the March quarter of 2024, compared to K4,806.9 million in the corresponding quarter of 2023. There were lower general and petroleum sector imports. The value of general imports was K1,903.8 million in the quarter, compared to K3,130.0 million in the March quarter of 2023, reflecting a decline in domestic economic activities. The value of petroleum sector imports including gas was K359.8 million in the quarter, compared to K692.4 million in the corresponding quarter of 2023. This mainly reflected lower exploration and drilling activities by a major petroleum company. Mining sector imports was K1,296.3 million in the quarter, compared to K984.5 million in the corresponding quarter of 2023. The increase reflected higher capital expenditure by Porgera and Simberi mines, which more than offset lower expenditures by K92, Ramu Nickel/Cobalt, and alluvial mines.

The service account had a deficit of K2,250.1 million in the March quarter of 2024, compared to a deficit of K1,780.4 million in the March quarter of 2023. This was accounted for by higher service payments from manufacturing, transportation, travel, construction services, communication, computer and information services, and other business services.

The primary income account had a deficit of K227.5 million in the March quarter of 2024, compared to a deficit of K1,001.2 million in the corresponding quarter of 2023. The outcome was mainly attributed to lower payments for compensation of employees and dividend payments.

The secondary income account had a surplus of K409.6 million in the March quarter of 2024, compared to a surplus of K64.2 million in the corresponding quarter of 2023. The outcome was accounted for by higher transfer receipts from the general government, reflecting gifts and grants, licensing fees and taxes, combined with lower transfer payments.

The capital account recorded a net inflow of K6.0 million in the March quarter of 2024, compared to a net inflow of 4.2 in the corresponding quarter of 2023, reflecting transfers by donor agencies for project financing.

As a result of the developments in the trade, service, primary and secondary income and capital accounts, the current and capital account recorded a surplus of K5,822.2 million in the March quarter of 2024, compared to a surplus of K4,210.4 million in the corresponding period of 2023.

The financial account had a deficit of K7,572.7 million in the March quarter of 2024, compared to a deficit of K4,102.0 million in the March quarter of 2023. The outcome was due to net outflows from direct and other investments reflecting related party transactions and build-up in offshore foreign currency account balances of mineral companies, including those allowed for under the various Project Development Agreements (PDAs), respectively.

As a result of these developments in the current, capital and financial accounts, the overall balance of payments recorded a deficit of K2,015.1 million in the March quarter, compared to a deficit of K648.7 million in the corresponding quarter of 2023.

The level of gross foreign exchange reserves at the end of March 2024 was K12,487.6 (US$ 3,372.9) million, sufficient for 6.0 months of total and 11.6 months of non-mineral import covers.

6. MONETARY DEVELOPMENTS

INTEREST RATES AND LIQUIDITY

The Central Bank eased its monetary policy stance during the March quarter of 2024. The Kina Facility Rate (KFR) was maintained at 2.00 percent in March, after it was reduced by 50.0 basis points in February 2024. The reduction to the policy rate was aimed to support economic activity, following the destruction and loss of goods and properties by business houses during the civil unrest in January 2024. 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 decreased for most maturities between the end of March 2024 and December 2023. The Bank at its open market operations, continue to implement Central Bank Bill (CBB) auction, with the issuance of the 7 day Fixed Rate Full Allotment (FRFA) being the main policy instrument. In the March quarter of 2024, the 7-day CBB rate was reduced by 0.50 percentage points to 2.00 percent, in line with the reduction in the policy rate, KFR. The competitive CBB auction for all other terms were not offered during the March quarter of 2024, to allow the implementation of the 7-day FRFA auction. The Government's Treasury Bill rates for the 182-day, 273-day and 364-day terms decreased by 0.15 percentage points, 0.09 percentage points and 0.28 percentage points to 1.85 percent, 2.45 percent and 3.29 percent, respectively.

The weighted average interest rates on commercial banks' large term deposits (K500,000 and above) decreased for all terms, except the 360-day terms over the March quarter of 2024. The 30-day and 60-day deposit rates declined by 0.04 percentage points each to 0.50 percent and 0.48 percent, respectively. The 90-day, 180-day and 270-day deposit rates declined by 0.89 percentage points, 0.26 percentage points and 0.08 percentage points to 1.43 percent, 0.99 percent and 1.05 percent, respectively. The 360-day deposit rate increased by 0.43 percentage points to 1.99 percent. The monthly weighted average interest rate on total deposits decreased to 0.24 percent from 0.26 percent during the March quarter of 2024, while the monthly weighted average rate for total loans decreased to 8.41 percent from 8.48 percent.

The Indicator Lending Rates (ILR) for commercial banks remained unchanged between 6.95 percent and 11.70 percent in the March 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 issuance of K79.5 million in CBBs in the March quarter under the FRFA. The net issuance of Government securities totalled K1,147.7 million, comprising of K921.5 million in Treasury bonds (Inscribed Stock) and K226.2 million in Treasury bills.

There were two interbank deals, and thirty-nine repo transactions recorded during the March quarter of 2024. The interbank borrowing was done at 4.00 percent, while the repo deals were all overnight deals offered between the rate of 3.50 percent and 4.00 percent. The Cash Reserve Requirement (CRR) on commercial banks' deposits was maintained at 10.0 percent over the March quarter of 2024.

