
CONTENTS

1. General Overview	2
2. International Developments	4
3. Domestic Economic Development	7
Domestic Economic Activity	
Employment	
Consumer Price Index	
4. Export Commodities Review	13
Mineral Exports	
Agriculture, Logs and Fisheries Exports	
5. Balance of Payments	16
6. Monetary Developments	17
Interest rates and Liquidity	
Money Supply	
Lending	
7. Public Finance	19
For the Record	22
Trade Weighted Index (TWI)	
Monthly Kina Facility Announcements	
Glossary of Terms and Acronyms	24
Reference 'For the Record'	27
Reference	28
Statistical Section	29
List of Tables	S1

The contents of this publication may be reproduced provided the source is acknowledged.

PORT MORESBY
20th June 2008

1. GENERAL OVERVIEW

Economic indicators available to the Bank of Papua New Guinea (the Bank) show that growth of the domestic economy continued into the first quarter of 2008. Employment growth in almost all sectors, a large surplus in the trade account, driven by high export commodity prices, increased volume of some of the major exports, and continued credit growth in the private sector, under the low interest rate environment, are indicative of the growth. Foreign exchange inflows and the depreciation of the United States (US) dollar against the other major currencies in light of the weakened US economy led to the kina appreciating against the US dollar over the quarter. However, the strengthening of the Australian dollar against the US dollar resulted in the kina depreciating against the Australian dollar. The rate of inflation, as measured by the consumer price index, increased in the March quarter of 2008. This was due to high imported inflation, the feed-through of high fuel prices and increase in the prices of seasonal produces. The Bank of Papua New Guinea is concerned about the inflationary pressures and will take appropriate actions for its monetary policy.

Data obtained from the Bank's Business Liaison Survey (BLS) show that over the twelve months to December 2007 the total nominal value of sales in the formal private sector, excluding the mineral sector, increased by 17.5 percent. All sectors and regions recorded increases in sales. In the December quarter of 2007, the total nominal value of sales in the formal private sector declined by 1.5 percent, compared to the September quarter of 2007.

The Bank's Employment Index show that the level of employment in the formal private sector increased by 2.0 percent in the March quarter of 2008, compared to a revised increase of 2.4 percent in the December quarter of 2007. Excluding the mineral sector, it increased by 2.9 percent, compared to a revised increase of 2.2 percent in the December quarter of 2007. All sectors recorded growth in employment level, except the wholesale and mineral sectors. All regions recorded growth in employment levels, except Morobe. Over the year to March 2008, the level of employment in the formal private sector, excluding the mineral sector, increased by 8.4 percent.

Quarterly headline inflation, as measured by the Con-

sumer Price Index (CPI), was 3.1 percent in the March quarter of 2008, compared to 2.9 percent in the December quarter of 2007. Over the year to March 2008, the headline inflation rate was 7.5 percent, compared to 3.2 percent over the year to December 2007. The higher outcome was due to price increases in all expenditure groups, mainly in the 'Food' and 'Rents, council charges, fuel and power' groups. Trimmed mean inflation was 3.9 percent in the March quarter of 2008, compared to 2.3 percent in the December quarter of 2007. Exclusion-based inflation was 2.8 percent in the March quarter of 2008, compared to 2.1 percent in the December quarter of 2007.

In the March quarter of 2008, the daily average kina exchange rate appreciated slightly against the US dollar and the pound sterling, while it depreciated against the euro, Australian dollar and Japanese yen. The average kina exchange rate appreciated by 0.3 percent against the US dollar and 1.2 percent against the pound sterling, while it depreciated by 5.6 percent against the Japanese yen, 1.6 percent against the euro and 2.4 percent against the Australian dollar. These movements resulted in the daily average Trade Weighted Index (TWI) depreciating by 2.5 percent during the March quarter.

Higher international prices of all mineral and most agricultural exports resulted in a 27.4 percent increase in the weighted average kina price of Papua New Guinea's exports in the March quarter of 2008, compared to the corresponding quarter in 2007. There was a 28.7 percent increase in the weighted average price of mineral exports, with higher kina prices of all mineral products. For the agricultural, logs and marine product exports, the weighted average price increased by 22.3 percent and was attributed to higher kina prices of coffee, cocoa, palm oil, copra, copra oil, and marine products.

The balance of payments recorded an overall deficit of K114 million in the March quarter of 2008, compared to a deficit of K106 million in the corresponding period in 2007. This outcome was due to a deficit in the capital and financial accounts, which more than offset a surplus in the current account.

The current account recorded a surplus of K269 million in the March quarter of 2008, compared to a deficit of K294 million in the corresponding period in 2007. This outcome was mainly attributed to a higher trade surplus and lower net service payments, which more

than offset higher net income payments and lower net transfer receipts.

