BANK OF PAPUA NEW GUINEA
Monetary Policy

For Immediate Release **PORT MORESBY** 12 March 2025

POLICY STATEMENT - MARCH MPC MEETING

Monetary Policy Committee maintains the Kina Facility Rate at 4 .0 percent.

The newly established Monetary Policy Committee (MPC) maintained the Kina Facility Rate (KFR) at 4.0%, while reducing the Cash Reserve Requirement (CRR) to 11% at its inaugural meeting on 11 March 2025. The MPC also emphasised the importance of resuming the gradual depreciation of the Kina towards a market-clearing level. This adjustment is necessary to improve external competitiveness and support long-term macroeconomic stability.

The Committee noted inflationary pressures had moderated and current indicators do not justify a change to the policy rate at this time. However, the MPC remains vigilant regarding global economic developments, especially potential inflationary impacts from external sources and the exchange rate depreciation on domestic prices.

The Committee reviewed the impact of monetary policy tightening over the past twelve months and noted mixed results. Previous increases in the CRR (to 12%) had a more pronounced effect on borrowing costs for the public sector, while the cost of borrowing for the private sector remained relatively unchanged. Although overall liquidity in the financial system remains sufficient, it is unevenly distributed among the commercial banks.

Members noted that the decision to maintain the KFR at 4.0% while lowering the CRR to 11% should not be viewed as an easing of monetary policy. Rather, it reflects an adjustment to previous policy settings in response to current conditions and the uneven distribution of liquidity within the financial system.

As this was the inaugural meeting of the newly established MPC, members expressed a range of views on appropriate policy settings. Given this context, the Committee agreed to keep explanations concise and focused primarily on each individual's rationale behind voting decisions.

Future meetings will offer opportunities to provide more comprehensive analysis and broader context, as Committee members develop a shared understanding and familiarity with key policy issues.

Authorised by:

Ms. Elizabeth Genia
GOVERNOR | on behalf of the MONETARY POLICY COMMITTEE

Head office: ToRobert Haus, Douglas Street, Port Moresby NCD P.O Box 121 Port Moresby NCD
Tel: +675 322 7200 **Email:** info@bankpng.gov.pg **Web:** www.bankpng.gov.pg

Bank of Papua New Guinea
Monetary Policy Committee

REPORT ON THE MEETING HELD PRIOR TO THE ISSUANCE OF THE POLICY STATEMENT

MONETARY POLICY COMMITTEE (MPC) MEETING #1-2025

LOCATION: The Bank of Papua New Guinea (BPNG) Board Room and online

SCHEDULED DATE & TIME: 9.00 am, Tuesday, 11 March 2025

MEETING CALLED TO ORDER BY: Governor and Committee Chair, Ms. Elizabeth Genia

COMMITTEEE MEMBERS PRESENT:
Ms. Elizabeth Genia - Governor and Committee Chair
Mr. Jeffery Yabom - Deputy Governor, Committee member
Mr. Dairi Vele - Committee member
Prof. David Kavanamur - Committee member

APOLOGIES:
Mr. Scott Roger - Committee member

QUORUM PRESENT: - Yes

OTHERS PRESENT:
BPNG Staff from the - Monetary and Economic Policy Group (MEPG), and
- Financial Markets Operations Group (FMOG).

AGENDA

- Chair's opening remarks, confirmation of agenda, attendance/quorum, key issues for the meeting

- **Standard agenda items**
  1. Disclosures of interest
  2. Minutes of last meeting
  3. Matters arising
  4. Summary update from Monetary Operations Committee (MOC)[1]
     4.1 Introductory Pack for the MPC

- **Business items**
  5. Update on IMF Program
  6. Update on Exchange Rate Overvaluation and the Crawl Rate
  7. March 2025 Kina Facility Rate (KFR) Determination
  8. March 2025 Monetary Policy Statement
  9. MPC Meeting Schedule for 2025

- **Close of meeting**

[1] This item could comprise or include minutes of Monetary Operations Committee meetings