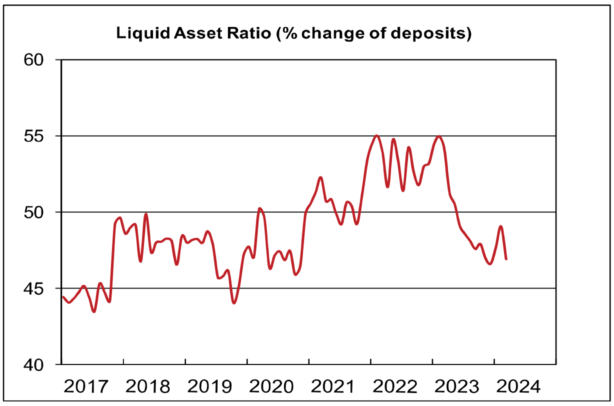
MONEY SUPPLY

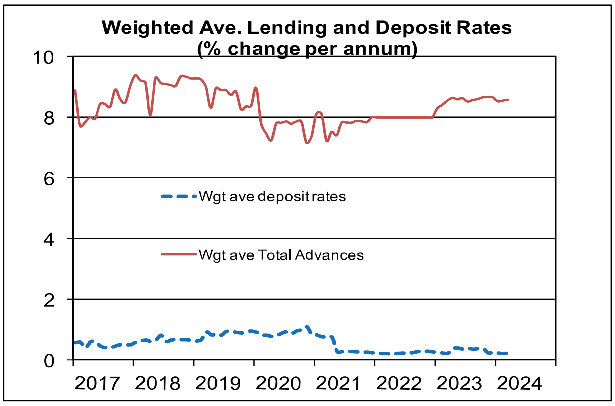
The average level of broad money supply (M3*) increased by 2.8 percent in the March quarter of 2024, compared to an increase of 1.0 percent in the previous quarter. This was due to an increase of 3.8 percent in the average net domestic assets (NDA) of the banking system, more than offsetting a decline of 1.9 percent in the average net foreign assets (NFA). The average net domestic claims, excluding average net claims on Central Government, increased by 5.2 percent in the March quarter of 2024, compared to an increase of 2.0 percent in the previous quarter. This reflected increase in average claims on the private sector, public non-financial corporations and 'Provincial and Local Level Governments', which more than offset a decline in average claims on other financial corporations.

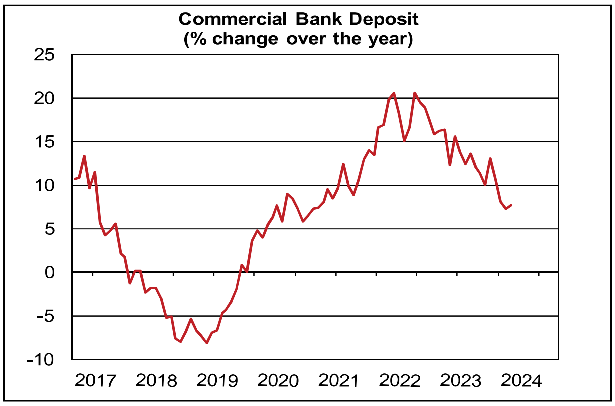
The average level of monetary base (reserve money) increased by 1.3 percent in the March quarter of 2024, compared to an increase of 1.1 percent in the previous quarter. This reflected an increase in deposits held at the Central Bank for other depository corporations (ODCs), mainly CRR deposits of commercial banks, which more than offset a decline in currency in circulation issued by the Central Bank.

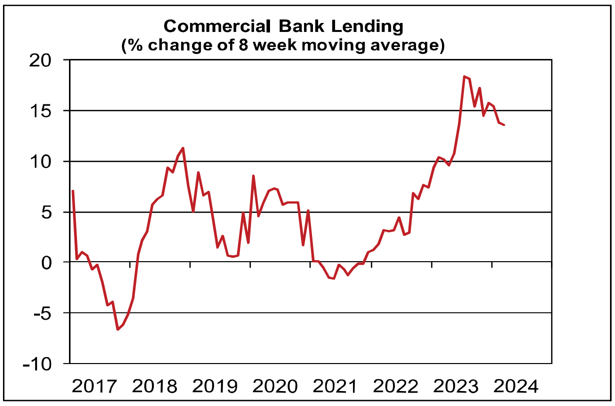
The average level of narrow money supply (M1*) increased by 3.0 percent in the March quarter of 2024, compared to an increase of 2.3 percent in the previous quarter. This was due to an increase in the average level of transferable deposits, more than offsetting a decline in currency outside depository corporations (DCs). The average level of quasi money increased by 1.7 percent in the March quarter of 2024, compared to a decline of 7.1 percent in the previous quarter.

The average level of deposits at other depository corporations (ODCs) increased by 2.4 percent to K36,416.7 million in the March quarter of 2024, from K35,555.1 million in the previous quarter. This reflected









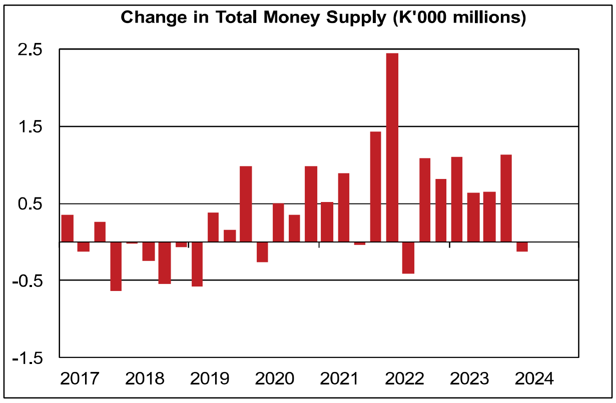
an increase in deposits by the public non-financial corporations and other resident sectors, which more than offset decreases from the Government and financial corporations.

