CONTENTS

PORT MORESBY

26th March 2025

1. GENERAL OVERVIEW

Economic indicators available to the Bank of Papua New Guinea (the Bank) point to continued growth in the September quarter of 2024. Higher exports of both the mineral and the non-mineral sectors were the main drivers of growth, supported by an increase in export prices of most commodities. Growth in employment and higher sales are also indicative of the growth. The average daily kina exchange rate depreciated against all the major currencies, and resulted in the Trade Weighted Index decreasing by 3.7 percent. Headline inflation declined by 0.9 percent, however the underlying inflation remained elevated. The Kina Facility Rate (KFR) was increased by 150 basis points to 4.0 percent in the September quarter of 2024 in response to inflationary pressures.

Data from the Bank's Business Liaison Survey (BLS) show that the total nominal value of sales in the formal private sector increased by 7.5 percent in the September quarter of 2024. Sales increased in the mineral, construction, transportation, retail, manufacturing, and the finance, business and other services sectors. By region, sales increased in all regions except NCD and the Islands region. Over the year to September 2024, total sales increased by 10.9 percent.

The Bank's Employment Index shows that the level of employment in the formal private sector increased by 0.9 percent in the September quarter of 2024. By sector, the level of employment increased in the retail, construction, mineral, transport and finance, business and other services and wholesale sectors. By region, the level of employment increased in the Highlands, NCD and the Momase regions. Over the year to September 2024, the total level of employment increased by 2.1 percent.

Quarterly headline inflation, as measured by the Consumer Price Index (CPI), increased by 0.9 percent in the September quarter of 2024. Price increases in the Alcoholic Beverages, Tobacco and Betelnut, Health, Food and Non-Alcoholic Beverages, Recreation, Clothing and Footwear, Miscellaneous, and Restaurants and Hotels expenditure groups. By urban centre, prices increased in all the surveyed centres. Annual headline inflation declined by 0.9 percent in the September quarter of 2024.

In the September quarter of 2024, the average daily kina exchange rate depreciated against all other major currencies. The currency movements resulted in the depreciation of the TWI by 3.7 percent to 27.70 in the September quarter of 2024.

The weighted average kina price of PNG's exports, excluding liquefied natural gas, increased by 24.8 percent in the September quarter of 2024. Higher international prices accounted for this increase with the weighted average kina price of mineral exports, agricultural exports, logs and marine product exports.

The balance of payments recorded an overall deficit of K1,810.0 million for the nine months to September 2024. A deficit in the financial account more than offset a surplus in the current and capital account.

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

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

The level of gross foreign exchange reserves at the end of September 2024 was K12,444.1 (US$3,237.2) million, sufficient for 6.1 months of total and 11.1 months of non-mineral import cover.

The Central Bank pursued a tightening stance of monetary policy during the September quarter of 2024. The KFR was increased by 150 basis points to 4.0 percent between June and September 2024. This was in line with the tightening stance of monetary policy announced in the March 2024 Monetary Policy Statement (MPS) and maintained in the September 2024 MPS.

The average level of broad money supply (M3*) decreased by 1.4 percent in the September quarter of 2024, compared to a decrease of 0.8 percent in the previous quarter. The average level of monetary base (reserve money) increased by 5.5 percent in the September quarter of 2024. This reflected increases in liabilities to other depository corporations (ODCs) held at the Central Bank, mainly the cash reserve requirement deposits of commercial banks, and currency in circulation issued by the Central Bank.

The fiscal operations of the National Government over the year to September 2024 recorded a deficit of K1,292.7 million.

Total revenue and grants over the year to September was K14,434.8 million, the increase was mainly due to higher collections in personal income and company taxes. Total expenditure was K15,727.5 million over the year to September of 2024. This was due to higher capital expenditure, which offset lower recurrent expenditure.

The developments in revenue and expenditure over the year to September, resulted in a budget deficit of K1,292.7 million. The deficit was financed from domestic sources of K1,337.7 million which more than offset net external loan repayment of K45.0 million.

Total public (Government) debt outstanding as at end of September 2024 was K58,663.4 million, a decline of K57.1 million from the previous quarter, and represents 51.9 percent of GDP.

2. INTERNATIONAL DEVELOPMENTS

Global growth remained stable in the September quarter of 2024, mainly driven by strong growth in the US. Growth in emerging market economies remained low due to disruptions to supply chains associated with conflicts, and civil unrest, as well as extreme weather conditions in the Middle East, Central Asia and sub-Saharan Africa. The International Monetary Fund (IMF) in its October World Economic Outlook (WEO) publication has maintained its global grow projection at 3.2 percent for 2024, consistent with its earlier forecast.

In July, the Annual World Bank Conference on Development Economics was held in Washington, D.C. It was co-sponsored by the World Bank and the Center for Global Development. The theme was "The Great Incoherence: Growth and Human Development in an Era of Stagnation". More than 500 experts, policymakers, researchers, and development workers attended to discuss critical global development challenges. Conversations focused on how to connect policy ideas with research-based solutions, climate finance, global debt problems, changes in industrial policies in the Global South, and ways to attract private investment for development. The conference also looked at how to achieve fair and sustainable economic growth, especially by addressing challenges women and young people face in the job market.

In July, the 10th Pacific Islands leaders meeting was held in Tokyo, Japan. Leaders and representatives from 19 countries, including the Prime Ministers from Japan, Papua New Guinea, Fiji, and Samoa, with key officials from Australia, New Zealand, and the Pacific Islands Forum attended. The meeting focused on strengthening relationships between Japan and Pacific Island nations. Leaders discussed economic cooperation, tackling climate change and sustainable development. They adopted the Tokyo Strategy 2024, which outlined their joint efforts in areas of building infrastructure, improving disaster resilience, and developing skilled workers.

In August, the Pacific Islands Forum leaders met in Nuku'alofa, Tonga. The leaders from 18 Pacific nations gathered to discuss important regional issues such as climate change, economic development, and security. One key outcome was the approval of the Pacific Policing Initiative, a AUD$400 million program to improve policing across the Pacific over five years. The initiative includes the setting up of a headquarters in Brisbane and training centres in Papua New Guinea, Fiji, and Samoa. It also aims to create joint police units, including a rapid response team called the Pacific Police Support Group.

In September, the Asia-Pacific ministerial conference on Digital Inclusion and Transformation was held in Astana, Kazakhstan. The conference brought together government ministers, policymakers, technology experts, and development organisations from across the Asia-Pacific region. Discussions focused on closing the digital divide, improving digital literacy, and using technology to support sustainable development. The participants highlighted the need for investments in digital infrastructure and strong policy frameworks to ensure inclusive growth.

In September, the Summit of the Future took place at the United Nations headquarters, New York, US. It brought together world leaders, including heads of state, government ministers, and representatives from civil society, academia, and the private sector. The main goal of the summit was to build global agreement on solving major challenges and protecting the future. Discussions focused on finding joint solutions for sustainable development, peace, security, and managing new technologies like artificial intelligence. A major outcome was the adoption of the Pact for the Future, a plan to address issues such as climate change, inequality, and conflict. The summit also endorsed the Global Digital Compact and the Declaration on Future Generations, highlighting the importance of inclusive and forward-looking global cooperation.

In September, the Organization of Petroleum Exporting Countries' (OPEC) World Oil Outlook 2024 was launched during the Rio Oil & Gas Expo in Rio de Janeiro, Brazil. The event was attended by the OPEC Secretary General Haitham Al Ghais, members of OPEC's Research Division, industry experts, and policymakers. The discussions focused on the future of energy demand, investment needs, and sustainable development. OPEC projects a 24 percent rise in global energy demand by 2050, with oil demand expected to reach 120.1 million barrels per day. It highlighted the ongoing importance of oil in the energy mix and the need for large investments to ensure energy security and affordability. It also stressed balancing energy security with reducing emissions and using both current and new technologies. A key resolution was the call for major investments in the oil industry and greater collaboration to meet future energy needs sustainably.

In the US, real GDP expanded by 2.7 percent over the year to September 2024, compared to an increase of 3.2 percent over the same period in 2023. The growth was driven by higher consumer spending, rise in exports of capital goods, improvement in business investment, and increased federal government spending on defence. The latest IMF forecast is for real GDP to grow by 2.8 percent in 2024, a 0.1 percentage point higher than projected in July.

Industrial production declined by 0.8 percent over the year to September 2024, compared to a decline of 0.2 percent in the corresponding period of 2023. This reflected a decline in manufacturing and mining output. Retail sales increased by 2.0 percent over the year to September 2024, compared to an increase of 4.2 percent over the same period in 2023, supported by higher consumer discretionary spending as gasoline prices fell. The unemployment rate was 4.1 percent in September 2024, compared to 3.8 percent in September 2023, reflecting slowing economic activities.

Consumer prices increased to 2.4 percent over the year to September 2024, compared to an increase of 3.7 percent over the corresponding period in 2023. The inflation outcome was driven by a sharp drop in energy costs and a moderation in rise of prices for shelter, though food and transportation prices rose slightly faster. Broad money supply (M2) increased by 2.4 percent over the year to September 2024, compared to a decline of 3.7 percent over the corresponding period in 2023. The Federal Reserve Bank lowered the federal funds rate by 50 basis points to the interest rate target of 4.5 to5.0 percent in September 2024. This is the first easing of monetary policy in four years.

The trade deficit widened to US$83.8 billion over the year to September 2024, compared to a deficit of US$62.2 billion over the corresponding period in 2023.

In Japan, real GDP increased by 0.3 percent over the year to September 2024, compared to an increase of 1.3 percent over the same period in 2023. This growth is supported by resilient private consumption, improvements in exports and private sector inventories. The latest IMF projection is for real growth to grow by 0.3 percent, a 0.4 percentage point lower than projected in July.

Industrial production fell by 2.6 percent over the year to September 2024, compared to a decline of 4.4 percent over the same period in 2023. The drop reflected a considerable fall in factory production, especially in the automotive sector. Retail sales increased marginally by 0.7 percent over the year to September 2024, compared to an increase of 6.2 percent over the same period in 2023, partly supported by rising wages and stable prices for essential items. The unemployment rate was 2.4 percent in September 2024, compared to 2.6 percent in September 2023.

Consumer prices eased to 2.5 percent over the year to September 2024, compared to an increase of 3.0 percent over the corresponding period in 2023. This reflected slower increases in electricity, gas costs and main categories such as food, transport, and furniture, while declines deepened for communication and education costs. Broad money supply (M3) increased by 0.6 percent, compared to an increase of 1.9 percent over the same period in 2023. The Bank of Japan increased its short-term policy rate target from zero percent to 0.25 percent in July 2024 and reduced its purchases of Japanese government bonds, a sign of a shift towards policy normalisation considering the weakening yen.

The trade balance recorded a deficit of US$2.04 billion over the year to September 2024, compared to a trade surplus of US$0.41 billion over the corresponding period in 2023.

In the euro area, real GDP increased by 0.9 percent over the year to September 2024, compared to no change over the same period in 2023. This growth was driven by private consumption and continued fiscal expenditure. The growth was mainly from Germany, France and Ireland. The latest IMF forecast is for real GDP to grow by 0.8 percent in 2024, 0.1 percentage point lower than projected in July.

Industrial production decreased by 2.2 percent over the year to September 2024, compared to a decline of 5.3 percent over the same period in 2023. This decline reflected falls in the production of capital, non-durable consumer and intermediate goods. Retail sales increased by 3.0 percent over the year to September 2024, compared to a decline of 3.3 percent over the same period in 2023. This signals the impact of a rebound in real income as inflation stabilized. The unemployment rate was 6.3 percent in September 2024, compared to 6.6 percent in September 2023.

Consumer prices in the euro area increased by 1.7 percent over the year to September 2024, compared to an increase of 4.3 percent over the same period in 2023. This is below the European Central Bank's 2.0 percent target. The decline reflected a faster drop in energy costs and slower price increases for services. Broad money supply (M3) increased by 3.1 percent over the year to September 2024, compared to a decline of 1.2 percent over the corresponding period in 2023. The European Central Bank lowered its key interest rate to 3.25 percent in September, the third cut in the year.

The trade deficit in the euro area over the year to September 2024 was approximately US$12.9 million, compared to US$10.4 billion over the corresponding period in 2023.

In the UK, real GDP grew by 1.0 percent over the year to September 2024, compared to an increase of 0.3 percent in the corresponding period of 2023. The growth was driven by resilient consumer spending.

The latest IMF projection forecasted a real GDP growth of 1.1 percent, a 0.4 percentage point higher than in July.

Industrial production declined by 1.8 percent over the year to September 2024, compared to an increase of 0.4 percent over the corresponding period in 2023. The decline reflected a fall in manufacturing, energy, water and sewerage, and mining and quarrying output. Retail sales increased by 2.6 percent over the year to September 2024, compared to a decline of 1.4 percent over the same period in 2023. This growth was supported by easing inflationary pressures, increased consumer confidence, and wage growth, which boosted household spending. The unemployment rate was 4.3 percent in September 2024, compared to 4.1 percent in September 2023.

Consumer prices increased by 1.7 percent over the year to September 2024, compared to an increase of 6.7 percent over the same period in 2023. This was driven by a sharp decline in transport costs and continued fall in prices of housing, utilities, and household goods prices. Broad money supply (M3) increased by 2.0 percent over the year to September 2024, compared to a decline of 6.2 percent in the corresponding period of 2023. The Bank of England kept its policy rate unchanged at 5.0 percent in September 2024.

The trade account recorded a deficit of US$1.5 billion over the year to September 2024, compared to a deficit of US$87.9 million over the corresponding period in 2023.

In China, real GDP grew by 4.6 percent over the year to September 2024, compared to an increase of 4.9 percent over the same period in 2023. The growth was mainly due to increases in manufacturing and consumption, supported by fiscal stimulus programs such as the consumer trade-in and equipment upgrading programs. The latest IMF projection is for real growth to grow by 4.8 percent, a 0.2 percentage point lower than projected in July.