The capital and financial accounts recorded a net outflow of K356 million in the March quarter of 2008, compared to a net inflow of K129 million in the corresponding period in 2007. This outcome was mainly associated with a net outflow in the financial account, reflecting equity withdrawal from direct investments, higher portfolio investments, the build up in foreign currency account balances of the mineral companies and higher loan repayments by the Government.

The level of gross foreign exchange reserves at the end of March 2008 was K5,805.0 (US\$2,075.4) million, sufficient for 9.0 months of total and 13.1 months of non-mineral import covers.

The Bank of PNG continued to maintain a neutral monetary policy stance during the March quarter of 2008, with the Kina Facility Rate (KFR) remaining at 6.00 percent. The dealing margin for the Repurchase Agreements (Repos) was maintained at 100 basis points on both sides of the KFR during the same period. The Central Bank Bill (CBB) rates increased over the March quarter of 2008, while other domestic interest rates showed mixed trends.

The Bank continued to utilise its Open Market Operation (OMO) instruments in the conduct of monetary policy over the March quarter of 2008, utilising the CBB and Repo Facility to manage liquidity. Trading in the inter-bank market remained low due to the high level of liquidity in the banking system. The Cash Reserve Requirement (CRR) and the Minimum Liquid Assets Ratio (MLAR) of commercial banks were maintained at 3.0 percent and 25.0 percent, respectively, over the March quarter of 2008.

The average level of broad money supply (M3*) increased by 10.2 percent in the March quarter of 2008, compared to an increase of 8.3 percent in the December quarter of 2007. The outcome was due to an increase of K535.3 million in average net claims on the Government, 11.4 percent increase in average private

sector credit and 3.3 percent increase in average net foreign assets of the depository corporations. Net domestic claims outstanding, excluding advances to the Central Government and outstanding loans under the Government's agricultural export commodity price support schemes, increased by 11.3 percent in the March quarter of 2008, compared to an increase of 6.1 percent in the previous quarter.

Total domestic credit extended by depository corporations to the private sector, public non-financial corporations, Provincial and Local level Governments and other financial corporations, increased by K468.6 million to K4,517.8 million, compared to an increase of K307.4 million in the previous quarter. This was mainly due to an increase of K465.6 million in private sector credit. The annualised growth in domestic credit, excluding Central Government and advances under the agricultural commodity price support schemes, was 33.9 percent in the first quarter of 2008.

Preliminary estimates of the fiscal operations of the National Government over the three months to March 2008 show an overall deficit of K116.8 million, compared to a deficit of K34.8 million in the corresponding period in 2007. This represents 0.6 percent of nominal GDP. The deficit reflected higher recurrent expenditure, combined with lower revenue.

Total revenue, including grants, during the March quarter of 2008 was K699.5 million, 29.1 percent lower than the receipts collected in the corresponding period of 2007. This represents 9.7 percent of the budgeted revenue.

Total expenditure over the three months to March 2008 was K816.3 million, 20.1 percent lower than in the corresponding period in 2007, and represents 11.7 percent of the budgeted expenditure for 2008.

The deficit, combined with net external loan repayments of K55.4 million was financed domestically with a net of K172.2 million, mainly through the drawdown of deposits with commercial banks and the Central Bank.

2. INTERNATIONAL DEVELOPMENTS

The world economy continued to grow in 2007. The April 2008 World Economic Outlook Report of the International Monetary Fund (IMF) estimated global growth at 4.9 percent in 2007, compared to 5.0 percent in 2006. In 2008, global growth is expected to slow down to 3.7 percent. A significantly lower growth of 1.3 percent is expected for the industrialized countries in 2008, reflecting the slow down in the United States (US) economy, triggered by the sub-prime housing market crisis, and its effect on the other major economies. Emerging and developing economies on the other hand are expected to continue to grow strongly, at 6.7 percent in 2008. The growth in emerging and developing economies is being sustained through productivity gains and the favourable terms of trade for commodity producers as raw material prices continue to soar.

The financial market crisis in the US and United Kingdom has progressed into the first quarter of 2008, causing balance sheets of financial institutions to come under considerable stress. Some of these institutions have required Central Bank assistance. Asset prices continued to fall and the management of macroeconomic environment has become more challenging due to a moderation in global growth. Meanwhile, increasing global inflation, fuelled by high food and fuel prices, has posed further concern to Central Banks and Monetary Authorities.

International commodity prices continued their upward trend in the first quarter of 2008, with the IMF commodity price index increasing by 10 percent mainly due to increased demand from emerging market economies, particularly China. The prices of wheat, rice and tin hit new highs due to supply shocks. Gold hit a new high of US\$1,007 per ounce in March 2008. Gold has become a popular safe haven investment as stock markets have been affected by the financial crisis. Crude oil prices continue to soar, with the US crude oil reaching a new high of US\$111 per barrel in March 2008.