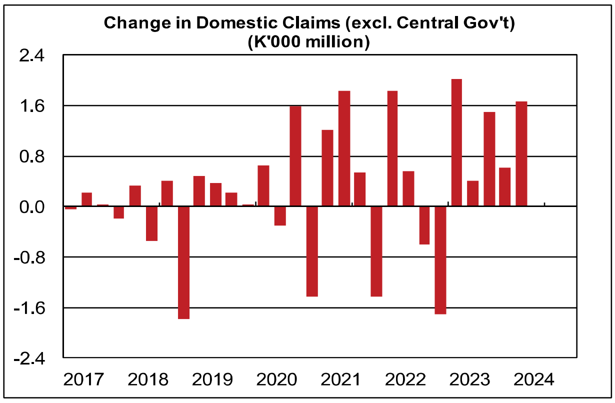
The NFA of Financial Corporations (FCs), comprising DCs and other financial corporations (OFCs), declined by 24.4 percent to K13,510.9 million during the March quarter of 2024, following an increase of 12.6 percent in the previous quarter. This resulted from a decline in the NFA of the DCs and OFCs. The decline in DCs' NFA was mainly due to a decrease in Central Bank's NFA, more than offsetting an increase in ODCs' NFA. The decline in Central Bank's NFA reflected a decline in international reserves due to outflows from monthly interventions in the foreign exchange market, and Government debt repayments, while ODCs' increase was due to higher claims on non-residents, reflecting offshore investments. The decline in OFCs' NFA was due to lower claims on non-residents mainly reflecting a reduction in superfunds' investments abroad.

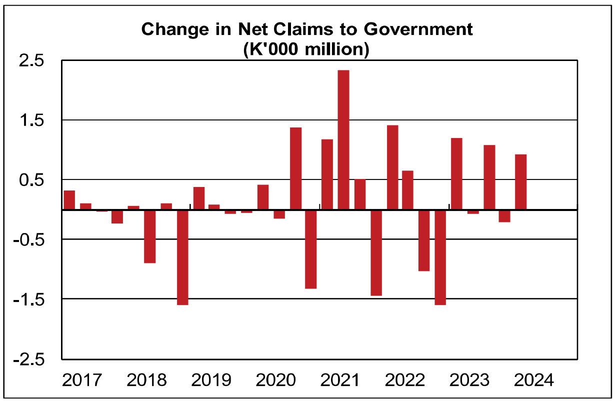
Net claims on the Central Government by FCs declined by 11.3 percent to K17,869.4 million in the March quarter of 2024, compared to an increase of 0.5 percent in the previous quarter. The decline reflected net maturity of Government securities, which more than offset the decline in Government deposits at the Central Bank.

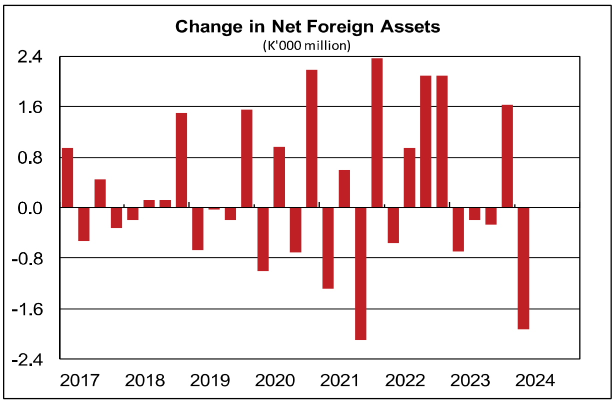
LENDING

In the March quarter of 2024, total domestic credit extended by FCs to the private sector, public non-financial corporations and 'Provincial and Local Level Governments' increased by 1.2 percent to K20,476.1 million, following an increase of 4.8 percent in the previous quarter. This reflected advances of K238.8 million and K136.9









million to the 'Provincial and Local Level Governments' and private sector, respectively, which more than offset repayments by the public non-financial corporations. The increase in credit to the private sector was mainly due to advances to commerce (mainly wholesale trade), mining and quarrying (mainly petroleum & natural gas), transport and communication, government (mainly provincial government), household, building and construction, manufacturing and finance sectors.

7. PUBLIC FINANCE

The fiscal operations of the National Government over the three months to March 2024 recorded a deficit of K606.9 million, compared to a deficit of K1,402.0 million in the corresponding period of 2023. This reflected higher revenue and lower expenditure during the three months.

Total revenue and grants over the three months to March was K3,261.0 million, 15.0 percent higher than in the same period of 2023, and represents 13.9 percent of the 2024 budgeted amount. The increase was in both tax and non-tax receipts.

Total tax revenue was K3,093.6 million in the March quarter, 9.5 percent higher than in the corresponding period of 2023, and represents 16.5 percent of the budgeted amount.

Direct tax receipts totaled K1,792.1 million, 33.6 percent higher than in the same period of 2023, and represents 13.9 percent of the budgeted amount. The increase was mainly due to higher collections in personal income and other direct taxes. The higher personal income tax was due to robust employment and nominal wage growth and improved compliance efforts.

Indirect tax revenue totaled K1,301.5 million in the March quarter of 2024, 12.2 percent lower than in the same period of 2023 and represents 22.5 percent of the budgeted amount. The decline was driven by lower Goods and Services Tax (GST), export tax and import duties. The lower GST was partly attributed to the riot and looting of shops in Port Moresby in January 2024.