Industrial production increased by 5.4 percent over the year to September 2024, compared to an increase of 4.5 percent over the corresponding period in 2023. The rise was driven by strong performance in manufacturing, particularly in high-tech and green energy sectors, alongside a rebound in domestic demand and government initiatives to boost infrastructure investment. Retail sales grew by 3.2 percent over the year to September 2024, compared to 5.5 percent over the same period in 2023. This was driven mainly by increased sales of durable goods, supported by government stimulus program. The unemployment rate was 5.1 percent in September 2024, compared to 5.0 percent in the corresponding period of 2023.

Consumer prices increased by 0.4 percent over the year to September 2024, compared to no change over the same period in 2023. This was due to price declines in non-food items, transport, and housing, which offset lower price increases in health, education and food. Broad money supply increased by 6.6 percent over the year to September 2024, compared to an increase of 10.3 percent over the corresponding period in 2023. The People’s Bank of China maintained its benchmark interest rates at 3.35 percent in the September quarter of 2024.

The trade account recorded a surplus of US$81.7 billion over the year to September 2024, compared to a surplus of US$75.5 billion over the corresponding period in 2023.

In Australia, real GDP increased by 0.8 percent over the year to September 2024, compared to an increase of 2.1 percent over the same period in 2023. The marginal growth mainly reflected a pick-up in fixed investments. The latest IMF projects real growth at 1.2 percent, 0.2 percentage point lower than projected in July.

Industrial production increased by 0.1 percent over the year to September 2024, compared to no change over the same period in 2023. The small increase was mainly due to a recovery in the manufacturing sector, particularly in food processing and machinery production. Retail sales increased by 2.4 percent over the year to September 2024, compared to an increase of 2.0 percent over the corresponding period in 2023. The growth was driven by demand in the food and household goods sectors, supported by resilient consumer spending. The unemployment rate was 4.1 percent in September 2024, compared to 3.6 percent in September 2023.

Consumer prices fell sharply to 2.8 percent over the year to September 2024, compared to an increase of 5.4 percent over the corresponding period in 2023. This reflected a steep slowdown in goods inflation as electricity and fuel prices declined due to Government's introduction of the Energy Bill Relief Fund rebates. Transport costs also fell, and prices eased across housing, health, and financial services. Broad money supply (M3) increased by 5.5 percent over the year to September 2024, compared to an increase of 5.0 percent over the corresponding period in 2023. The Reserve Bank of Australia maintained its cash rate at 4.3 percent in the September quarter of 2024.

The trade account recorded a surplus of US$3.1 billion over the year to September 2024, compared to a surplus of US$4.0 billion over the same period in 2023.

In the September quarter of 2024, the US dollar appreciated against all the major currencies except the Japanese yen. It appreciated against the pound sterling by 3.0 percent, euro by 2.0 percent, and the Australian dollar by 1.6 percent, while it depreciated by 4.2 percent against the Japanese yen. In the September quarter of 2024, the U.S. dollar appreciated against most major currencies due to higher interest rates in the US making US assets more attractive. However, the Japanese yen remained an exception due to a surprise Bank of Japan interest rate hike in July and heightened recession fears in the US.

In the September quarter of 2024, the average daily kina exchange rate depreciated against all other major currencies. It depreciated against the Japanese yen by 5.7 percent to ¥38.4800, the pound sterling by 4.5 to £0.1983, the euro by 3.5 percent to €0.2346, Australian dollar by 3.2 percent to A$0.3847, and the US dollar by 1.7 percent to US$0.2576. These currency movements resulted in the depreciation of the TWI by 3.7 percent to 27.70 in the September quarter of 2024.

3. DOMESTIC ECONOMIC CONDITIONS

DOMESTIC ECONOMIC ACTIVITY

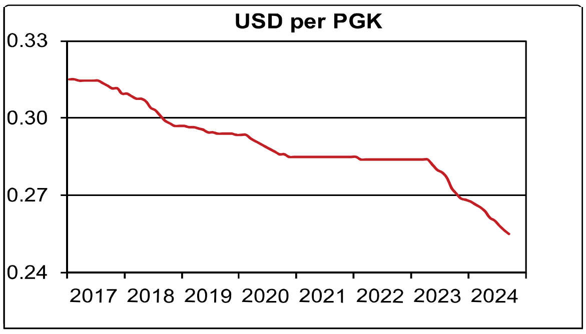
Data from the Bank's Business Liaison Survey (BLS) show that the total nominal value of sales in the formal private sector increased by 7.5 percent in the September quarter of 2024, compared to an increase of 1.1 percent in the June quarter of 2024. Excluding the mineral sector, sales increased by 1.2 percent in the September quarter of 2024, compared to an increase of 10.6 percent in the previous quarter. Sales increased in the mineral, construction, transportation, retail, manufacturing, and the financial, business and other services sectors, which more than offset declines in the wholesale and agriculture/forestry/fishing sectors. By region, sales increased in all regions except NCD and the Islands region. Over the year to September 2024, total sales increased by 10.9 percent, compared to a decline of 30.2 percent over the year to September 2023. Excluding the mineral sector, sales increased by 6.6 percent over the year to September 2024, compared to a decline of 1.6 percent over the year to September 2023.

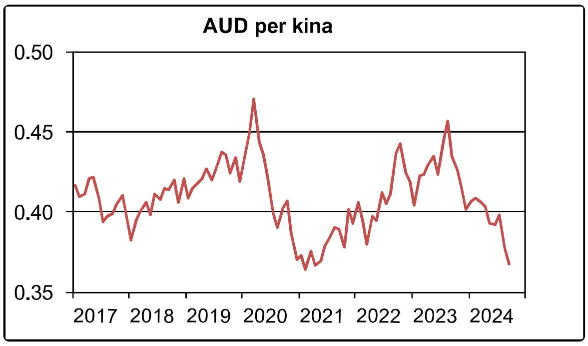
In the mineral sector, sales increased by 16.1 percent in the September quarter of 2024, compared to a decline of 9.2 percent in the previous quarter. The increase was driven by higher gold prices and production from the Ok Tedi and the new Porgera mines with the latter reaching full capacity. The Ramu Nickel mine also contributed, with improved sales volume driven by strong demand from China. Over the year to September 2024, sales increased by 18.4 percent, compared to a decline of 54.9 percent in the corresponding period of 2023.

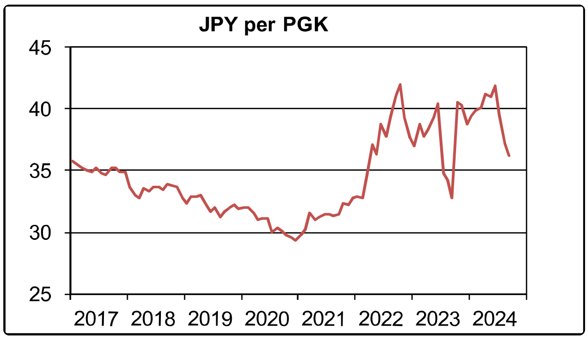
In the construction sector, sales increased by 14.9 percent in the September quarter of 2024, compared to a decline of 12.1 percent in the previous quarter. The increase reflected the reconstruction, upgrade, and sealing of the 2.5 kilometer Aropa Coastal Road in the Autonomous Region of Bougainville, and road works along the Hiritano Highway from Vanapa Bridge to Bereina township in the Southern region. Over the year to September 2024, sales fell by 9.8 percent, compared to a decline of 66.6 percent in the corresponding period of 2023.

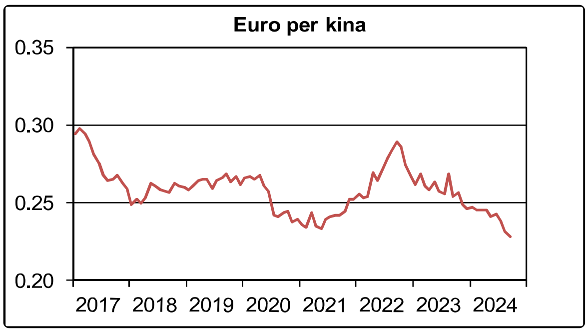
In the transportation sector, sales increased by 7.3 percent in the September quarter of 2024, compared to an increase of 23.1 percent in the previous quarter. This was driven by higher air passenger travel during the quarter and the expansion of freight and

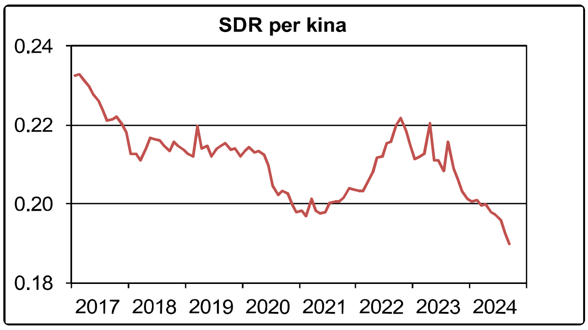
EXCHANGE RATES











cargo transport services due to increased business activities. Over the year to September 2024, sales increased by 37.2 percent, compared to an increase of 0.7 percent in the corresponding period of 2023.

In the retail sector, sales increased by 4.3 percent in the September quarter of 2024, compared to an increase of 5.1 percent in the previous quarter. The growth was driven by higher sales of aviation fuel by other distributors following the scaling down of a major fuel supplier. Higher sale of food and beverages, steel and lubricant products, general merchandise, office and household equipment also contributed to the growth. Over the year to September 2024, sales increased by 9.7 percent, compared to an increase of 7.9 percent in the corresponding period of 2023.

In the manufacturing sector, sales increased by 4.2 percent in the September quarter of 2024, compared to an increase of 6.3 percent in the previous quarter. The increase was driven by higher production and sale of tobacco products, while higher processed tuna was due to improved shipping. Higher production of canned meat and general food items also contributed to the growth. Over the year to September 2024, sales decline by 0.6 percent, compared to a decline of 2.1 percent in the corresponding period.

In the financial, business and other services sector, sales increased by 1.9 percent in the September quarter of 2024, compared to an increase of 7.1 percent in the previous quarter. This growth was driven by increased income from interest earned by financial institutions, and higher fees charged by financial and real estate companies. The financial institutions benefited from higher interest income on loans and charges on other financial services, as well as the real estate companies from higher earnings. Over the year to September 2024, sales increased by 5.8 percent, compared to an increase of 5.7 percent in the corresponding period of 2023.

In the wholesale sector, sales declined by 7.2 percent in the September quarter of 2024, compared to an increase of 16.6 percent in the previous quarter. The decline in sales was attributed to a reduction in sales of refined fuel products by a major fuel supplier. The decrease in sales of pharmaceutical products and fast-food sales also contributed to the overall decline. Over the year to September 2024, sales increased by 6.7 percent, compared to a decline of 10.8 percent in the corresponding period of 2023.

In the agriculture/forestry/fishing sector, sales declined by 2.0 percent in the September quarter of 2024, compared to an increase of 41.9 percent in the previous quarter. The decline in production and export volume of palm oil and timber was mainly due to persistent heavy rainfall and operational disruptions in the Islands region. The weather-related conditions resulted in lower yields and logistical issues that contributed to the overall downturn in the sector. Over the year to September 2024, sales increased by 24.3 percent, compared to an increase of 24.7 percent in the corresponding period of 2023.

By region, sales increased in all regions except the NCD and the Islands regions. In the Southern region, sales increased by 59.1 percent in the September quarter of 2024, compared to a decline of 7.7 percent in the previous quarter. The significant increase was attributed to higher production and exports from the Ok Tedi Mine, along with increased sales of general food and household items. Over the year to September 2024, sales increased by 91.0 percent, compared to a decline of 11.5 percent in the corresponding period of 2023.

In the Momase region, sales increased by 18.7 percent in the September quarter of 2024, compared to an increase of 2.5 percent in the previous quarter. The increase was driven by higher production and sales of processed tuna loins by tuna loining company. Higher sales of tobacco products and sales of canned tuna also contributed to the increase. Over the year to September 2024, sales increased by 23.4 percent, compared to a decline of 27.6 percent in the corresponding period of 2023.

In the Highlands region, sales increased by 8.0 percent in the September quarter of 2024, compared to a decline of 7.7 percent in the previous quarter. The increase was primarily driven by the mineral sector, particularly due to higher production and exports from the Porgera mine. The increase in coffee exports in the region also contributed to the growth. Over the year to September 2024, sales increased by 1.2 percent, compared to a decline of 62.7 percent in the corresponding period of 2023.

In the Morobe region, sales increased by 4.3 percent in the September quarter of 2024, compared to an increase of 8.0 percent in the previous quarter. The increase was driven by activity in the manufacturing sector, with significant contributions from the production of timber and processed wood. Over the year to September 2024, sales increased by 4.9 percent, compared to a decline of 3.6 percent in the corresponding period of 2023.

In NCD, sales declined by 6.7 percent in the September quarter of 2024, compared to an increase of 12.5 percent in the previous quarter. The outcome was due to reduced sales of refined fuel products, and pharmaceutical items, and a slowdown in building and construction activity. Over the year to September 2024, sales declined by 2.8 percent, compared to an increase of 5.3 percent in 2023.

In the Islands region, sales declined by 2.7 percent in the September quarter of 2024, compared to an increase of 3.1 percent in the previous quarter. The decline was attributed to lower production at Lihir Gold mine as well as declines in activity in the AFF, wholesale & retail sectors. Over the year to September 2024, sales increased by 17.0 percent, compared to an increase of 3.0 percent in 2023.