Bank of Papua New Guinea
Monetary Policy Committee

DETAILS OF DIRECTIONS, DECISIONS AND ACTIONS TAKEN IN THE MEETING

THE MEETING COMMENCED AT 9:00 AM

CHAIR'S OPENING REMARKS, CONFIRMATION OF AGENDA, ATTENDENCE / QUORUM, KEY ISSUES FOR THE MEETING

Opening remarks, confirmation of agenda, key issues

- The Governor confirmed that the required quorum had been established, formally declared the meeting open and warmly welcomed the members of the newly constituted Monetary Policy Committee (MPC) to its inaugural meeting convened following the recent legislative changes to the Central Banking Act.
- The Governor acknowledged the absence of Mr. Scott Roger, who sent his apology as he was travelling at the time of meeting. Mr. Roger had, however, made contributions via email.
- The Governor then invited the Deputy Governor to offer an opening prayer for the meeting.
- The Governor indicated she would add an additional agenda item regarding a Charter for the MPC.
- The MPC formally acknowledged and approved the agenda items for deliberation.

STANDARD AGENDA ITEMS

1. Disclosures of Interest

- The Committee acknowledged the disclosed interests of Mr. Roger and Professor Kavanamur and noted no conflicts of interest.

2. Minutes of Last Meeting

- The Governor indicated that the deliberations as recorded in the minutes to the last meeting were presented to provide background and context for that meeting to the newly established MPC.
- Following the establishment of this Monetary Policy Committee (MPC), and prior to the appointment of its new members, the previous MPC met with the objective of formulating monetary policy recommendations to present the BPNG Board at its December meeting.
- However, as reflected in the minutes to their last meeting, there was a lack of consensus regarding the recommendations. Some members advocated for maintaining the Kina Facility Rate (KFR) at 4.0%, while others supported an increase. However, no agreement was reached on the extent of the adjustment.
- Additionally, there was a prevailing sentiment among some members that the increase in the Cash Reserve Requirement (CRR) from 11% to 12% may have been excessive and should have been moderated. Yet, once again, there was no consensus on the level to which it should be adjusted.
- At its December meeting, the BPNG Board decided not to make a decision on monetary policy as the new MPC had been established by law at that time and chose to wait for the new MPC members to be formally appointed.
- The Governor noted the importance of policy alignment in all policy recommendations with the Committee's primary objective to ensure price stability, and to the extent not inconsistent with the primary objective, to promote financial stability and medium-term economic growth.

3. Matters Arising from the Last Meeting

- The Governor drew attention to the correspondence initiated with Non-Bank Financial Institutions (NBFIs) concerning their participation in Central Bank Bill Auctions. The Deputy Governor confirmed that this matter had been addressed and actioned.
- The Governor also noted the discussion at the previous MPC meeting on the adoption of an MPC Charter and confirmed this as an outstanding action item from the last MPC meeting.
- The Governor invited further questions on matters arising from the previous minutes.

- Professor Kavanamur inquired about the information that would be made available to the Committee to support the MPC's decision-making and emphasised that a structured schedule for the provision of relevant data would be important for the Committee and could be included in the MPC Charter.
- The Governor noted the member's comments on the MPC Charter and took as an action item to circulate a draft Charter for further discussion.
- Mr. Vele sought clarity on the new reporting requirements as there was a lot of focus on a detailed Monetary Policy Statement for March in the lead up to this MPC meeting but that was no longer a requirement under the amended Central Banking Act (CBA). He thought that requirement was now replaced with the publishing of the MPC meeting minutes following each meeting, the Governor appearing before a Parliamentary Sub-Committee and a MPC Review every 5 years.