In January, leaders of the world's influential organisations met in Davos, Switzerland, for the annual meeting of the World Economic Forum. The meeting focused on discussing collaborative approaches for sustainable agriculture and food security. The meeting ended with world leaders calling for a new ap-

proach to collaborative and innovative leadership to address the challenges of globalisation, particularly the key problems of conflict, terrorism, climate change and water conservation.

The IMF laid off some staff in the first quarter of 2008. The IMF, which historically has been funded by the small profits it made on loans to developing countries, has now been forced to introduce cost cutting measures as these countries have improved their economic management and reduced their debt. Other options available to the IMF involve selling off some of the Fund's gold reserves and changing its business model.

In the US, real GDP grew by 2.5 percent over the year to March 2008, compared to 2.1 percent over the same period in 2007. The higher outcome was due to a pick-up in economic activity in the third quarter of 2007. The IMF expects real GDP to grow by 0.5 percent in 2008. The slump in economic activity, which was brought on by the sub-prime mortgage crisis, is being felt unevenly across the US.

Industrial production increased by 1.6 percent over the year to March 2008, compared to an increase of 2.3 percent over the same period in 2007. The Institute of Supply Management's Purchasing Managers' Index recorded 50.7 in January, 48.3 in February and 48.6 in March 2008. An index rating of less than 50 indicates a contraction in the manufacturing sector. Retail sales increased by 0.6 percent in the year to March 2008, compared to 3.3 percent over the same period in 2007. Lower retail sales were due to the reduction in consumer demand as a result of increased fuel prices and increased unemployment. The unemployment rate was 5.1 percent in March 2008, compared to 4.4 percent in March 2007.

Consumer prices increased by 4.0 percent over the year to March 2008, compared to 2.8 percent over the year to March 2007. This was largely due to higher prices of fuel and food. Broad money supply increased by 7.0 percent in the year to March 2008, compared to 6.1 percent over the year to March 2007. The slow down in the economic growth rather than inflation was seen as the major concern for the economy. Therefore, to stimulate economic activity, the Federal Reserve reduced the Federal Funds Rate in March from 3.0 percent to 2.25 percent. This was the sixth cut since September 2007.

The trade account deficit was US\$823.8 billion over

the year to March 2008, compared to US\$827.2 billion over the year to March 2007. The improvement was due to a higher value of exports combined with a lower value of imports.

In Japan, real GDP grew by 1.0 percent over the year to March 2008, compared to 2.0 percent over the year to March 2007. Strong exports to China and other emerging economies did not offset the weak capital spending and declines in exports to the US, resulting in a lower growth. The IMF forecast is for real GDP to grow by 1.4 percent in 2008.

Industrial production declined by 0.7 percent over the year to March 2008, compared to an increase of 1.6 percent over the year to March 2007. Retail sales decreased by 0.3 percent over the year to March 2008, compared to 1.6 percent in the corresponding period in 2007. The unemployment rate was 3.8 percent in March 2008, compared to 4.0 percent in March 2007.

Consumer prices increased by 1.2 percent during the year to March 2008, compared to a decline of 0.1 percent during the corresponding period in 2007. The increase was due to higher fuel and food prices. Wages grew by 1.2 percent over the year to March 2008, compared to a decrease of 0.6 percent over the same period in 2007 which could assist consumer spending. Broad money increased by 2.2 percent over the year to March 2008, compared to 1.1 percent in the corresponding period in 2007. Despite the increase in inflation, the Bank of Japan maintained its call rate at 0.5 percent during the first quarter of 2008.

The current account surplus was US\$216.6 billion over the year to March 2008, compared to US\$181.5 billion over the year to March 2007. The higher surplus was due to increased exports to China and other emerging economies, which offset the declines in exports to the US.

In the Euro area, real GDP grew by 2.2 percent over the year to March 2008, compared to 3.1 percent over the year to March 2007. The growth in the Euro area was not consistent across the region. Spain experienced a slower growth, while Germany, supported by a strong export sector, continued to grow strongly.

Industrial production rose by 2.0 percent over the year to March 2008, compared to 3.1 percent in the corresponding period of 2007. Retail sales decreased by 1.6 percent over the year to March 2008, compared to an

increase of 2.6 percent over the year to March 2007. The unemployment rate was 7.1 percent in March 2008, compared to 7.2 percent in March 2007.