EMPLOYMENT

The Bank's Employment Index shows that the level of employment in the formal private sector increased by 0.9 percent in the September quarter of 2024, compared to an increase of 2.3 percent in the previous quarter. Excluding the mineral sector, the level of employment increased by 0.7 percent. By sector, the level of employment increased in the retail, construction, mineral, transport and finance, business and other services and wholesale sectors, while it decreased in the agriculture/forestry/fishing and manufacturing sectors. By region, the level of employment increased in the Highlands, NCD and the Momase regions, while it decreased in the Southern, Islands and Morobe regions. Over the year to September 2024, the total level of employment increased by 2.1 percent, compared to an increase of 3.9 percent in the corresponding period of 2023. Excluding the mineral sector, the level of employment increased by 2.7 percent over the year to September 2024, compared to an increase of 2.5 percent in the corresponding period of 2023.

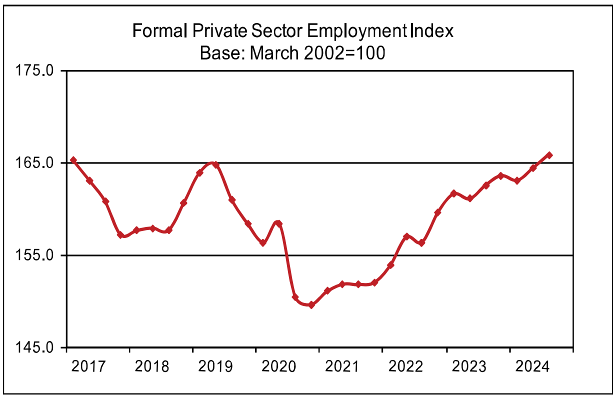
In the retail sector, the level of employment increased by 4.1 percent in the September quarter of 2024, compared to a decline of 1.9 percent in the previous quarter. The increase was driven by the recruitment of casual staff by major retail companies in

Morobe, NCD and the Island regions. Over the year to September 2024, the level of employment declined by 1.4 percent, compared to an increase of 3.1 percent in the corresponding period of 2023.

In the construction sector, the level of employment increased by 3.8 percent in the September quarter of 2024, compared to a decline of 0.9 percent in the previous quarter. The increase was mainly attributed to the ongoing road projects including the maintenance and sealing of roads in the Kikori township, the Muriki to Erave road in the Southern Highlands and the Menyama road in Morobe Province. Several construction projects in NCD also contributed to the increase. Over the year to September 2024, the level of employment declined by 2.9 percent, compared to a decline of 19.4 percent in the corresponding period of 2023.

In the mineral sector, the level of employment increased by 2.5 percent in the September quarter of 2024, following an increase of 4.1 percent in the previous quarter. The increase largely reflected recruitment by the Porgera mine as it continued to increase production. Over the year to September 2024, the level of employment increased by 10.7 percent, compared to an increase of 19.5 percent in the corresponding period of 2023.

In the transportation sector, the level of employment increased by 1.7 percent in the September quarter of 2024, compared to a decline of 0.1 percent in the previous quarter. The increase was driven by higher recruitment of staff by a major airline company as it commenced its re-fleeting program. Over the year to September 2024, the level of employment increased by 10.6 percent, compared to an increase of 6.8 percent in the corresponding period of 2023.



In the finance, business and other services sector, the level of employment increased by 0.8 percent in the September quarter of 2024, compared to an increase of 2.5 percent in the previous quarter. The increase was driven by higher recruitment by security firms. Over the year to September 2024, the level of employment increased by 3.6 percent, compared to an increase of 4.1 percent in the corresponding period of 2023.

In the wholesale sector, the level of employment increased by 0.5 percent in the September quarter of 2024, compared to no change in the previous quarter. The increase was driven by the rehiring of staff by a major shop in NCD after the unrest earlier in January. A major fuel retailer and a general merchandise wholesaler also recruited new staff. Over the year to September 2024, the level of employment increased by 1.8 percent, compared to an increase of 4.7 percent in the corresponding period of 2023.

In the agriculture/forestry/fishing sector, the level of employment decreased by 3.3 percent in the September quarter of 2024, compared to an increase of 3.3 percent in the previous quarter. The decrease was due to seasonal workers being laid off by a major palm oil producer and a coffee and cocoa exporter in the Island region as activity declined. Over the year to September

2024, the level of employment decreased by 3.7 percent, compared to an increase of 6.4 percent in the corresponding period of 2023.

In the manufacturing sector, the level of employment decreased by 0.3 percent in the September quarter of 2024, compared to an increase of 1.2 percent in the previous quarter. The decline was due to laying-off of staff by a major tinned fish manufacturer in Momase and a chemical manufacturer in Morobe as activity slowed. Over the year to September 2024, the level of employment increased by 9.4 percent compared to a decline of 4.2 percent in the corresponding period of 2023.

By region, the level of employment increased in the Highlands, NCD and Momase regions, while it decreased in the Southern, Islands and Morobe regions. In the Highlands region, the level of employment increased by 6.9 percent in the September quarter of 2024, compared to an increase of 1.5 percent in the previous quarter. The increase was mainly due to the hiring of additional workers by the New Porgera mine. Higher recruitment by a construction company, a major retailer and a commercial bank also contributed to the increase. Over the year to September 2024, the level of employment increased by 5.1 percent compared to an increase of 18.0 percent in the corresponding period of 2023.

In NCD, the level of employment increased by 1.1 percent in the September quarter of 2024, following an increase of 0.2 percent in the previous quarter. The increase was due to higher recruitment by a major airline, two major security companies, a construction firm and several retailers. Over the year to September 2024, the level of employment increased by 3.7 percent, compared to an increase of 0.2 percent in the corresponding period of 2023.

In the Momase region, the level of employment increased by 0.9 percent in the September quarter of 2024, compared to an increase of 1.5 percent in the previous quarter. The increase was attributed to higher recruitment by a major security firm and a commercial bank. Over the year to September 2024, the level of employment increased by 6.5 percent, compared to a decline of 6.0 percent in the corresponding period of 2023.

In the Southern region, the level of employment decreased by 0.8 percent in the September quarter of 2024, compared to an increase of 4.7 percent in the previous quarter. The decline reflected laying-off of staff by a major retail company in the Milne Bay province and a construction company in the Western Province after the completion of a road project. Over the year to September 2024, the level of employment increased by 2.3 percent, compared to an increase of 6.2 percent in the corresponding period of 2023.

In the Island region, the level of employment declined by 0.5 percent in the September quarter of 2024, compared to an increase of 2.9 percent in the previous quarter. The decline was due to workers being laid-off by a construction company as a road project progressed towards completion and lower seasonal employment by a major palm oil producer after the harvesting period. Over the year to September 2024, the level of employment decreased by 1.2 percent, compared to an increase of 6.4 percent in the corresponding period of 2023.

In Morobe, the level of employment decreased by 0.4 percent in the September quarter of 2024, compared to an increase of 4.6 percent in the previous quarter. The decrease was attributed to several major manufacturing companies, retailers and security firms laying off staff as activity slowed. Over the year to September 2024, the level of employment increased by 1.8 percent, compared to an increase of 2.4 percent in the corresponding period of 2023.

CONSUMER PRICE INDEX

Quarterly headline inflation, as measured by the Consumer Price Index (CPI), increased by 0.9 percent in the September quarter of 2024, compared to a decline of 0.7 percent in the June quarter of 2024. Price increases in the Alcoholic Beverages, Tobacco and Betelnut, Health, Food and Non-Alcoholic Beverages, Recreation, Clothing and Footwear, Miscellaneous, and Restaurants and Hotels expenditure groups, which more than offset decreases in the Household Equipment and Housing expenditure groups. The Education, Communication and Transport expenditure groups recorded no price change in the quarter. By urban centre, prices increased in all the surveyed centres. Annual headline inflation declined by 0.9 percent in the September quarter, compared to an increase of 0.1 percent in the June quarter of 2024.

The CPI for the Alcoholic Beverages, Tobacco and Betelnut expenditure group increased by 3.1 percent in the September quarter of 2024, compared to a decrease of 10.2 percent in the previous quarter. This reflected increases in the alcoholic beverages, betelnut and mustard and tobacco sub-groups of 3.7 percent, 2.7 percent and 0.2 percent, respectively. This expenditure group contributed 0.5 percentage points and 2.9 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

The CPI for the Health expenditure group increased by 1.7 percent in the September quarter of 2024, compared to an increase of 0.3 percent in the previous quarter. This was attributed to an increase in the price of medical supplies sub-group of 3.5 percent, whilst the medical services sub-group remained unchanged. This expenditure group contributed 0.1 percentage point each to the overall quarterly and annual CPI inflation outcomes, respectively.

The CPI for the Food and Non-Alcoholic Beverages expenditure group increased by 1.3 percent in the September quarter of 2024, compared to an increase of 2.3 percent in the previous quarter. There were increases in the fruits and vegetables sub-group of 3.6 percent, dairy products, eggs and cheese of 2.4 percent, sugars and confectionary of 1.4 percent, fish of 1.1 percent, other food products of 0.9 percent, both cereals and meat of 0.6 percent each, and oils and fats of 0.5 percent, whilst the non-alcoholic beverages remained unchanged. This expenditure group contributed 0.4 percentage points and 1.3 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

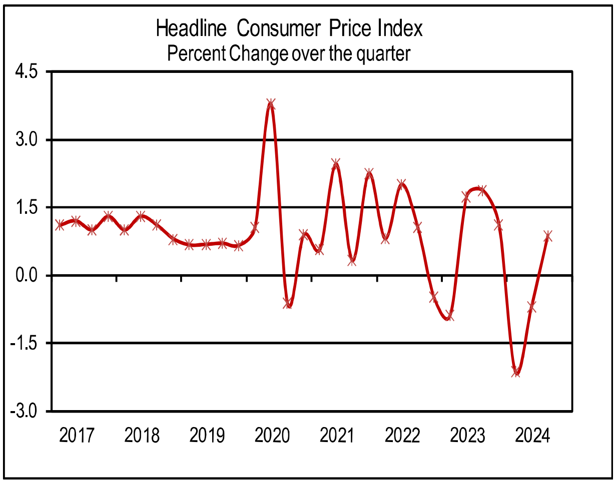
The CPI for the Recreation expenditure group increased by 1.1 percent in the September quarter of 2024, compared to no change in the previous quarter. There were increases in the prices of newspaper, television, batteries, biros, magazine and flash drive of 6.2 percent, 3.8 percent, 3.1 percent, 1.3 percent, 0.7 percent and 0.6 percent, respectively. These more than offset decreases in the prices of bicycle and DVD player of 0.5 percent and 0.1 percent, respectively. The digital camera, sports gate and movie fees, and photography remained unchanged. This expenditure group's contribution to the overall quarterly and annual CPI inflation outcomes was negligible.

The CPI for the Clothing and Footwear expenditure group increased by 0.9 percent in the September quarter of 2024, compared to an increase of 0.4 percent in the previous quarter. There were increases in the women and girl wear, men's wear, and footwear sub-groups of 2.0 percent, 1.6 percent, and 0.2 percent, respectively. These more than offset declines in the clothing sub-group of 0.5 percent, sewing items of 0.2 percent, and both boys' wear and head-wear of 0.1 percent each. This expenditure group's contribution to the overall quarterly CPI inflation outcome was negligible, whilst it contributed 0.2 percentage points to the overall annual CPI inflation outcome.

The CPI for the Miscellaneous expenditure group increased by 0.8 percent in the September quarter of 2024, compared to no change in the previous quarter. The increase reflected price increases in insect repellant, toiletries and personal care products, and baby oil and powder of 2.1 percent, 1.1 percent and 1.0 percent, respectively. Barber fees, court fees and childrens toys remained unchanged. This expenditure group's contribution to the overall quarterly and annual overall CPI inflation was negligible.

The CPI for the Restaurants and Hotels expenditure group increased by 0.5 percent in the September quarter of 2024, compared to an increase of 0.4 percent in the previous quarter. This was due to increases in the accommodation and takeaway sub-groups of 0.9 percent and 0.4 percent, respectively. This expenditure groups' contribution to the overall quarterly and annual CPI inflation outcome was negligible.

The CPI for the Household Equipment expenditure group declined by 0.2 percent in the September quarter of 2024, compared to a decline of 1.1 percent in the previous quarter. This reflected a decline in the household maintenance goods sub-group of 2.0 percent which more than offset increases of 1.0 percent and 0.2 percent in the household appliances and household furniture and furnishings sub-groups, respectively. This expenditure group's contribution to the overall quarterly and annual CPI inflation was negligible.



The CPI for the Housing expenditure group declined by 0.1 percent in the September quarter of 2024, compared to an increase of 0.3 percent in the previous quarter. There were declines in the housing maintenance and cooking sub-groups of 5.2 percent and 0.6 percent, respectively, which more than offset an increase of 0.3 percent in the rent sub-group. The electricity and water sub-groups recorded no price changes in the quarter. This expenditure group's contribution to the overall quarterly CPI inflation outcome was negligible, whilst it contributed 0.1 percentage point to the overall annual CPI inflation outcome.

The CPI for the Transport expenditure group recorded no price change in the September quarter of 2024, compared to an increase of 0.4 percent in the previous quarter. There were price increases in the operations and motor vehicle purchases sub-groups of 3.9 percent and 0.1 percent, respectively. This offset declines in the fuel and lubricants and fares sub-groups of 2.2 percent and 0.5 percent, respectively. The other services sub-group recorded no price change. This expenditure group's contribution to the overall quarterly CPI inflation outcome was negligible, whilst it contributed 0.3 percentage points to the overall annual CPI inflation outcome.

The CPI for the Communication expenditure group recorded no price change in the September quarter of 2024, compared to a decline of 1.1 percent in the previous quarter. This was attributed to no price changes in the telephone services, postal services, telephone equipment and other services sub-groups in the quarter. This expenditure group's contribution to the overall quarterly CPI inflation outcome was negligible, whilst it contributed 0.2 percentage points to the overall annual CPI inflation outcome.

The CPI for the Education expenditure group recorded no price change in the September quarter of 2024, the same as in the previous quarter. This reflected no price changes in the education fees and other expenses sub-groups in the quarter. This expenditure group's contribution to the overall quarterly CPI inflation outcome was negligible, whilst it contributed 0.1 percentage point to the overall annual CPI inflation outcome.