4. Update from the Monetary Operations Committee

4.1 Introductory Pack for the MPC

- The Governor invited members of the Monetary and Economic Policy Group (MEPG) and Financial Markets Operations Group (FMOG) to join the meeting.
- The members of the MEPG and FMOG introduced themselves and congratulated the new MPC members on their appointment.
- The MEPG Team then went on to present the Introductory Pack for the MPC to the members.
- The contents of the MPC introductory pack included:
    - BPNG's objectives and functions.
    - Responsibility for monetary policy formulation and implementation (which now rests with the newly established MPC).
    - The process of monetary policy formulation by the technical team, including discussions on key macroeconomic indicators observed to set the policy stance.
    - The frequency of policy determination (MPS and KFR) under the CBA (Amendment) 2024
    - The monetary policy framework (reserve money framework).
    - The channels through which monetary policy is transmitted to the economy.
    - The monetary policy tools available for the Bank to utilize.
    - Challenges facing BPNG's monetary policy operations, particularly the issue of weak policy transmission.
    - Measures taken by the Bank, including IMF-led reforms, to address these challenges.
    - The future of BPNG monetary policy operations, particularly the Forecasting and Policy Analysis System (FPAS) - a model-based monetary policy approach, with a long-term view toward inflation targeting.

Discussions on the MPC Introductory Pack

- Professor Kavanamur inquired on the status of the Minimum Liquid Asset Requirement (MLAR). Members of the MEPG explained that the MLAR had become ineffective in this high liquidity environment and was subsequently replaced by the Cash Reserve Requirement (CRR). Mr. Yabom further clarified that while the MLAR is a macro-prudential tool, rather than a monetary policy tool, it still has the effect of injecting and diffusing liquidity, which makes it relevant for monetary policy purposes.
- Mr. Yabom raised the issue of the actual KFR versus the implied KFR. The actual KFR of 4.0% is very low and does not take into account the downward adjustment to the exchange rate - leading to a misalignment between monetary and exchange rate policies.

- Mr. Yabom emphasised that MPC members should be mindful of this, noting that any increase in the KFR should not be seen as tightening policy but doing a correction to the policy rate. Mr. Yabom indicated some thought should be given to this and to the broader policy implications.
- Mr. Yabom provided an update on improvements to BPNG's monetary policy operations, stating that as part of the FPAS model, the Nowcasting model is nearly complete with training and support being provided under the PFTAC IMF. The final training session is scheduled for April 2025. However, the FPAS team has already begun producing Nowcasting estimates for GDP and inflation.

BUSINESS ITEMS

5. Update on the IMF Program

- Members of the MEPG also presented the Update on the IMF Program to the MPC members and discussed its impact on the Bank's monetary and exchange rate policies.

Monetary Policy Reforms:

(i) 7-day CBB FRFA auction rate was tied to the KFR in August 2023.
(ii) Monthly CRR averaging (previously, CRR was calculated weekly).
(iii) Competitive auctions for 28-day CBB held every four weeks, commenced in October 2024.
(iv) A reverse repo facility introduced in September 2024 as a floor for the interest rate corridor.
(v) Participation by NBFI's in CBB auction was discontinued in January 2025.
(vi) Liquidity Management Framework - ongoing IMF TA mission to improve liquidity forecasting.

Exchange Rate Reforms:

(i) A crawl-like arrangement implemented in January 2024.
(ii) However, the Bank had already begun depreciating in May 2023.
(iii) The BPNG rolled out the new FX auction arrangement on 29th May 2024.
(iv) Essential orders, including imports and service payments, are now prioritised.
(v) As of the end of February, Net International Reserves (NIR) stood at USD2,535.8 million - above the floor set by the IMF USD 1,988.0 million.
(vi) FX interventions are now conducted weekly. FX Interventions were previously conducted monthly.