Total non-tax revenue was K167.4 million in the March quarter of 2024, significantly higher than in the corresponding period in 2023, and represents 6.7 percent of the budgeted amount. The higher outcome reflects dividend payments from the mining & petroleum sector and statutory transfers from state agencies. Foreign grants inflows in the March quarter were not reported.

Total expenditure was K3,867.9 million in the March quarter of 2024, 8.7 percent lower than in the corresponding period of 2023, and represents 14.1 percent of the total appropriation. This was due to lower recurrent expenditure, which more than offset higher development expenditure.

Recurrent expenditure was K3,264.7 million in the March quarter, 14.8 per cent lower than in the corresponding period of 2023 and represents 19.6 percent of the budgeted appropriation. The lower outcome was mainly due to the late release of expenditure warrants to the national departments and provincial governments for procurement of goods and services.

Total development expenditure in the March quarter of 20242024 was K603.2 million, 48.4 percent higher than in the corresponding period in 2023, and represents 5.6 percent of the total appropriation. The outcome was due to higher capital investment on national and provincial projects.

The outcomes in revenue and expenditure in the March quarter, resulted in a budget deficit of K606.9 million. The deficit was financed from domestic sources of K990.8 million offsetting net external loan repayment of K383.9 million. Net domestic financing comprised of K1,677.1 million in cheque floats (unpresented cheques for encashment), K1,785.8 million and K30.7 million in borrowing from other resident sectors and OFCs, respectively. This more than offset a net retirement of government securities of K394.6 million, K222.4 million, and K100.0 million from ODCs, BPNG, and Public non-financial corporations, respectively. External loan repayment of K286.3 million, K11.5 million and K86.1 million, were from concessional, commercial and extraordinary sources.

Total public (Government) debt outstanding as at end of March 2024 was K58,659.4 million, an increase of K715.7 million from the previous quarter, and represents 47.9 percent of GDP. The total debt outstanding comprised of K30,809.9 million from domestic sources and K27,849.5 million in external debt. Total Government deposits at depository corporations decreased by K894.5 million to K6,040.3 million in the March quarter of 2024.

FINANCIAL SOUNDNESS INDICATORS (FSI) DEVELOPMENTS

OVERVIEW

The global financial system remained resilient despite the risks such as banking stress. Most major international banks have remained strong. They also maintained strong capital and liquidity buffers, and profitability.

Domestically, the financial system remains resilient, while continuing to support economic activity. Over recent periods asset size and profitability of the financial system has grown with adequate level of liquidity and capital.

In the March quarter of 2024, the banking system continued to maintain adequate level of capital and liquidity, with improvement in asset quality. When annualized, it is expected that there will be strong growth in profitability and asset size towards the end of 2024 financial year.

For the Other Financial Corporations (OFCs), the superannuation industry continued to remain sound with high liquidity. The industry is expected to remain profitable towards the end of the financial year. The life insurance industry also maintains adequate level of capital. However, as annualized, the sector expects a downward growth in its profitability towards the end of the year, if the March quarter trend is maintained.

In promoting a sound financial system through the effort of regulation, the Bank continues to maintain its surveillance and assessment at the institutional level through on-site and off-site supervision. At the macro level, the Bank also extends its effort in monitoring FSIs to gauge and provide forward looking risk assessment in the financial system.

This report presents an analysis of the consolidated indicators of ODCs, mostly Banks and the OFCs (Superannuation & Life Insurance Industries) in line with the IMF 2019 FSI Compilation Guide.

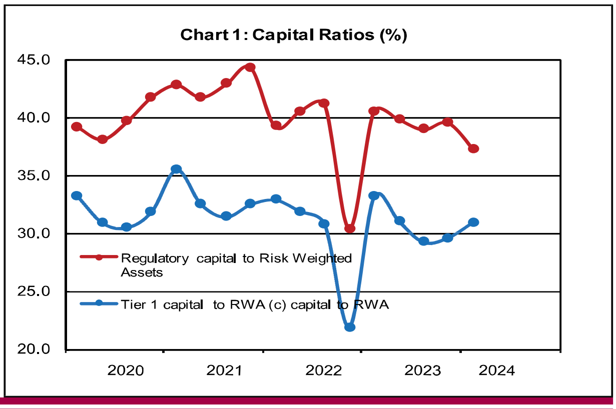
SOUNDNESS OF THE FINANCIAL SYSTEM

1. BANKS/ODCs

Capital Adequacy Ratio-Captial Measures

Regulatory Capital to Risk Weighted Assets and Regulatory Tier 1 Capital to Risk Weighted Assets.

In the March quarter of 2024, Regulatory Capital to Risk Weighted Assets (RWA) decreased to 37.3 percent, compared to 39.6 percent in the previous quarter, due to a fall in Regulatory Capital, following a huge decline in Tier 2 Capital. Tier-1 capital to RWA, increased to 31.0 percent in March 2024 quarter, compared to 29.6 percent in the previous quarter (see Chart: 1). Although there was a decrease in Regulatory Capital to Risk Weighted Assets, the ratio remains well above the regulatory requirements in-



dicating that banking system is well capitalized to withstand losses from its assets. However, systemic risk on the financial system is a concern and a long term structural issue.

Tier 1 Capital to Total Assets

Tier 1 Capital to Total Assets further increased to 13.0 percent in March 2024 quarter, compared to 12.3 percent in the previous quarter (see Chart: 2). The banking system continued to maintain its ability to leverage from its capital to finance performance of its assets as and when needed.