Prices in Lae increased by 2.7 percent in the September quarter of 2024, compared to a decline of 3.0 percent in the previous quarter. The Alcoholic Beverages, Tobacco and Betelnut expenditure group recorded the largest increase with 13.2 percent, followed by Restaurants and Hotels with 2.6 percent, Miscellaneous with 2.0 percent, Transport with 1.3 percent, both Health and Clothing and Footwear with 1.1 percent each, Food and Non-Alcoholic Beverages with 0.9 percent, Household Equipment with 0.2 percent and Recreation with 0.1 percent, which more than offset a decline in the Housing expenditure group with 0.6 percent. The Education and Communication expenditure groups recorded no price changes in the quarter. Lae contributed 0.4 percentage points and 1.0 percentage point to the overall quarterly and annual CPI inflation outcomes, respectively.

In Goroka/Mt. Hagen/Madang, prices increased by 0.8 percent in the September quarter of 2024, compared to a decrease of 0.1 percent in the previous quarter. The Alcoholic Beverages, Tobacco and Betelnut expenditure group recorded the largest increase of 3.1 percent, followed by Recreation with 1.7 percent, Food and Non-Alcoholic Beverages with 0.7 percent, both Transport and Clothing and Footwear with 0.3 percent each, and Miscellaneous with 0.2 percent. These more than offset decreases in the Restaurants and Hotels, Health, Housing and Household Equipment expenditure groups of 1.1 percent, 0.5 percent, 0.4 percent and 0.2 percent, respectively. The Education and Communication expenditure groups recorded no price changes in the quarter. Goroka/Mt. Hagen/Madang contributed 0.1 percentage point and 0.4 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

In Alotau/Kimbe-Kokopo/Rabaul, prices increased by 0.7 percent in the September quarter of 2024, compared to a decline of 0.8 percent in the previous quarter. The Alcoholic Beverages, Tobacco and Betelnut expenditure group recorded the largest decline of 3.9 percent, followed by Recreation with 2.0 percent, Food and Non-Alcoholic Beverages with 0.8 percent, Clothing and Footwear with 0.4 percent and Housing with 0.2 percent. These more than offset declines in the Health of 2.7 percent, Household Equipment of 2.0 percent, Miscellaneous of 1.0 percent and both Transport and Restaurant and Hotels of 0.1 percent each. The Education and Communication expenditure groups recorded no price changes in the quarter. Alotau/Kimbe-Kokopo/Rabaul contributed 0.1 percentage point each to the overall quarterly and annual CPI inflation outcomes, respectively.

Prices in Port Moresby increased by 0.6 percent in the September quarter of 2024, compared to a decline of 0.3 percent in the previous quarter. The Health expenditure group recorded the largest increase of 2.6 percent, followed by Food and Non-Alcoholic Beverages with 1.7 percent, both Clothing and Footwear and Recreation with 1.1 percent each, Miscellaneous with 0.9 percent, Restaurants and Hotels with 0.4 percent and Household Equipment with 0.1 percent. These more than offset decreases in Alcoholic Beverages, Tobacco and Betelnut and Transport with 0.7 percent and 0.2 percent, respectively. The Communication, Education and Housing expenditure groups recorded no price changes in the quarter. Port Moresby contributed 0.4 percentage points and 0.6 percentage points to the overall quarterly and annual CPI inflation outcomes, respectively.

The annual headline inflation declined by 0.9 percent in the September quarter of 2024, compared to a marginal increase of 0.1 percent in the previous quarter. All expenditure groups recorded increases except the Alcoholic Beverages, Tobacco and Betelnut and Communication, which declined. The largest decline was in the Alcoholic Beverages, Tobacco and Betelnut expenditure group with 16.8 percent followed by Communication with 9.6 percent. These more than offset price increases in the Miscellaneous, Food and Non-Alcoholic Beverages, Health, Clothing and Footwear, Transport, Education, Restaurants and Hotels, and both Housing and Recreation with 5.0 percent, 4.2 percent, 3.6 percent, 3,3 percent, 2.0 percent, 1.8 percent, 1.3 percent and 1.1 percent, respectively. The Household Equipment expenditure group recorded no price change in the quarter.

The NSO's quarterly exclusion-based inflation measure (which is the overall CPI excluding seasonal, customs excise and price regulated items) increased by 0.6 percent in the September quarter of 2024, compared to an increase of 1.4 percent in the previous quarter. Annual exclusion-based inflation was 5.5 percent in the September quarter of 2024, the same as in the previous quarter.

The quarterly trimmed mean inflation measure published by the Bank of PNG increased by 0.5 percent in the September quarter of 2024, same as in the previous quarter. The annual trimmed mean inflation was 2.5 percent in the September quarter of 2024, compared to 4.4 percent in the same period of 2023.

4. EXPORT COMMODITIES REVIEW

The total value of merchandise exports was K13,010.6 million in the September quarter of 2024, compared to K10,873.8 million in the corresponding quarter of 2023. There were higher export receipts for most of PNG's major export commodities, while there were declines for crude oil, nickel, cobalt, condensate, coffee, tea, rubber and marine products.

The value of agricultural, marine products and other non-mineral exports, excluding forestry and refined petroleum product exports, was K1,472.7 million and accounted for 11.3 percent of total merchandise exports in the September quarter of 2024, compared to K1,297.1 million or 11.9 percent of total merchandise exports in the corresponding quarter of 2023. Forestry product exports were K193.5 million, which accounted for 1.5 percent of total merchandise exports in the quarter, compared to K190.1 million or 1.7 percent in the corresponding quarter of 2023. Refined petroleum product exports were K91.1 million and accounted for 0.7 percent of total merchandise exports in the quarter, compared to K89.1 million or 0.8 percent in the corresponding quarter of 2023. Mineral export receipts, including LNG and condensate were K11,253.3 million and accounted for 86.5 percent of total merchandise exports in the quarter, compared to K9,297.5 million or 85.5 percent in the September quarter of 2023.

The weighted average kina price of PNG's exports, excluding LNG, increased by 24.8 percent in the September quarter of 2024, compared to the corresponding quarter of 2023. Higher international prices accounted for this increase. There was an increase of 23.0 percent in the weighted average kina price of mineral exports, reflecting higher kina prices of all mineral commodities, except nickel and cobalt. For agricultural, logs and marine product exports, the weighted average kina price increased by 32.7 percent, due to higher kina prices for all non-mineral commodities, except for copra, rubber and marine products. Excluding logs, the weighted average kina price of agricultural and marine product exports increased by 34.9 percent in the September quarter of 2024, compared to the corresponding quarter of 2023.

MINERAL EXPORTS

Total mineral export receipts were K11,253.3 million in the September quarter of 2024, compared to K9,297.5 million in the corresponding quarter of 2023. The increase was due to higher prices of all mineral export commodities, except for nickel and cobalt.

The value of LNG exports was K5,045.1 million in the September quarter of 2024, compared to K4,736.2 million in the corresponding quarter of 2023. The increase was due to higher LNG prices, reflecting higher demand from the fast-growing markets in Asia and a rebound in Europe's industrial gas demand.

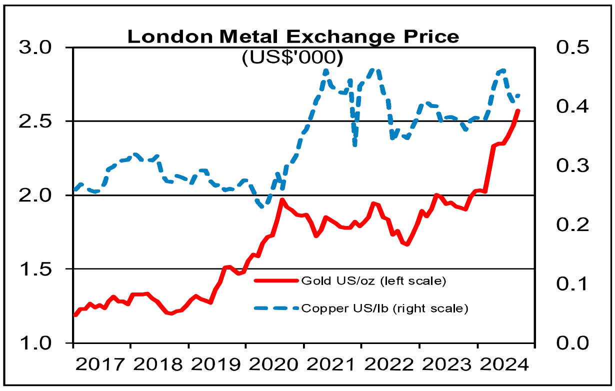
The volume of condensate exported was 1,191.1 thousand barrels in the September quarter of 2024, compared to 1,659.0 thousand barrels in the corresponding quarter of 2023. There were lower shipments by the PNG LNG project. The average free on board (f.o.b) price for condensate export was K294.0 per barrel in the quarter, compared to K283.0 per barrel in the corresponding quarter of 2023. This outcome reflected higher international prices attributed to higher global demand for condensate as a diluent for heavy crude oil. The combined decline in export volume and price resulted in a lower export receipt of K350.4 million in the quarter, compared to K470.3 million in the corresponding quarter of 2023.

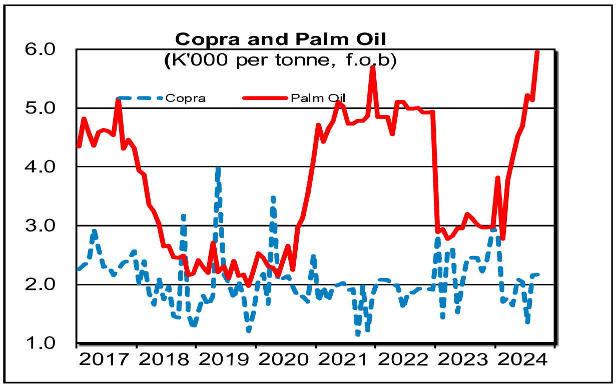
The volume of gold exported was 11.5 tonnes in the September quarter of 2024, compared to 9.4 tonnes in the corresponding quarter of 2023. The increase reflected the resumption of the New Porgera mine, coupled with higher production and shipment from the K92 mine and other small alluvial exporters. The average f.o.b price received for PNG's gold exports was K308.5 million per tonne in the quarter, compared to K220.4 million per tonne in the corresponding quarter of 2023. This reflected higher international prices, combined with the depreciation of the kina against the US dollar. The average gold price at the London Metal Exchange increased by 28.6 percent to US$2,479.7 per fine ounce in the quarter, compared to the corresponding quarter of 2023. The increase was mainly driven by the Federal Reserve's easing monetary policy and the heightened Middle East tensions. The combined increase in export volume and price resulted in higher export receipts of K3,547.2 million in the quarter, compared to K2,070.3 million in the corresponding quarter of 2023.

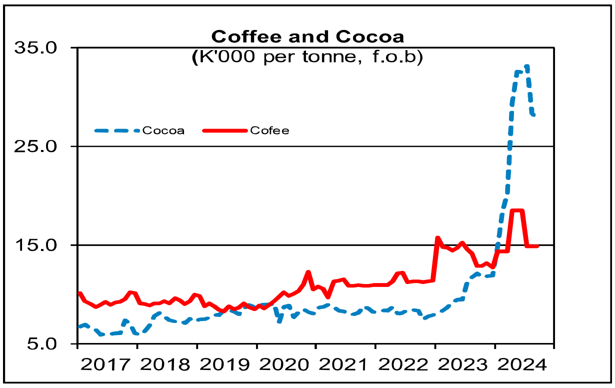
The volume of copper exported was 27.9 thousand tonnes in the September quarter of 2024, compared to 20.3 thousand tonnes in the September quarter of 2023. The increase was due to higher production of metal ore grades and shipment by the Ok Tedi mine. The average f.o.b. price of PNG's copper exports was K35,799 per tonne in the September quarter, compared to K30,113 per tonne in the corresponding quarter of 2023. The higher price was mainly due to lower production from major producers, Chile and Peru attributed to restrictions due to environmental regulations and policies, coupled with higher global demand. The combined increase in export volume and price resulted in higher export receipts of K998.8 million in the quarter, compared to K611.3 million in the September quarter of 2023.

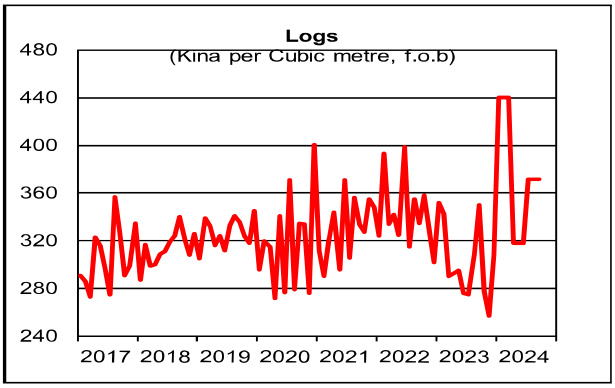
The volume of nickel exported was 8.7 thousand tonnes in the September quarter of 2024, compared to 8.8 thousand tonnes in the corresponding quarter of 2023. The decline was due to lower production and shipment by the Ramu Nickel/Cobalt mine. The average f.o.b. price of PNG's nickel exports was K62,920 per tonne in the quarter, compared to K73,136 per tonne in the corresponding quarter of 2023. The outcome reflected lower international prices due to higher production from Indonesia, combined with a weaker global demand. The combined decline in export volume and price resulted in a lower export receipt of

EXPORT COMMODITY PRICES









K547.4 million in the quarter, compared to K643.6 million in the corresponding quarter of 2023.

The volume of cobalt exports was 0.8 thousand tonnes in the September quarter of 2024, the same as in the corresponding quarter of 2023. The production and shipment levels were maintained by the Ramu Nickel/ Cobalt mine. The average f.o.b. price of PNG's cobalt exports was K95,625 per tonne in the quarter, compared to K123,250 per tonne in the September quarter of 2023. The outcome reflected lower international prices attributed to higher production from major producers, the Democratic Republic of Congo, Indonesia and coupled with weaker demand mainly from China, as battery manufacturers diversify to production of cobalt-free batteries. The decline in export price more than offset export volumes, resulting in a lower export receipt of K76.5 million in the quarter, compared to K98.6 million in the corresponding quarter of 2023.