Discussion on the IMF Program:

- Regarding the 7-day CBB FRFA, members of the MEPG explained the key differences between the current FRFA auctions and the previous competitive bidding system to the MPC members. They noted that under the previous competitive bidding arrangement, BPNG acted as a price taker, whereas under the FRFA, BPNG now sets the price.
- Mr. Yabom mentioned that BPNG had met all the benchmarks and quantitative targets under the IMF Program, the only benchmark which the Bank and the IMF are currently working on is the Liquidity Management Framework.
- Professor Kavanamur asked if the overall objective of the IMF program is to tighten monetary policy. Mr. Yabom explained that it is more on aligning monetary and exchange rate policies - making reference to the implied versus actual KFR, and also the KFR versus the commercial banks' Indicator Lending Rates (ILRs).
- Professor Kavanamur also inquired about the distribution of liquidity within the banking system. Mr. Yabom explained that while the larger commercial banks hold most of the excess liquidity - i.e. the portion of available deposits exceeding loans advanced at each bank - it is unevenly distributed across the banking sector.

6. Update on Exchange Rate Overvaluation and the Crawl Rate

- The Governor briefed the new MPC members on the context of the matter and also referred to her earlier comments on the background to the last meeting of the previous MPC.
- The Governor noted that before entering into the 38-month IMF Program in March 2023, the BPNG Board agreed to structural reforms aimed at improving monetary policy transmission and exchange rate flexibility.
- To address the Kina's overvaluation, a crawl-like arrangement was adopted to allow the currency to progressively depreciate to reach its market-clearing level, with adjustments recalculated every six months.
- The Governor noted that the Kina remains overvalued and that the MOC's recommendation is for the rate of crawl to continue to June 30, 2025 at which point the Kina's overvaluation can be recalculated based on the latest inflation data.
- Members of the MEPG presented to the MPC on the Kina's overvaluation. They explained that due to variables such as inflation differentials between PNG and its trading partners - a key factor used in the estimating the Kina's overvaluation - the Kina's overvaluation remains a moving target.

Discussions on Exchange Rate Overvaluation

- Professor Kavanamur asked whether there had been any export response to the Kina's depreciation, noting that supply responses evident in previous cycles took about 6 months. Members of the MEPG referenced research showing a supply response of up to 3 years for agricultural commodities.
- Mr. Vele highlighted the distortionary effects of the backlog of FX orders, stating that the announcement of the crawl-like arrangement may lead to front-loading and padding of FX orders and speculative outflows which will undermine convertibility. Therefore, had the MEPG or FMOG considered a once off devaluation rather than the crawl structure.
- Professor Kavanamur commented that capital flight can take different forms, for example through transfer pricing.
- Mr. Yabom cited approaches elsewhere of one-off adjustment to the currency which is an effective way to dealing with currency overvaluation - a different approach to PNG's case where the exchange rate is allowed to crawl, thereby delaying the adjustment process given the moving overvaluation target.
- The Governor emphasised that determining the Kina's value relative to its trading partners is needed to allow that rate of overvaluation to be used as a mechanism to allow the Kina lower, in a gradual and a measured way, and was far less harmful to the economy than the shock of a one-off adjustment.
- Mr. Vele emphasised that with price stability now the primary monetary policy objective under the amended CBA, he is interested to understand what the Bank Staff thought about the exchange rate crawl policy under the IMF program and costs to the domestic economy under the Legislation.
- MEPG responded that the aim was to achieve a stable exchange rate, a stable interest rate, and stable inflation simultaneously, but if the legislation had interest rates as the control variable, then you had to vary the other two variables to achieve the achieve the primary objective of price stability.
- Mr. Yabom noted that in the short term, the exchange rate adjustment is inflationary but beneficial in the long run for both price stability and growth. He also highlighted the importance of supporting exports while implementing the crawl. Mr. Yabom noted that if major resource projects move to construction phase, the foreign investment inflows would support to stabilise the exchange rate.
- The members discussed the importance of broad consultation when assessing the policy implications of greater exchange rate flexibility. The Governor agreed on the need for wide consultation but also reminded the members of the MPC's independence when formulating and implementing monetary policy, emphasising that the members must remain free from undue influence, including from the BPNG Board and the Government.

- Mr. Vele further enquired if the Bank had a better measure on whether the outstanding FX orders in the market are reducing. Members of the MEPG responded highlighting that outstanding FX orders have decreased - as had the clearing time for the outstanding orders - which had reduced from 1-3 months to less than a week. Members of the FMOG said the total backlog of FX orders had declined from approximately K2 billion to around K700 million.