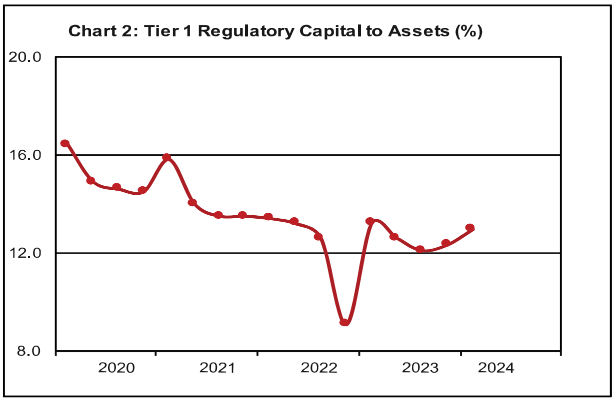


Chart 2: Tier 1 Regulatory Capital to Assets (%)

Asset Quality Measures

Non-Performing Loans (NPLs) to Capital

In the March 2024 quarter, NPLs Net of Provisions to Capital declined to 7.9 percent, compared to 8.2 percent in the previous quarter due to banks using its high capital to increase provisions, while NPLs declined (see Chart: 3). The balance of NPLs remains very low, showing that the potential risk to capital is immaterial.

Provision to Non-Performing Loans (NPLs) and Non-Performing Loan to Total Gross Loan

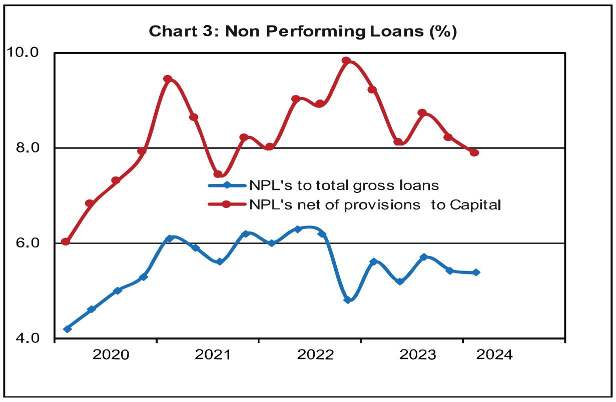


Chart 3: Non Performing Loans (%)

In the first quarter of 2024, the Provision to NPLs ratio increased to 46.4 percent compared to 41.1 percent in the previous quarter (see Chart: 4) as provisions increased and NPL declined, which led to an improvement in the asset quality.

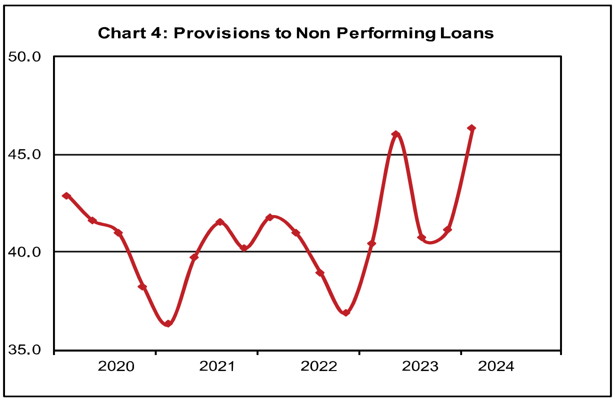


Chart 4: Provisions to Non Performing Loans

Over the same period, NPLs to total gross loans also remained stable at 5.4 percent. Both ratios reflect an improvement in the asset quality for the reporting quarter.

Large Exposures to Capital

In the March quarter of 2024, Large Exposures to Capital increased to 73.0 percent, compared to 56.4 percent in the previous quarter (see Chart: 5). The growth shows significant impact of large exposures to Tier-1 Capital, if large client's default on their loan repayments.

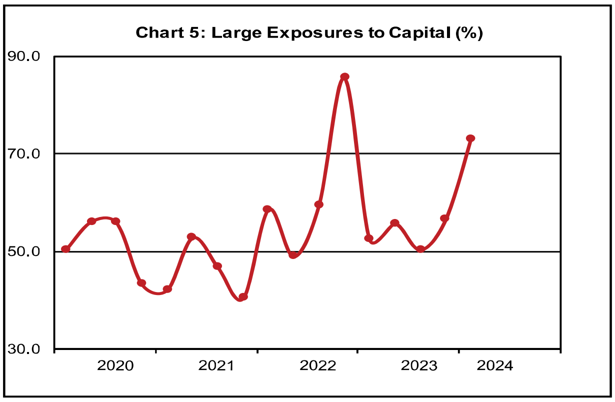


Chart 5: Large Exposures to Capital (%)

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

In the March quarter of 2024, FC Loans to Total Loans decreased to 2.2 percent, compared to 2.3 percent in the previous quarter, due to a decrease in foreign currency demand for imports. During the same period, FC Liabilities to Total Liabilities also decreased slightly to 2.6 percent, compared to 2.8 percent in the previous quarter, due to a decline in the export earnings (see Chart: 6).