The volume of crude oil exported was 1,551.6 thousand barrels in the September quarter of 2024, compared to 1,906.7 thousand barrels in the corresponding quarter of 2023. This was due to lower production from the Kutubu and Gobe oil fields. The average export price of crude oil was K301 per barrel in the September quarter, compared to K273 per barrel in the corresponding quarter of 2023. This increase was reflective of ongoing production cuts by the OPEC+ members, coupled with geopolitical tensions and the Israel-Hamas conflict, affecting global supply chains. The decline in export volume more than offset the increase in export price, resulting in a lower export receipt of K467.1 million in the quarter, compared to K520.6 million in the corresponding quarter of 2023.

Export receipts of refined petroleum products, which include Naphtha from the PNG LNG project, were K91.1 million in the September quarter, compared to K89.1 million in the corresponding quarter of 2023.

AGRICULTURE, LOGS AND FISHERIES EXPORTS

Export prices of all non-mineral commodities increased in the September quarter of 2024, except for copra, rubber and marine products, compared to the corresponding quarter of 2023. Cocoa prices increased by 159.0 percent, coffee by 8.1 percent, tea by 50.0 percent, copra oil by 67.3 percent, palm oil by 53.1 percent and logs by 18.8 percent, while the price for copra, rubber and marine products declined by 15.6 percent, 10.5 percent and 19.6 percent, respectively. The net effect was a 32.7 percent increase in the weighted average kina price of agricultural, logs and marine product exports. Excluding logs, the weighted average kina price of agricultural and marine product exports increased by 34.9 percent in the September quarter, compared to the corresponding quarter of 2023.

The export volume of palm oil was 131.8 thousand tonnes in the September quarter, compared to 151.5 thousand tonnes in the corresponding quarter of 2023. The decline was due to lower production and shipment. The average export price of palm oil was K4,956 per tonne in the September quarter, an increase of 53.1 percent from the corresponding quarter of 2023. This was due to lower production from Indonesia and Malaysia attributed to adverse wet weather conditions. The increase in export price more than offset the decline in export volume, resulting in export receipts of K653.2 million in the September quarter, an increase of 33.2 percent from the corresponding quarter of 2023.

The export volume of coffee was 9.3 thousand tonnes in the September quarter, compared to 17.4 thousand tonnes in the corresponding quarter of 2023. The decline was due to lower production and shipment. The average export price of coffee was K14,935 per tonne, an increase of 8.1 percent from the corresponding quarter of 2023. The outcome reflected lower exports from Vietnam and Indonesia due to higher production costs, coupled with higher global demand. The decline in export volume more than offset the increase in export price, resulting in export receipts of K138.9 million in the September quarter, a decline of 42.2 percent from the corresponding quarter of 2023.

The export volume of cocoa was 8.2 thousand tonnes in the September quarter, compared to 13.0 thousand tonnes in the corresponding quarter of 2023. The decline was due to lower production and shipment from the main producing regions. The average export price of cocoa was K30,244 per tonne in the September quarter, an increase of 159.0 percent from the corresponding quarter of 2023. The increase reflected record high international prices as a result of lower production from Ghana and Ivory Coast, attributed to the spread of pests and diseases, and adverse weather conditions, combined with strong global demand. The increase in export price more than offset the decline in export volume, resulting in export receipts of K248.0 million in the September quarter, an increase of 63.4 percent from the corresponding quarter of 2023.

The export volume of copra oil was 5.1 thousand tonnes in the September quarter, compared to 6.2 thousand tonnes in the corresponding quarter of 2023. The decline was due to lower production and shipment. The average export price of copra oil was K5,235 per tonne in the quarter, an increase of 67.3 percent from the corresponding quarter of 2023. This reflected higher international prices due to lower production from Indonesia, Philippines and India attributed to adverse weather conditions, coupled with weaker global demand. The increase in export price more than offset the decline in export volume, resulting in export receipts of K26.7 million in the September quarter, an increase of 37.6 percent from the corresponding quarter of 2023.

The export volume of tea was 0.05 thousand tonnes in the September quarter, compared to 0.1 thousand tonnes in the corresponding quarter of 2023. This was due to lower production and shipment. The average export price of tea was K6,000 per tonne in the September quarter, compared to K4,000 per tonne in the corresponding quarter of 2023. This reflected higher international prices due to lower production from India, attributed to adverse wet weather conditions and pest infestation, combined with higher global demand. The decline in export volume more than offset the increase in export price, resulting in export receipts of K0.3 million in the quarter.

The export volume of copra was 2.7 thousand tonnes in the September quarter, compared to 1.1 thousand tonnes in the corresponding quarter of 2023. The increase reflected higher shipment from the major producing regions. The average export price of copra was K2,148 per tonne in the quarter, a decline of 15.6 percent from the corresponding quarter of 2023. This outcome reflected weaker global demand as consumers switched to cheaper substitutes. The increase in export volume more than offset the decline in export price, resulting in export receipts of K5.8 million in the quarter, an increase of 107.1 percent from the corresponding quarter of 2023.

The export volume of rubber was 0.6 thousand tonnes in the September quarter, the same as in the corresponding quarter of 2023. The production and shipment levels were maintained by the major producers. The average export price of rubber was K5,667 per tonne in the September quarter, a decline of 10.5 percent from the corresponding quarter of 2023. This reflected higher production from Malaysia, PNG's major export destination, attributed to favourable weather conditions. The decline in export price more than offset export volume, resulting in export receipts of K3.4 million in the quarter, a decline of 10.5 percent from the corresponding quarter of 2023.

The export volume of logs was 497.0 thousand cubic meters in the September quarter, compared to 553.0 thousand cubic meters in the corresponding quarter of 2023. There was lower production and shipment from major producing regions. The average export price of logs was K372 per cubic meter in the September quarter, an increase of 18.8 percent from the corresponding quarter of 2023. This outcome reflected stronger demand mainly from China. The increase in export price more than offset the decline in export volumes, resulting in export receipts of K185.1 million in the quarter, an increase of 7.1 percent from the corresponding quarter of 2023.

The value of marine products exported was K238.2 million in the September quarter, compared to K252.5 million in the corresponding quarter of 2023. This resulted from a decline in export prices more than offsetting an increase in export volumes.

5. BALANCE OF PAYMENTS

NINE MONTHS TO SEPTEMBER 2024 ON NINE MONTHS TO SEPTEMBER 2023

The balance of payments recorded an overall deficit of K1,810.0 million for the nine months to September 2024, compared to a deficit of K1,183.5 million in the corresponding period of 2023. A deficit in the financial account more than offset a surplus in the current and capital account.

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

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

The trade account recorded a surplus of K24,851.0 million for the nine months to September 2024, compared to a surplus of K18,643.9 million in the corresponding period of 2023. The surplus was due to higher exports and compressed imports as a result of lower foreign exchange inflows and the depreciation effect of the kina against the US dollar.

The value of merchandise exports was K36,747.0 million in the nine months to September 2024, compared to K33,431.2 million in the corresponding period of 2023. The increase was attributed to higher export values of most commodities while there were declines for rubber, nickel, cobalt, condensate and LNG.

The value of merchandise imports was K11,896.1 million in the nine months to September 2024, compared to K14,787.3 million in the corresponding period of 2023. There were lower general and petroleum imports, which more than offset higher imports from the mining sector. The value of general imports was K5,864.1 million in the period, compared to K9,200.3 million in the corresponding period of 2023, reflecting lower domestic economic activities attributed to lower foreign exchange inflows and combined with the depreciation effect of the kina against the US dollar. The value of petroleum sector imports was K1,363.7 million in the period, compared to K2,166.2 million in the corresponding period of 2023. This mainly reflected lower expenditure on exploration and drilling activities by a resident petroleum company. Mining sector imports was K4,668.3 million in the period, compared to K3,420.8 million in the corresponding period of 2023. The increase was due to higher capital expenditure undertaken by all major mines except for alluvial production.

The services account had a deficit of K6,976.0 million in the nine months to September 2024, compared to a deficit of K6,479.3 million in the corresponding period of 2023. The increase was primarily due to higher payments for other business services including consultancy and management fees, manufacturing, travel and construction services.

The primary income account recorded a deficit of K5,171.0 million in the nine months to September 2024, compared to a deficit of K5,840.9 million in the corresponding period of 2023. This outcome was mainly reflective of payments for interest and dividends.

The secondary income account had a surplus of K1,031.8 million in the nine months to September 2024, compared to a surplus of K251.0 million in the corresponding period of 2023. The outcome was mainly due to higher receipts in general government, reflecting licensing fees and taxes, and gifts and grants.

The capital account recorded a net inflow of K14.2 million in the nine months to September 2024, compared to a net inflow of K13.4 million in the corresponding period of 2023, reflecting higher transfers by donor agencies for project financing.

As a result of the developments in the trade, services, capital, primary and secondary income accounts, the current and capital account recorded a surplus of K13,750.0 million in the nine months to September 2024, compared to a surplus of K6,588.1 million in the corresponding period of 2023.

The financial account recorded a deficit of K9,556.5 million in the nine months to September 2024, compared to a deficit of K7,685.9 million in the corresponding period of 2023. The outcome was due to net outflows from direct and other investments, reflecting net outflow of funds from offshore foreign currency accounts for investments and external loan repayments by mineral companies, including LNG project partners. Government external debt repayments also contributed to the net outflow of funds.

SEPTEMBER QUARTER 2024 ON SEPTEMBER QUARTER 2023

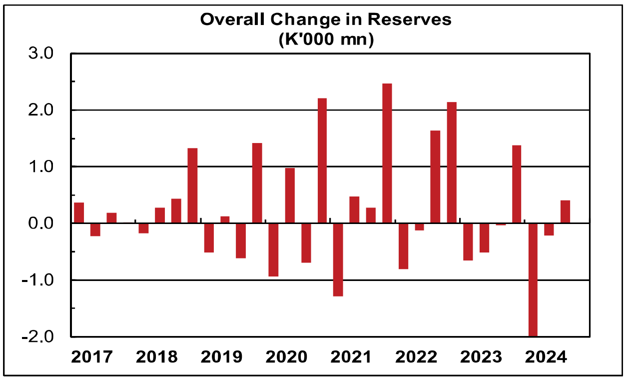
The balance of payments recorded an overall surplus of K401.0 million in the September quarter of 2024, compared to a deficit of K28.9 million in the corresponding quarter of 2023. A surplus in the current and capital account more than offset a deficit in the financial account.

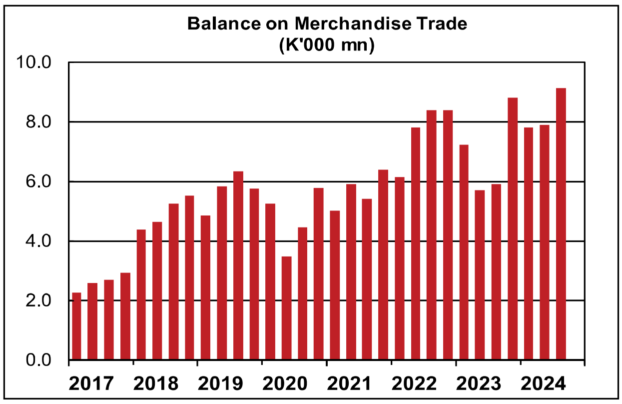
The value of merchandise imports was K3,871.7 million in the September quarter, compared to K4,526.1 million in the corresponding quarter of 2023. The outcome was due to lower general and petroleum sector imports, which more than offset high imports from the mining sector. The value of general imports was K1,507.5 million in the September quarter, compared to K2,598.8 million in the corresponding quarter of 2023, reflecting lower domestic economic activities. The value of petroleum sector imports was K529.6 million in the September quarter, compared to K810.5 million in the corresponding quarter of 2023. This reflected lower expenditure on exploration and drilling activities by a resident petroleum company. Mining sector imports was K1,834.7 million in the September quarter, compared to K1,116.9 million in the corresponding quarter of 2023. The increase was due to higher capital expenditure undertaken by the Porgera, Simberi, Ok Tedi and Lihir mines.

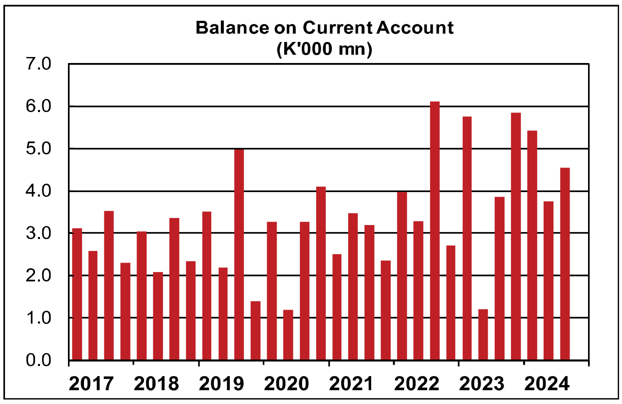
The services account had a deficit of K2,351.5 million in the September quarter, compared to a deficit of K2,205.8 million in the corresponding quarter of 2023. This was due to higher service payments for manufacturing, travel, and other business services.

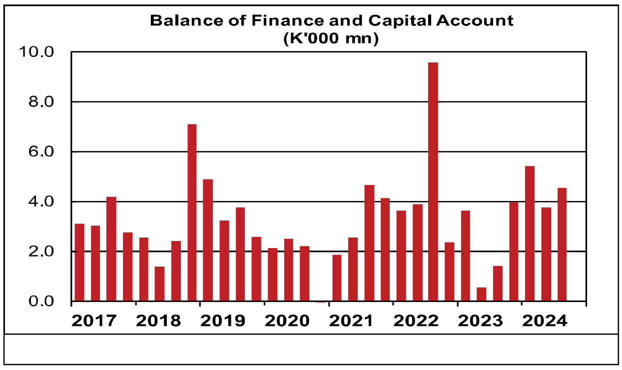
The primary income account recorded a deficit of K2,439.3 million in the September quarter, compared to a deficit of K643.5 million in the corresponding quarter of 2023. The outcome was mainly due to higher payments for both interest and dividends.