7. March 2025 Kina Facility Rate (KFR) Determination

- The MEPG presented to the MPC members on important factors to consider when assessing the KFR.

Macroeconomic Overview

Inflation:

- Annual headline inflation rose by 0.7% in Q4 2024, compared to a 0.9% decline in the previous quarter, while quarterly inflation increased by 2.5%.
- Core inflation remained higher than headline inflation.
- Most expenditure groups saw price increases, except Alcoholic Beverages, Tobacco & Betelnut, and Communication, which declined.
- The NSO's exclusion-based inflation measure increased from 5.5% to 6.4% in the previous quarter, reflecting strong pass-through effects from BPNG's exchange rate crawl-like arrangement on domestic prices.
- Annual RPI inflation to February 2025 increased by 1.0% (down from 1.9% the previous year), with key contributions from Food & Non-Alcoholic Beverages, Alcoholic Beverages, Tobacco & Betelnut, Miscellaneous, and Household Equipment.
- Quarterly RPI inflation rose by 1.0%, compared to a 0.3% decline in the previous quarter.

Balance of Payments (BoP):

- The overall BoP recorded a K238.4 million surplus for the 12 months to December 2024, up from K199.3 million in the same period of 2023.
- This was driven by a K18,696.7 million surplus in the current and capital account, which offset a K11,242.9 million deficit in the financial account.
- The current and capital account surplus resulted from higher trade surpluses and net inflows in secondary income, while the financial account deficit was due to offshore fund outflows for foreign investments, external debt servicing (mainly by mineral companies, including PNG LNG partners), and government external debt repayments.

Gross Foreign Reserves:

- As of December 2024, gross foreign reserves stood at K14,179.4 million (US$3,615.7 million), covering 7.0 months of total imports and 12.3 months of non-mineral imports.
- By January 31, 2025, reserves declined to K13,887.1 million (US$3,532.9 million) and further dropped to K13,403.7 million (US$3,400.5 million) as of March 4, 2025.

Exchange Rate:

- In the month leading to February 28, 2025, the Kina depreciated by 0.47% against the USD due to excess demand and controlled depreciation.
- It appreciated by 0.58% against the AUD due to cross-currency movements.
- The six-month average Trade Weighted Index (TWI) declined by 4.66%, with net FX market outflows totalling K34.3 million and FX outstanding orders reaching K712.7 million by the end of the period.
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Fiscal Policy:

- As of February 28, 2025, the cumulative government cash flow showed a net deficit of K486.0 million.
- Year-to-date revenue: K2,127.3 million (9.3% of the target).
- Total expenditure: K2,613.3 million (9.9% of the budgeted amount).
- Revenue is expected to increase in late March with provisional tax payments and in April with mining and petroleum taxes, while USD133 million in external financing from the IMF is anticipated in April.

Domestic Interest Rates:

- KFR and 7-day CBB were raised to 4.0% in September 2024 and have remained unchanged since.
- T-bill rates for all terms showed mixed movements.
- Commercial banks' weighted average deposit rates also showed mixed movements, while the interest rate spread widened to 7.8%, indicating a greater gap between lending and deposit rates.

Monetary Aggregates:

- In January 2025, broad money supply decreased by 5.9% to K31,563.5 million, primarily due to a decline in net domestic assets of depository corporations.
- The monetary base fell by 1.3%, driven by a reduction in commercial bank deposits at BPNG (mainly in the CRR) and a decrease in currency in circulation.
- Liquidity in the banking system remained elevated at K13,849.0 million.
- Private sector credit (as of December 2024) increased by 3.3% year-on-year, mainly driven by the real estate and wholesale & retail sectors.
- Economic activity and credit growth were supported by improvements in the FX market (notably weekly BPNG interventions), stability in fuel supply, and government spending.