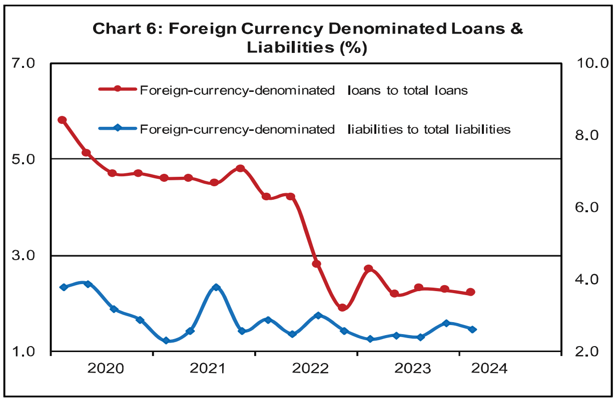


Chart 6: Foreign Currency Denominated Loans & Liabilities (%)

Earnings and Profitability Measures

In the March quarter of 2024, both the ROA and ROE increased to 5.0 percent and 30.5 percent, respectively, compared to 4.0 percent and 24.3 percent in the previous quarter (see Chart: 7). These implies that more capital and liquidity were injected, coupled with asset size expansion given an increase in investment and business activities.

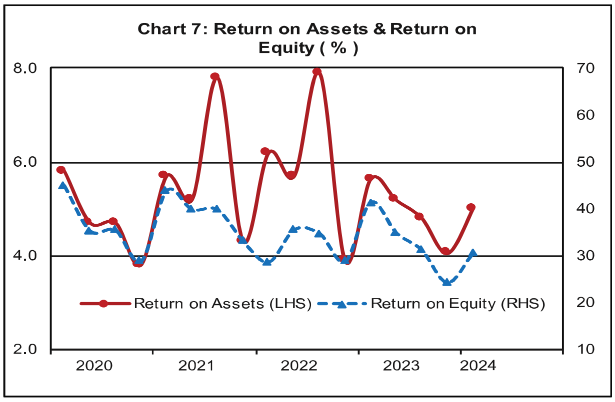


Chart 7: Return on Assets & Return on Equity (%)

Interest Margin and Non-Interest Expenses

In the March quarter of 2024, Interest Margin to Gross Income decreased to 60.7 percent, compared to 63.0 percent in the previous quarter. In the same period, Non-Interest Expenses to Gross Income also decreased to 40.6 percent, compared to 42.4 percent in the previous quarter (see Chart: 8).

The decline in both ratios were attributed to a fall in interest income mainly from the loan and securities & investment during the quarter.

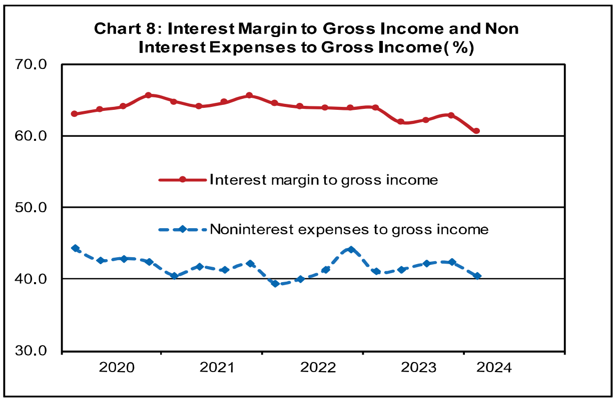
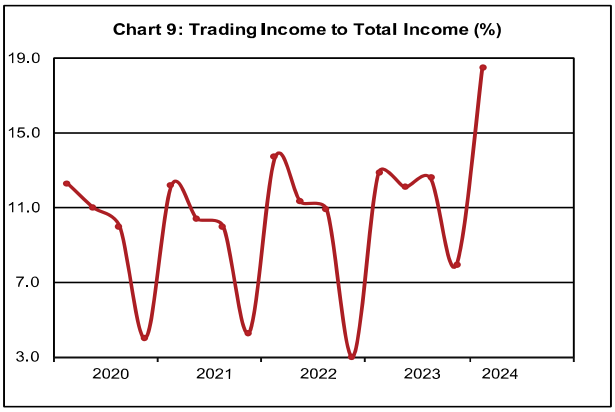


Chart 8: Interest Margin to Gross Income and Non Interest Expenses to Gross Income(%)

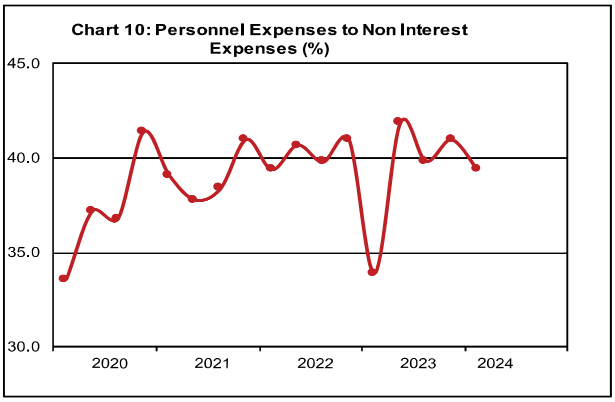
Trading Income to Total Income

In the March quarter of 2024, Trading Income to Total Income increased to 18.5 percent, compared to 7.9 percent in the previous quarter (see Chart: 9). In value terms, both the trading income and total income had decreased after FX revaluation, reflecting the negative impact of the FX movement on financial market activities.



Personnel Expenses to Non-Interest Expenses

Personnel Expenses to Non-Interest Expenses decreased to 39.4 percent in the March quarter of 2024, compared to 41.0 percent in the previous quarter (see Chart: 10).