BALANCE OF PAYMENTS









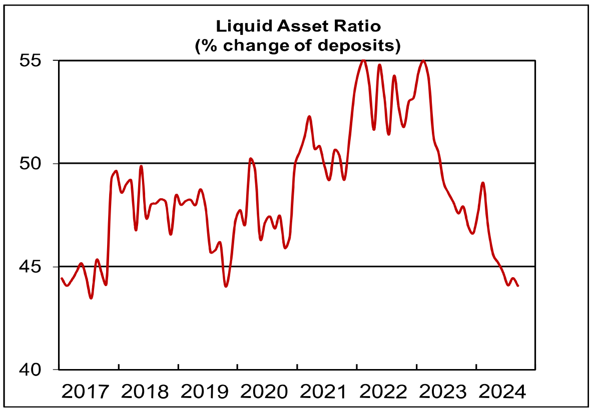
The secondary income account had a surplus of K208.4 million in the September quarter, compared to a deficit of K259.6 million in the corresponding quarter of 2023. The outcome was mainly due to higher receipts in licensing fees and taxes, and gifts and grants.

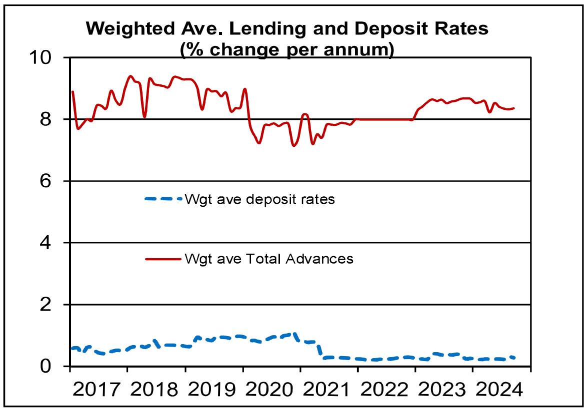
The capital account recorded a net inflow of K4.5 million in the September quarter of 2024, compared to a net inflow of K0.9 million in the corresponding quarter of 2023, reflecting higher transfers by donor agencies for project financing.

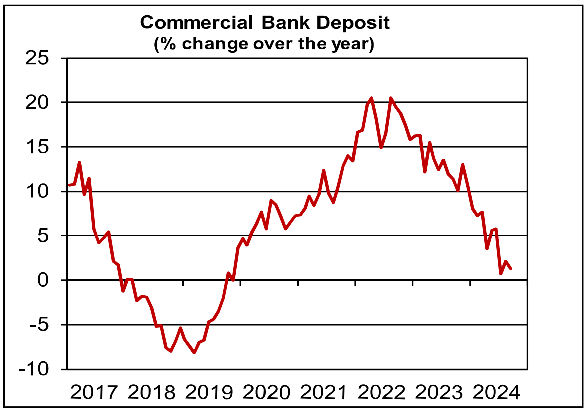
As a result of these developments in the trade, services, capital, primary and secondary income accounts, the current and capital account recorded a surplus of K4,560.9 million in the September quarter, compared to a surplus of K3,239.8 million in the corresponding quarter of 2023.

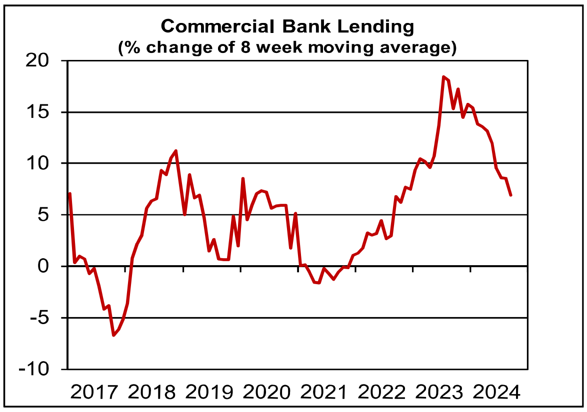
The financial account recorded a deficit of K3,094.4 million in the September quarter, compared to a deficit of K2,972.8 million in the corresponding quarter of 2023. The outcome was due to net outflows from direct and other investments, reflecting net outflow of funds from offshore foreign currency accounts for investments and external loan repayments by mineral companies, including LNG project partners. Government external debt repayments also contributed to the net outflow of funds.

The level of gross foreign exchange reserves at the end of September 2024 was K12,444.1 (US$3,237.2) million, sufficient for 6.1 months of total and 11.1 months of non-mineral import cover.









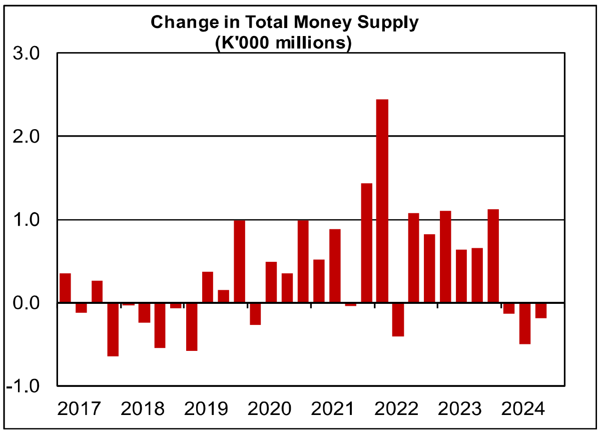
6. MONETARY DEVELOPMENTS

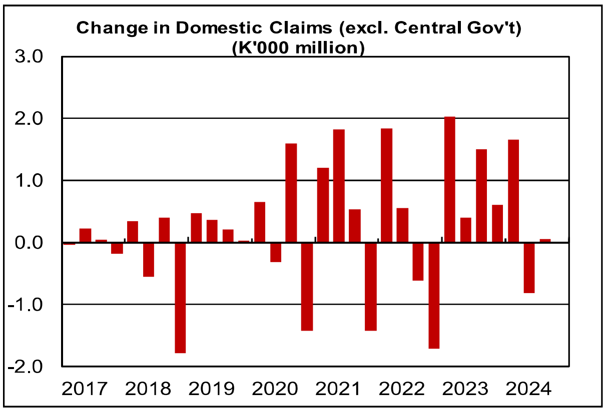
INTEREST RATES AND LIQUIDITY

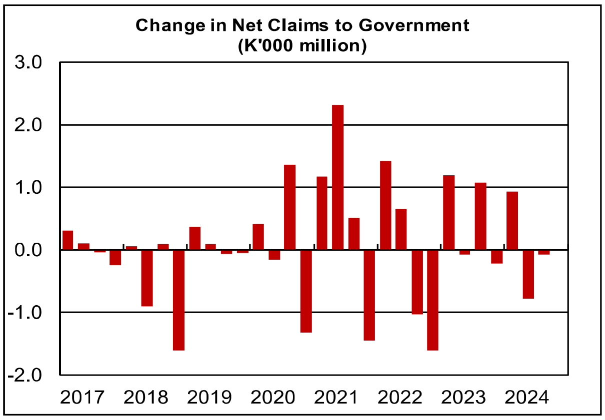
The Central Bank pursued a tightening stance of monetary policy during the September quarter of 2024. The Kina Facility Rate (KFR) was increased by 150 basis points to 4.0 percent between June and September 2024. This was in line with the tightening stance of monetary policy announced in the March 2024 Monetary Policy Statement (MPS). The tightening stance was aimed at countering inflationary pressures resulting from the downward adjustments in the kina exchange rate from the crawl-like exchange rate arrangement and imported inflation. The dealing margins for the Repurchase Agreement (Repo) Facility remained at 150 basis points on both sides of the KFR.

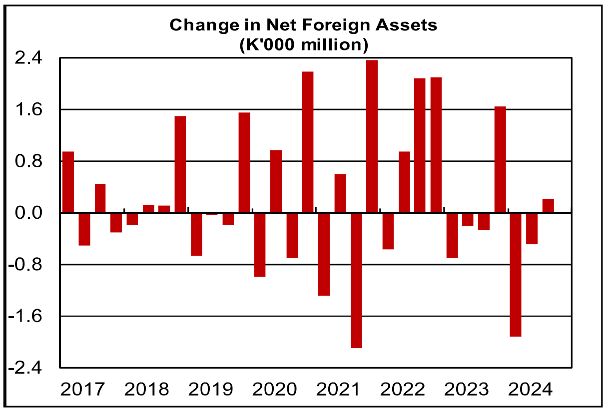
Domestic weighted average interest rates for short-term securities generally increased for most maturities between the end of June and September 2024. At the Central Bank Bill (CBB) auction for the 7-day term CBB under the Fixed Rate Full Allotment (FRFA), the rate increased in line with the increase in KFR. Between the end of June and September 2024, the 7-day term CBB rate increased by 0.50 basis points to 4.0 percent. The competitive auction for other CBB terms was not offered during the June quarter. The Government's Treasury bill (T-bill) rates for the 182-day, 273-day and 364-day terms increased by 248 basis points, 326 basis points and 296 basis points to 5.48 percent, 5.90 percent and 7.31 percent, respectively.

The weighted average interest rates on commercial banks' large term deposits (K500,000 and above) mostly increased for all terms, over the September quarter of 2024. The 30-day, 60-day, 90-day, 180-day









and 360-day term rates increased by 5 basis points, 70 basis points, 68 basis points, 91 basis points and 64 basis points to 0.55 percent, 0.99 percent, 1.80 percent, 2.16 percent and 2.59 percent, respectively. The 270-day term decreased by 110 basis points to 1.05 percent. The monthly weighted average interest rate on total loans decreased by 5 basis points to 8.17 percent in the September quarter of 2024, while the monthly weighted average rate for total deposits increased to 0.28 percent from 0.24 percent. In response to BPNG's tightening monetary policy stance, a commercial bank increased its ILR from 6.95 percent to 7.20 percent. The ILR spread for September quarter is between 7.20 percent and 11.70 percent.

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 a net injection of K729.0 million in CBBs in the September quarter under the Fixed Rate Full Allotment auction. There was a net retirement of government securities totalling K172.3 million, due to the retirement of K252.7 million in Treasury Bonds (Inscribed Stock), which more than offset issuance of K80.4 million in T-bills. There were four interbank deals, and one hundred and nine repo transactions recorded during the September quarter of 2024. The interbank borrowings were made between the rates of 4.50 percent and 5.00 percent, while the repo deals were all overnight deals between the rate of 4.00 percent and 5.50 percent. The Cash Reserve Requirement (CRR) on commercial banks' deposits was unchanged at 12.0 percent over the September quarter of 2024.

As part of the reforms to monetary policy operations under the IMF Program, the Bank implemented CRR monthly averaging, and introduced overnight standing facilities and interest rate corridor that sets the rates for the overnight facilities, in September 2024.

MONEY SUPPLY

The average level of broad money supply (M3*) decreased by 1.4 percent in the September quarter of 2024, compared to a decrease of 0.8 percent in the previous quarter. This was due to a decrease of 1.4 percent in the average net domestic assets (NDA) of the banking system, more than offsetting an increase of 7.1 percent in the average net foreign assets (NFA). The average net domestic claims, excluding average net claims on Central Government, increased by 1.2 percent in the September quarter of 2024, compared to an increase of 1.9 percent in the previous quarter. This reflected increases in average claims on the private sector and 'Provincial and Local Level Governments', which more than offset a decline in average claims on public non-financial corporations and other financial corporations.

The average level of monetary base (reserve money) increased by 5.5 percent in the September quarter of 2024, compared to a decrease of 1.9 percent in the previous quarter. This reflected increases in liabilities to other depository corporations (ODCs) held at the Central Bank, mainly CRR deposits of commercial banks, and currency in circulation issued by the Central Bank.

The average level of narrow money supply (M1*) decreased by 1.9 percent in the September quarter of 2024, compared to a decrease of 1.1 percent in the previous quarter. This was due to a decrease in the average level of transferable deposits, more than offsetting an increase in currency outside depository corporations (DCs). The average level of quasi money increased by 1.9 percent in the September quarter of 2024, compared to an increase of 0.8 percent in the previous quarter.

The average level of deposits at other depository corporations (ODCs) declined by 2.0 percent to K35,640.1 million in the September quarter of 2024, from K36,382.8 million in the previous quarter. This reflected a decline in deposits by other depository corporations, public non-financial corporations, Central Government and other resident sectors, which more than offset increases from the other financial corporations, non-residents and Provincial and Local Governments.

The NFA of Financial Corporations (FCs), comprising DCs and other financial corporations (OFCs), increased by 3.1 percent to K14,740.4 million during the September quarter of 2024, following a decrease of 1.0 percent in the previous quarter. This resulted from an increase in the NFA of the DCs and OFCs. The increase in Central Bank's NFA reflected an increase in its international reserves due to proceeds from LNG tax and IMF loan drawdowns, including inflows of foreign exchange from investments in overseas money market assets, while the increase in ODCs' was due increased claims on non-residents, reflecting favourable FX inflows. The increase in OFCs' NFA was due to higher claims on non-residents mainly reflecting an increase in superfunds' investments abroad.

Net claims on the Central Government by the FCs decreased by 0.3 percent to K20,760.5 million in the September quarter of 2024, compared to a decrease of 3.3 percent in the previous quarter. The decline mainly reflected net maturity of Government securities by the ODCs combined with drawdown of Government deposits.

LENDING

In the September 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 0.5 percent to K21,835.7 million, compared to a decrease of 3.7 percent in the previous quarter. This reflected net advances of K66.1 million and K102.2 million to the private sector and 'Provincial and Local Level Governments', respectively, which more than offset repayments to the public non-financial corporations. The advances to the private sector was mainly from the commerce (wholesale and retail trade), transport and communication sectors, real estate/renting/business services and various other businesses.

7. PUBLIC FINANCE

The fiscal operations of the National Government over the year to September 2024 recorded a deficit of K1,292.7 million, compared to a deficit of K2,381.9 million in the corresponding period of 2023. This reflected higher revenue collections.

Total revenue and grants over the year to September was K14,434.8 million, 12.3 percent higher than in the same period of 2023, and represents 61.7 percent of the 2024 budgeted amount. The increase reflected higher taxes.