March 2025 KFR Discussion

- Mr. Vele questioned the source of fiscal data and asked whether it came from the Budget document. He also requested more analysis of the data rather than just reporting on fluctuations.

- The MEPG mentioned that the fiscal numbers and information are from the Public Debt Committee (PDC) meeting, while taking note of the improvement needed on the reporting style.

- Mr. Yabom explained the rational in the MOC's presentation to lower the CRR and increase 28-day CBB auctions as a shift in policy from direct to market-based instruments, with Increased 28-day CBB auction volumes offsetting liquidity from the CRR reduction.

- The Governor clarified that she is independent of the MOC's recommendations to the MPC.

Bank of Papua New Guinea
Monetary Policy Committee

THE MANNER IN WHICH INDIVIDUAL MPC MEMBERS VOTED

MPC Members Voting Decisions

Table 1: MPC Members Decision Matrix

Recommendation	Governor	Professor Kavanamur	Mr Dairi Vele	Deputy Governor	RESULT
1. **Rate of Crawl** - Recommence	Agree	Agree	Disagree	Agree	Recommence
2. **KFR** - increase to 4.5%	Maintain at 4.0%	Increase to 4.5%	Maintain at 4.0%	Increase to 4.5%	KFR to be maintained at 4.0%*
3. **CRR** - Adjust lower to 11%	Maintain at 12.0%	Decrease to 11.0%	Decrease to 11.0%	Decrease to 11.0%	CRR to be adjusted lower to 11.0%
4. **Repo and Reverse Repo Margins** - maintain at 1.5%	Maintain at 1.50%	Maintain at 1.50%	Maintain at 1.50%	Maintain at 1.50%	Repo Margins maintained at 1.5%
5. **28-day CBILLS** - increase issuance	Disagree	Agree	Agree	Agree	Increase 28-day CBILL issuance

* The Governor's casting vote resulted in the KFR being maintained at 4.0%

THE RATIONALE FOR EACH MPC MEMBERS VOTING DECISION

MPC Members Voting Decisions and Reasoning

Governor

(i) **Exchange rate crawl**: The exchange rate should resume its gradual and measured depreciation in line with the recommendation from the Monetary Operations Committee and based on the Kina's estimated overvaluation. The Governor was of the view the rate of crawl should resume from the level it would have reached had the arrangement not been suspended.

(ii) **KFR**: Maintain the KFR at 4.0%. While the Committee remains forward looking and attentive to emerging inflationary pressures, the current inflation trend does not warrant an increase in the policy rate at this time.

(iii) **CRR**: No adjustment in the Cash Reserve Requirement is necessary at this time given the improvement in liquidity conditions in the banking system since the beginning of the year.

(iv) **Repo/Reverse Repo margins**: No changes are required to the repo and reverse repo margins; the current margins ensure operational consistency with the policy signalling rate.

(v) **28-day CBB auction volume**: Maintain the current auction volume for 28-day issuance. Given the concentration of liquidity in the banking system and the resulting lack of competitive bidding for CBB's, increasing issuance of 28-day Central Bank Bills is not justified.

Deputy Governor

(i) **Exchange rate crawl:** The exchange rate should resume its crawl like arrangement, starting with a one-off adjustment with the same reasoning as the Governor's - to compensate for time lost.

(ii) **KFR:** The KFR to increase by 0.5 percentage points to 4.5%, to compensate for the adjustment in the exchange rate.

(iii) **CRR:** To be reduced to 11% as a policy shift to market-based instruments. The CRR reduction also allows commercials banks sufficient liquidity, given that liquidity is unevenly distributed. Furthermore, the higher CRR penalty limits banks' access to the 50% CRR available to them. The lowering of the CRR will help alleviate liquidity constrained banks.

(iv) **Repo/Reverse Repo margins:** Maintain the repo margins - no change required at this time.