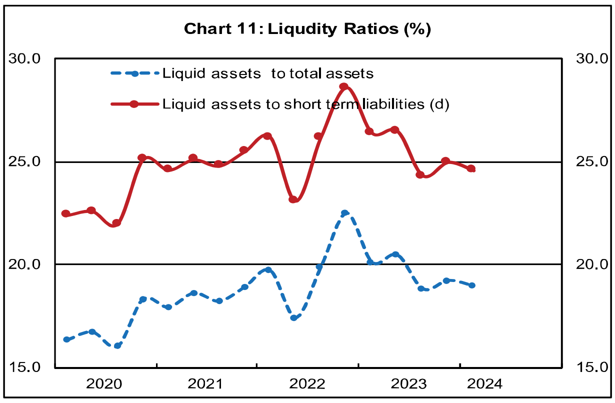


Liquidity Measures

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

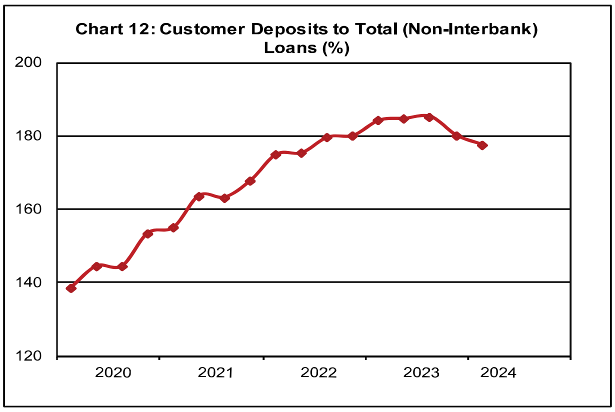
In the March quarter of 2024, Liquid assets to total assets ratio decreased slightly to 18.9 percent, compared to 19.2 percent in the previous quarter. In the same period, the Liquid Assets to Short Term Liabilities ratio also decreased to 24.6 percent, compared to 25.0 percent (see Chart: 11).

Although the ratios declined, they continued to remain high, which implies that the banking system is able to adequately meet any unexpected demand for cash outflow and short-term liquidity obligations.



Customer Deposits to Total (Non-Interbank) Loans

In the March quarter of 2024, the Customer Deposits to Total (non-interbank) Loans ratio further decreased to 177.7 percent, compared to 180.2 percent in the previous quarter (see Chart: 12). Customer deposits remain to be stable and relatively higher to loan volume. The banking system has sufficient liquidity in funding its operations and meeting long-term loans as well as other short-term loan products.

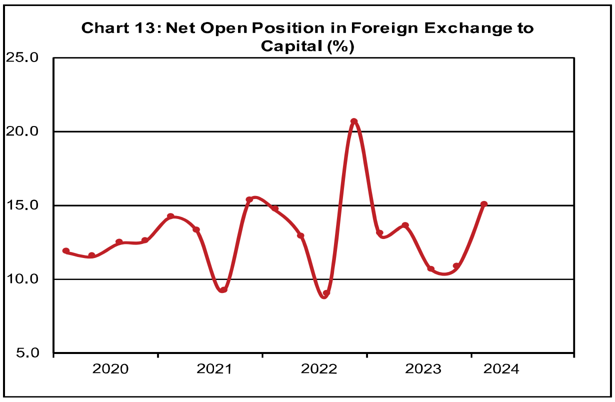


Sensitivity to Market Risk Measures

Net Open Position in Foreign Exchange to Capital

The Net Open Position in Foreign Exchange to Capital ratio increased to 15.0 percent in the March quarter of 2024, compared to 10.8 percent in the previous quarter, due to an increase in foreign exchange balance (see Chart: 13). However, capital risk is also significant given the FX issue.

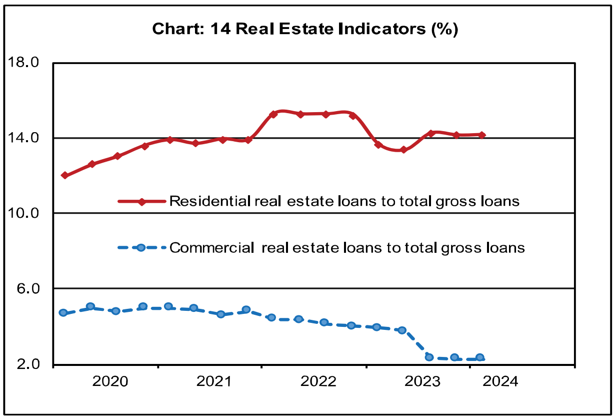
Given the persistent FX shortfall, it has been challenging for the Authorised FX Dealers, mainly the commercial banks in meeting FX orders for trade financing. The Bank expects that the depreciation of Kina exchange rate would improve the export proceeds overtime and improve the FX balance. This would gradually minimize the FX issue and the capital risk relative to the foreign exchange assets.



FSI Measures for Real Estate Market

Real Estate Loans to total loans

In the March quarter of 2024, Residential Real Estate Loans to Gross Loans increased slightly to 14.2 percent, compared to 14.1 percent in the previous quarter. The Commercial Real Estate Loans to Total Gross Loans remained unchanged at 2.3 percent in March 2024 quarter, compared to the previous quarter (see Chart: 14). The demand for real estate loans have remained stable during the reporting period.