Total tax revenue was K13,117.1 million over the year to September, 14.2 percent higher than in the corresponding period of 2023, and represents 70.2 percent of the budgeted amount. Direct tax receipts totaled K8,848.3 million, 26.2 percent higher than in the same period of 2023, and representing 68.5 percent of the budgeted amount. The increase was mainly due to higher collections in personal income and company taxes. The higher personal income tax was due to strong employment growth, especially the increase in teachers, health workers and police.

Indirect tax revenue totaled K4,268.8 million over the year to September 2024, 4.5 percent lower than in the same period of 2023 and represents 73.9 percent of the budgeted amount. The decrease was driven by lower Goods and services tax.

Total non-tax revenue was K739.5 million over the year to September 2024, 16.2 percent higher than the corresponding period in 2023, and represents 29.7 percent of the budgeted amount. The higher outcome reflects higher dividend payments from the mining & petroleum sector and State-owned enterprises.

Total expenditure was K15,727.5 million over the year to September of 2024, 3.2 percent higher than in the corresponding period of 2023 and represents 57.4 percent of the total appropriation. This was due to higher capital expenditure, which offset lower recurrent expenditure.

Recurrent expenditure was K10,706.7 million over the year to September, slightly lower than in the corresponding period of 2023 and representing 64.2 percent of the budgeted appropriation. The lower outcome was mainly due to the lower national departmental and provincial government expenditures.

Total development expenditure was K5,020.8 million over the year to September 2024, 10.8 percent higher than in the corresponding period in 2023, and represents 46.9 percent of the total appropriation. The outcome was due to higher capital investment on national and provincial projects, mainly under the Services Improvement Programs (SIPs) funding for both provincial and district levels.

The developments in revenue and expenditure over the year to September resulted in a budget deficit of K1,292.7 million. The deficit was financed from domestic sources of K1,337.7 million more than offsetting net external loan repayment of K45.0 million. Net domestic financing comprised of K1,039.1 million from other resident sectors, mainly in cheque floats (unpresented cheques for encashment) and K1,258.9 million and K175.0 million from OFCs and BPNG, respectively. These more than offset net retirement of government securities of K1,085.3 million and K50.0 million to ODCs and Public non-financial corporations, respectively. External loan repayments consisted of K226.9 million and K33.7 million from concessional and commercial sources, more than offsetting K215.6 million financing from extraordinary sources.

Total public (Government) debt outstanding as at end of September 2024 was K58,663.4 million, a decline of K57.1 million from the previous quarter, and representing 51.9 percent of GDP. The total debt outstanding comprised of K30,475.2 million from domestic sources and K28,188.3 million in external debt. Total Government deposits at depository corporations decreased by K349.8 million to K6,124.6 million in the September quarter of 2024, of which K3,659.1 million was held by Other Depository Corporations and K2,465.5 million was held by BPNG.

MONETARY DEVELOPMENTS FINANCIAL SOUNDNESS INDICATORS (FSI)

OVERVIEW

In light of the global development and domestic economic challenges, PNG's Financial System continued to remain resilient by fulfilling its financial intermediary role in the economy. The Bank through its regulatory and supervisory role continues to remain vigilant in promoting Financial System (FS) stability while supporting economic activities. The risk has been assessed at the institutional level through onsite and offsite supervision. At the macro level, the Bank extends supervision by monitoring and assessing the developments of FSIs to provide forward looking assessments on risk related to capital adequacy, asset quality, liquidity, profitability, and market sensitivity.

In the September quarter, FSIs have performed well. For Other Deposit Corporations (ODCs) , the capital adequacy indicators have trended above their regulatory limits reflecting a strong capital position. Liquidity level increased, whilst asset quality remained strong. Annualised Return on Assets (ROA) and Return on Earnings (ROE) declined. For Other Financial Corporations (OFCs), the superannuation industry maintained a strong liquidity position with low risk related to payout obligations and operations. The assets also continued to generate profits, although ROA has been falling. The life insurance sector also saw stable growth in profitability with high financial leverage.

SOUNDNESS OF PNG's FINANCIAL SYSTEM

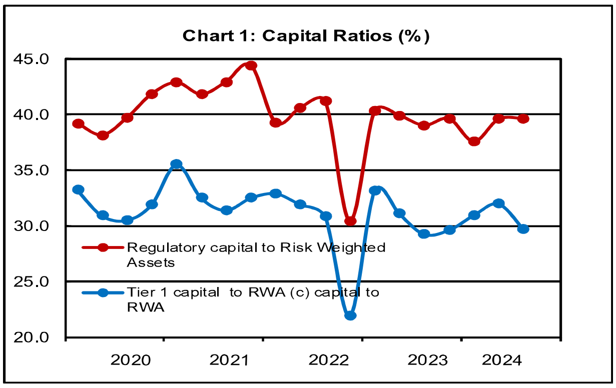
1.0 BANKS/ODCs

Capital Adequacy Ratio (CAR) - Capital Measures

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

In the September quarter of 2024, Regulatory Capital to RWA remained unchanged at 39.6 percent, compared to the previous quarter (June quarter), while Tier 1 Capital to RWA declined to 29.7 percent, compared to 32.0 percent in the previous quarter (Figure 1).

Despite slight movements in the CAR, the trend remained well above the regulatory limits indicating strong capital position and low insolvency risk in the banking system.

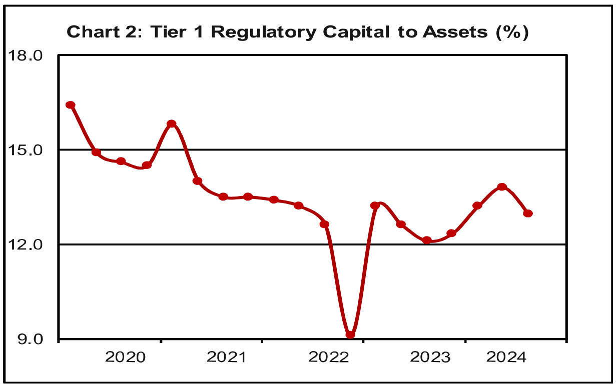


Tier 1 Capital to Total Asset

Tier 1 Capital to Total Asset saw a gradual decline to 12.9 percent in the September quarter of 2024, compared to 138.0 percent in the previous quarter (Figure 2).

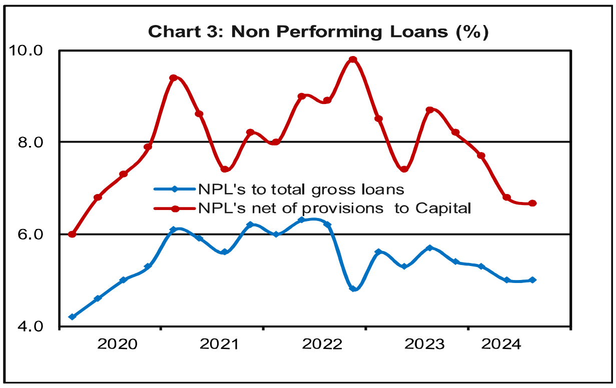
Despite the decrease, overall the banking system still has high core capital available for financial leverage.

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



NPLs Net of Provisions to Capital further declined to 6.7 percent in the September quarter of 2024, compared to 6.8 percent in the previous quarter, as NPLs were highly provisioned during the reporting period (Figure 3).

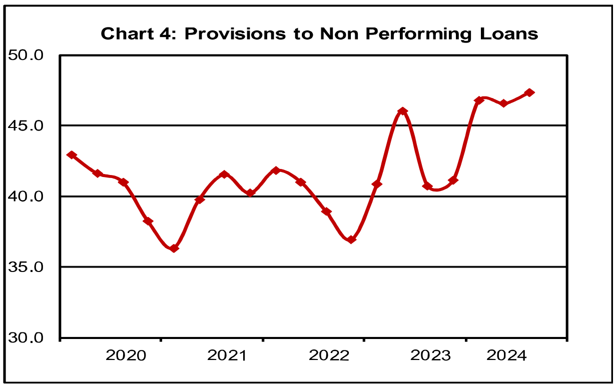
The NPLs risk related to capital has been managed well so far.



Asset Quality Measures

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

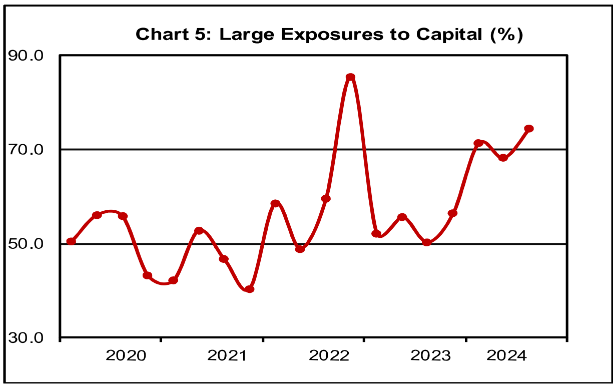
Provision to NPLs increased to 47.3 percent in the September quarter of 2024, compared to 46.5 percent in the previous quarter, due to a slight increase in the expected number of loan defaults, while NPLs to Total Gross Loans remained unchanged at 5.0 percent as in the previous quarter.



Overall, asset quality continued to remain strong as banks continued to ensure loans are recouped to manage NPLs.

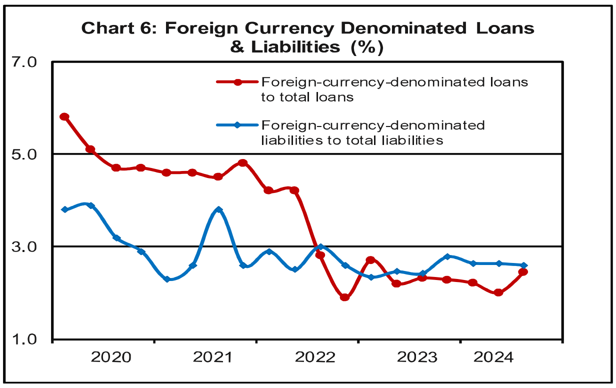
Large Exposures to Tier 1 Capital

Large Exposures to Tier 1 Capital increased to 74.5 percent in the September quarter of 2024, compared to 68.2 percent in the previous quarter. The growth was attributed to an increase in the loan balances of large corporate clients in the private sector (Figure 5).



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

FC Loans to Total Loans increased slightly to 2.4 percent in the September quarter of 2024, compared to 2.0 percent in the previous quarter, reflecting an increase in import demand. FC Liabilities to Total Liabilities remained unchanged at 2.6 percent as in the previous quarter, due to stable export earnings (Figure 6).



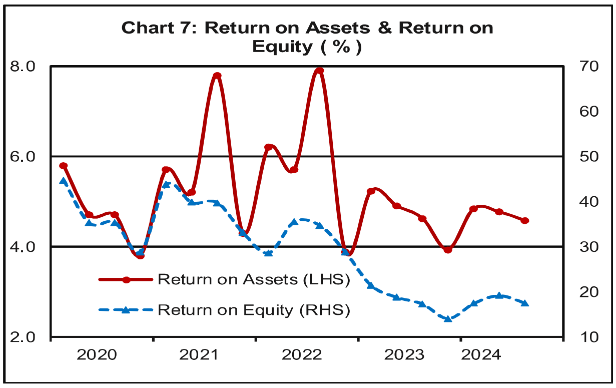
Earnings and Profitability Measures

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

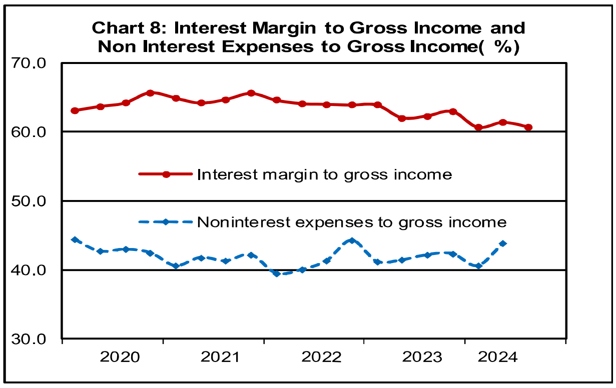
In the September quarter of 2024, both the ROA and ROE declined to 4.6 percent and 17.5 percent, respectively, compared to 4.8 percent and 19.2 percent, in the previous quarter (Figure 7). Earnings have been falling reflecting a downward trend in both the ROA and ROE in the quarter.

'Interest Margin and Non- Interest Expenses' to Gross Income

Interest Margin to Gross Income declined to 60.7 percent in the September quarter of

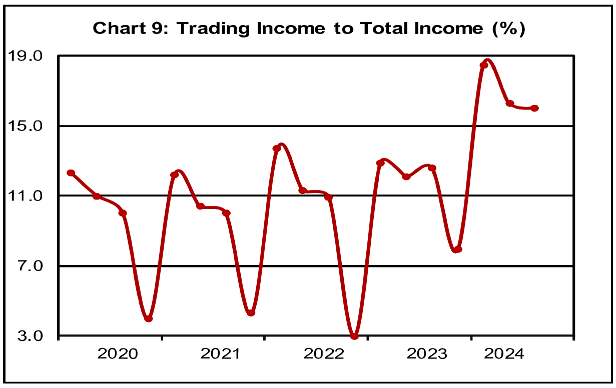


2024, compared to 61.4 percent in the previous quarter. The Non -Interest Expenses to Gross Income further increased to 46.0 percent, compared to 43.8 percent in the previous quarter, as a result of an increase in operational cost (Figure 8).