(v) **28-day CBB auction volume:** To increase the 28-day CBB auction volume and neutralize the liquidity impact of the CRR reduction, the change in CRR provides commercial banks with sufficient liquidity. Since liquidity is unevenly distributed, the higher CRR penalty limits banks' access to the 50% CRR available to them. Lowering the CRR helps alleviate liquidity constraints by allowing better access to these funds.

Mr. Dairi Vele

(i) **Exchange rate crawl:** Mr. Vele did not support the resumption of the rate of crawl and further depreciating the Kina at this stage until the new MPC reviews its impact. Given recent legislative amendments prioritising price stability and a restructured MPC, it is an opportune time to gauge results to date and develop a more defined assessment framework going forward.

Mr. Vele noted some improvement in foreign exchange availability but emphasised the need for clearer assessment on backlog clearance, currency convertibility, and trade competitiveness. He highlighted the rising cost of living and domestic financing risks.

He also warned that market expectations of further declines (through the crawl) could drive speculative outflows and heighten country risk, ultimately deterring investment and undermining currency convertibility and called for a stronger assessment framework to enhance transparency and accountability in the exchange rate approach.

(ii) **KFR:** The KFR should be maintained at 4.0%, as fundamentals support easing, while a tightening bias serves primarily to align exchange rate and monetary policies.

(iii) **CRR:** Reduce to 11.0% in line with MOC's recommendation, which considers factors like uneven liquidity distribution shift to more market-based tools.

(iv) **Repo/Reverse Repo margins:** Margins unchanged - consistent with the policy stance.

(v) **28-day CBB auction volume:** Increase the 28-day CBB auction volume but be mindful not to compete with government securities.

Professor Kavanamur

Professor Kavanamur acknowledged the recommendations put forward by the research teams at the Bank and emphasised how the policy recommendations should complement each other, collectively aiming to manage inflation, provide for greater exchange rate flexibility and improve monetary policy effectiveness.

(i) **Exchange rate crawl:** The exchange rate to resume its crawl-like arrangement.

(ii) **KFR:** The KFR to increase to 4.5% to complement the further depreciation in the exchange rate.

(iii) **CRR:** Reduce CRR to 11% allowing commercial banks greater flexibility in managing their liquidity.

(iv) **Repo/Reverse Repo Margins:** Maintain the current margins - there was no clear additional identified that would justify a change.

(v) **28-day CBB auction volume**: increasing the issuance of 28-day Central Bank Bills (CBBs) complements the reduction in the CRR, absorbing liquidity released into the banking system.

8. March 2025 Monetary Policy Statement

- The Governor raised with the members the nature of the statement to be issued following the MPC meeting
- Mr. Yabom mentioned that the Act is not very clear. The Committee could meet every six-weeks to review the KFR with the MPC members casting their votes for the policy stance taken, while the MPS is a six-monthly policy document. In the meantime, MPC should maintain the current approach to published bi-annually in March and September until MPC makes a decision.
- Members agreed that there needed to be a discussion on the reporting requirements and the balance between giving the market some form of 6-monthly forecast but not undermining the prerogative of the MPC to make monetary policy decisions.
- The members agreed on a short statement to be issued following the meeting.
- Chair read comments from Mr. Roger on the March 2025 MPS.
- Mr. Roger's comments and views were also circulated.

9. MPC Meeting Schedule for 2025

- The CBA (Amendment) 2025 provides that the Committee can meet as often as the business of the Committee requires. The frequency of the MPC meetings will be finalised once all MPC members are available to consider.

10. MPC Charter

- The Governor noted the earlier discussion on the MPC Charter and took as an action item to circulate a draft to the members.

Actions Items

- The Governor to circulate a draft MPC charter to the MPC members. The draft to include Professor Kavanamur's recommendation to specify the key economic indicators to be made available to the MPC members as well as the timing and frequency which that information will be made available.
- The MPC to consider further the frequency of MPC meetings and the MPC's detailed Monetary Policy Statement.

Close of Meeting

- The Governor closed the meeting at 11.55 am and thanked all present for their contribution.

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Ms. Elizabeth Genia
Governor and Chair of the MPC