OTHER FINANCIAL CORPORATIONS (OFCs)

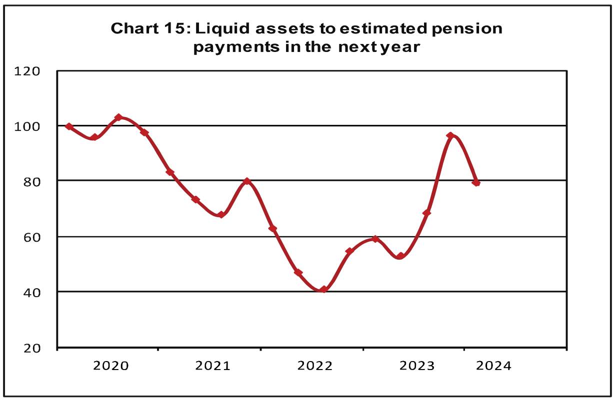
The soundness of the OFCs is assessed and measured by Profitability, Liquidity and Total Assets as the main indicators under Authorised Superannuation Funds (ASFs) and Life insurance sector.

AUTHORISED SUPERANNUATION FUNDS (ASFs)

Assets of the Superannuation industry continue to grow. In order to maintain growth and their operations while minimizing risk, the ASFs need to maintain adequate liquidity to meet both their short-term and long-term obligations, while ensuring that investment returns are sufficient to maintain profitability and solvency.

Liquid Assets to Estimated Pension Payment for the Next Year

The Liquid Assets to Estimated Pension Payments ratio decreased to 78.9 percent in the March quarter of 2024, compared to 96.2 percent in the previous quarter, due to a decrease in cash and net receivables (see Chart: 15). Notwithstanding, liquid assets still remain high with the capacity to meet the ASFs obligations as and when they fall due. Liquidity risk is low for the industry.

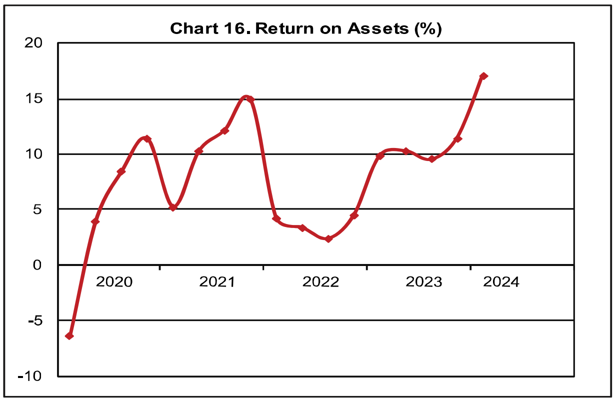


Return on Asset (ROA)

The ROA increase to 17.1 percent in the March quarter of 2024, compared to 11.4 percent in the previous quarter (see Chart: 16). Continuous growth into the remaining quarters will improve liquidity levels and allow asset growth and would also encourage reinvestment and expansion.

LIFE INSURANCE

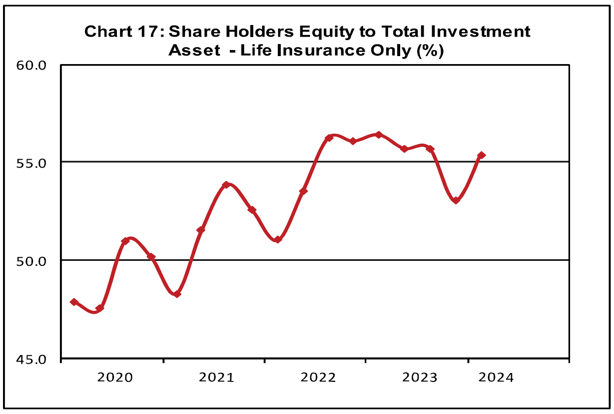
The Life insurance industry must maintain



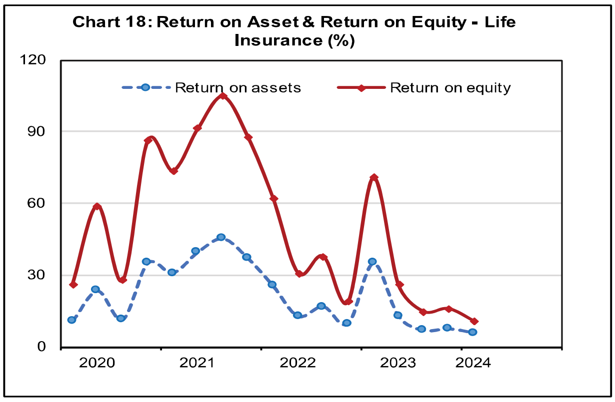
adequate liquidity for payments, while ensuring that investment returns are sufficient to maintain profitability and solvency.

The following is an analysis on the constructed FSIs for the Life Insurance for the current quarter.

Shareholder Equity to Total Invested Assets Shareholder Equity (Capital) to Total Invested Assets ratio increased to 55.4 percent in March quarter of 2024, compared to 53.0 percent in the previous quarter (see Chart:17). The ratio reflects an increase in the capacity of the sector to absorb any losses from its investments and also provides leverage for the industry to re-invest and expand on its asset.



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



Both the ROA and ROE decreased to 5.7 percent and 10.8 percent, respectively, in the March quarter of 2024, compared to 7.4 percent and 15.8 percent in the previous quarter. The decline was due to a lower income from premium payments by policy holders, combined with an increase in poli-

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;

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 November	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%
	06 September	Maintained at 4.00%
	02 October	Maintained at 4.00%
	06 November	Maintained at 4.00%
	04 December	Maintained at 4.00%

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 pre-

	miums. 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 deposits 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 loans	The portion of bad loans in relation to total 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 Reserves against Outstanding Claims	These are current claims of policyholders rather 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 col-

	lateralised, 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