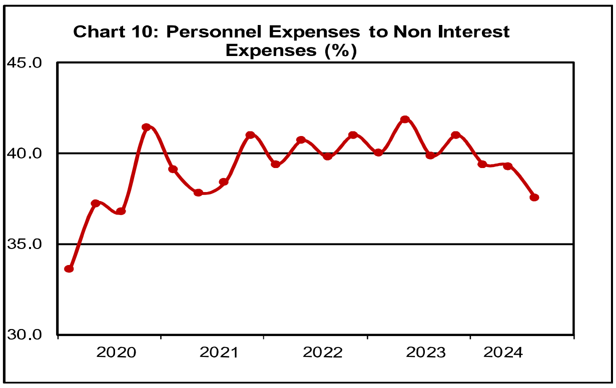
Trading Income to Total Income

Trading Income to Total Income slightly declined to 16.0 percent in the September quarter of 2024, compared to 16.3 percent in the previous quarter. (Figure 9). The trading income increase reflected a gain on the financial instruments after FX revaluation.



Personnel Expenses to Non-Interest Expenses

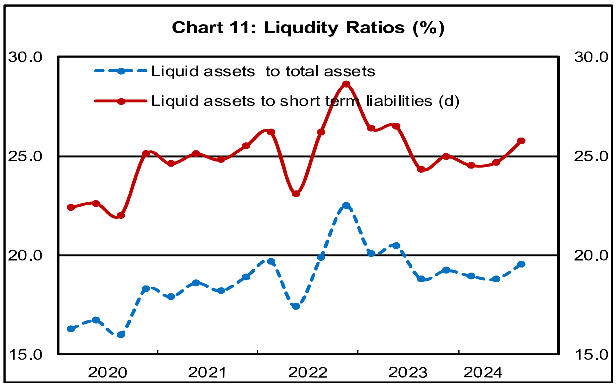
In the September quarter of 2024 the Personal Expense to Non-Interest Expense quarter, gradually declined to 37.5 percent, compared to 39.3 percent in the previous quarter. However, personal expenses increased during the reporting quarter (Figure 10).



Liquidity Measures

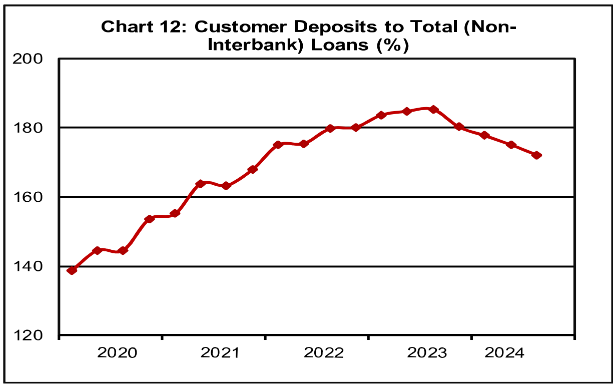
Liquid Assets to Total Assets and Liquid Assets to Short- term Liabilities

Liquid Asset to Total Assets increased steadily to 19.5 percent in the September quarter of 2024, compared to 18.8 percent in the previous quarter. Liquid Assets to Short Term Liabilities also increased to 25.7 percent, compared to 24.7 percent in the previous quarter (Figure 11). The increase strengthens the liquidity position to remain high contributing to a well-managed liquidity risk level.



Customer Deposits to Total (Non-Interbank) Loans

Customer Deposits to Total (non-interbank) Loans have steadily declined to 172.1 percent in the September quarter of 2024, compared to 175.0 percent in the previous quarter (Figure 12). The ratio remained high demonstrating strong liquidity and lending positions.



Sensitivity to Market Risk Measures

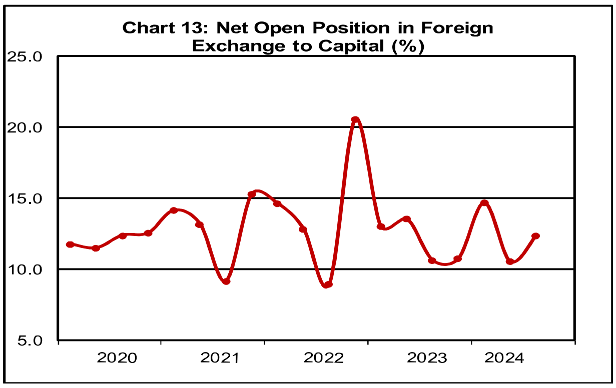
Net Open Position (NOP) in Foreign Exchange (FX) to Capital

NOP in FX to Capital improved to 12.4 percent in the September quarter of 2024, compared to 10.6 percent in the previous quarter, following an increase in FX assets outweighing the FX liabilities.

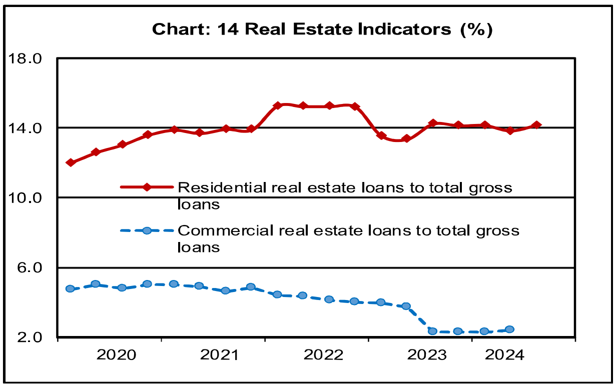
Overall, NOP continued on a positive trend, demonstrating that banks still have adequate FX assets relative to FX liabilities (Figure 13). Any negative exposure can be absorbed by high capital reserves available in the banking system.

Real Estate Market Measures

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



In the September quarter of 2024, the Residential Real Estate Loans to Gross Loans increased to 14.2 percent, compared to 13.9 percent in the previous quarter. The improvement in the residential real estate loan reflected an increase in demand. The Commercial Real Estate Loans to Total Gross Loans decreased slightly to 2.3 percent in the September quarter of 2024, compared to 2.4 percent in the previous quarter (Figure 14). The movements in both indicators reflected stable demand in the real estate industry.



2.0 OTHER FINANCIAL CORPORATIONS (OFCs)

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

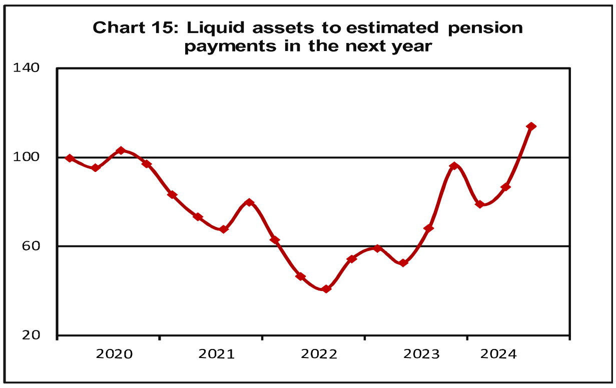
AUTHORISED SUPERANNUATION FUNDS (ASFs) INDUSTRY

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

Liquid Assets to Estimated Pension Payment for the Next Year

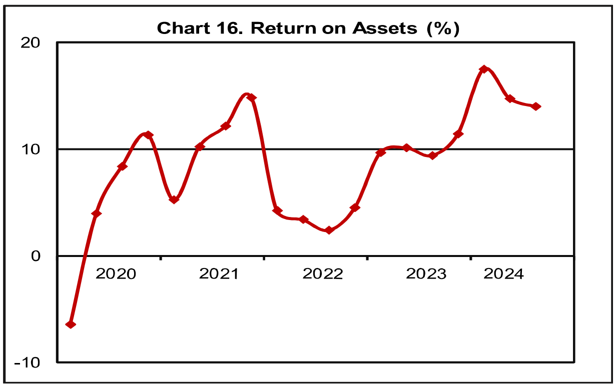
In the first half of 2024, ASFs industry has maintained an increase in the Liquid Assets to Estimated Pension Payments.

As at the September quarter of 2024, the ratio increased to 114.0 percent, compared to 86.8 percent in the previous quarter. The outcome was due to increase in cash and net receivable (Figure 15). Short term payout risk remains to be low.



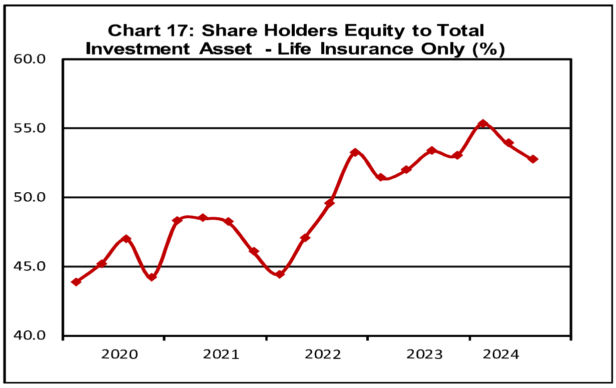
Return on Asset (ROA)

In the September quarter, ROA declined to 14.0 percent, compared to 14.8 percent in the previous quarter, due to a decline in income before tax (Figure 16). Even though the ratio depicted a decline, the key asset classes have yielded higher earnings during the reported period.



LIFE INSURANCE SECTOR

Similar to ASFs, it is essential for the Life Insurance sector to maintain adequate liquidity for payments and also ensure that investment returns are sufficient to maintain profitability and solvency.



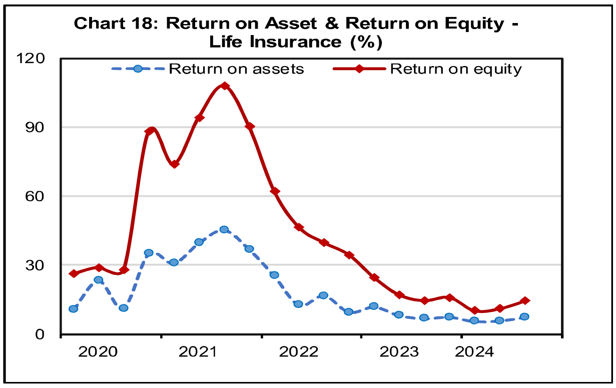
Shareholder Equity to Total Invested Assets

Since the begining of the Septmber quarter of 2024, Shareholder Equity (Capital) to Total Invested Assets has been steadily declining.

The ratio declined to 52.7 percent, compared to 53.9 percent in the previous quarter (Figure 17). This was underpinned by a large drop in the capital and reserves.

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

In the September quarter, ROA and ROE improved marginally to 7.2 percent and 14.3 percent, respectively, compared to 5.7 percent and 10.9 percent in the previous quarter. The increase was underpinned by higher net income generated from the key investment as set classes.



FOR THE RECORD

MONTHLY KINA FACILITY RATE ANNOUNCEMENTS

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

2021	06 September	Maintained at 3.00%
	06 October	Maintained at 3.00%
	01 November	Maintained at 3.00%
	06 December	Maintained at 3.00%
2022	03 January	Maintained at 3.00%
	07 February	Maintained at 3.00%
	07 March	Maintained at 3.00%
	04 April	Maintained at 3.00%
	02 May	Maintained at 3.00%
	06 June	Maintained at 3.00%
	04 July	Increased to 3.25%
	01 August	Maintained at 3.25%
	05 September	Maintained at 3.25%
	03 October	Maintained at 3.25%
	07 November	Maintained at 3.25%
	05 December	Maintained at 3.25%
2023	03 January	Increased to 3.50%
	06 February	Maintained at 3.50%
	06 March	Maintained at 3.50%
	05 April	Maintained at 3.50%
	03 May	Maintained at 3.50%
	07 June	Maintained at 3.50%
	05 July	Maintained at 3.50%
	02 August	Maintained at 3.50%
	06 September	Lowered to 3.00%
	02 October	Lowered to 2.50%
	06 Noember	Maintained at 2.50%
	04 December	Maintained at 2.50%
2024	08 January	Maintained at 2.50%
	05 February	Lowered to 2.00%
	04 March	Maintained at 2.00%
	01 April	Maintained at 2.00%
	06 May	Increased to 2.50%
	03 June	Maintained at 2.50%
	01 July	Maintained at 2.50%
	05 August	Increased to 3.00%
	02 September	Increased to 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 premiums. This is the major liability item of the superannuation funds and insurance corporations. On the assets side, this category records prepaid insurance premiums, which are relatively small amounts.
Interest margin to gross income	A measure of the share of net interest income earned relative to gross income
Kina Facility Rate (KFR)	Official benchmark rate used by the Bank of PNG to signal its monetary policy stance. The KFR is announced monthly by the Governor and published in the newspapers and on the Bank's website.
Large exposures to capital	Identifies vulnerabilities arising from the concentration of credit risk. Large exposure refers to one or more credit exposures to the same individual or group that exceed a certain percentage of regulatory capital, such as 10 percent.
Liquid Assets	Assets of the commercial banks,which are in near liquid form, comprising cash, ESA balances, CBBs,Treasury bills and Inscribed stocks less than 3 years to maturity.
Liquid assets to short-term liabilities	Measures liquidity mismatch between assets and liabilities, and indicates the deposit money banks' ability to meet short-term withdrawal of funds and their ability to replenish without facing liquidity problems.
Liquid assets to total assets	Is an indicator of the liquidity available to meet expected and unexpected demands for cash by the deposit money banks.
Minimum Liquid Asset Ratio (MLAR)	A prudential requirement imposed by the Bank of PNG on commercial banks to hold liquid assets as a percentage of total depos-

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

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

serves against Outstanding Claims

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

Public non-financial corporations

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

Quasi Money

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

Regulatory capital to risk-weighted assets

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

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

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

REFERENCE "FOR THE RECORD"

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

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

REFERENCE

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

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

FOR THE RECORD NOTE:

FINANCIAL SOUNDNESS INDICATORS: QEB

DECEMBER 2023

For the December 2023 FSI report, the following are some of the changes implemented in the analysis and the data table.

1. Those FSIs reported in the FSI report were only included in the FSI data table.

2. The data for NPLs net of provision and large exposure to capital were revised/adjusted on their calculations.

3. FSIs are categorized by measures to indicate what (liquidity, capital, credit quality, profitability, etc..) they are intended to measure in terms of risk.

4. All the footnotes were excluded. Explanations for big movements and definitions can be referred to previous FSI reports and the glossary, respectively.

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