Consumer prices increased by 3.5 percent over the year to March 2008, compared to an increase of 1.9 percent in the corresponding period of 2007. Broad money supply increased by 10.3 percent over the year to March 2008, compared to an increase of 10.9 percent over the year to March 2007. The European Central Bank (ECB) maintained its Euro Refinancing Rate at 4.0 percent during the March quarter of 2008, despite concerns of high inflation.

The current account deficit was US\$5.3 billion over the year to March 2008, compared to US\$12.5 billion over the year to March 2007.

In Germany, real GDP grew by 1.8 percent over the year to March 2008, compared to 3.6 percent in the corresponding period in 2007. The slower growth was associated with weaker consumer spending, which was partially offset by higher exports. The IMF forecast is for real GDP to grow by 1.4 percent in 2008.

Industrial production grew by 4.6 percent over the year to March 2008, compared to 7.7 percent over the year to March 2007. Retail sales fell by 6.3 percent over the year to March 2008, compared to an increase of 0.7 percent over the year to March 2007. The unemployment rate fell to 7.8 percent in March 2008 from 9.2 percent in March 2007.

Consumer prices rose by 3.1 percent over the year to March 2008, compared to 1.9 percent over the year to March 2007.

The current account recorded a surplus of US\$264.5 billion over the twelve months to March 2008, compared to a surplus of US\$165.0 billion over the twelve months to March 2007. This reflects the continued strength of Germany's export sector.

In the United Kingdom (UK), real GDP grew by 2.5 percent over the year to March 2008, compared to 2.8 percent in the corresponding period of 2007. The IMF forecast is for real GDP to grow by 1.6 percent in 2008.

Industrial production increased by 0.2 percent over the year to March 2008, compared to a decline of 0.2 percent over the year to March 2007. The price of UK manufacturers' input rose in March 2008 at their

fastest rate since 1999 due to high energy and raw material costs. Retail sales rose by 4.6 percent over the year to March 2008, compared to 4.8 percent in the corresponding period in 2007. The unemployment rate was 5.2 percent in March 2008, compared to 5.5 percent in March 2007.

Consumer prices rose by 2.5 percent over the year to March 2008, compared to 3.1 percent over the year to March 2007. Broad money supply increased by 11.9 percent over the year to March 2008, compared to 12.8 percent over the year to March 2007. The Bank of England cut its benchmark Repo Rate to 5.25 percent from 5.5 percent in the March quarter of 2008.

The trade deficit was US\$179.7 billion over the year to March 2008, compared to a deficit of US\$157.6 billion over the year to March 2007.

In Australia, real GDP grew by 0.7 percent over the year to March 2008, compared to 1.2 percent over the year to March 2007. The rising price of iron ore and other minerals has fuelled disposable income and domestic demand in Australia. The export sector continued to perform strongly and consumer demand remained high.

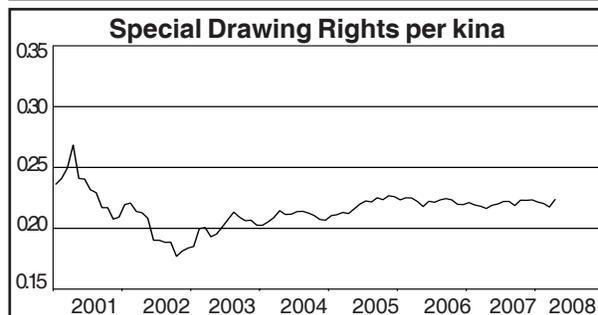
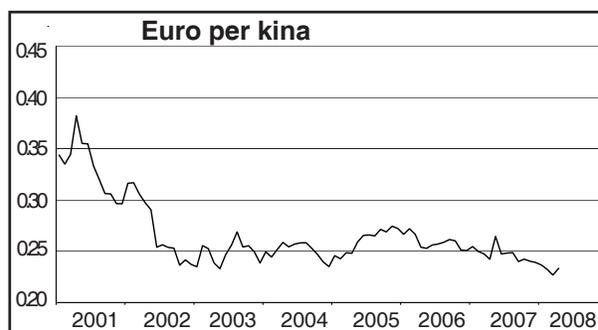
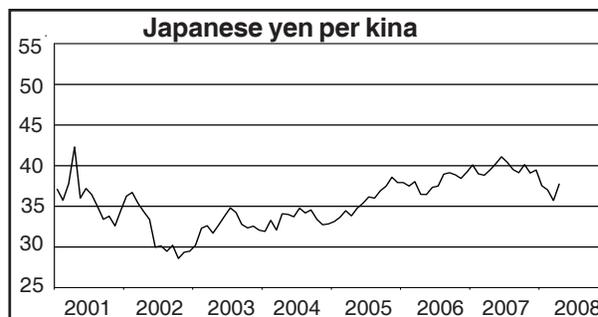
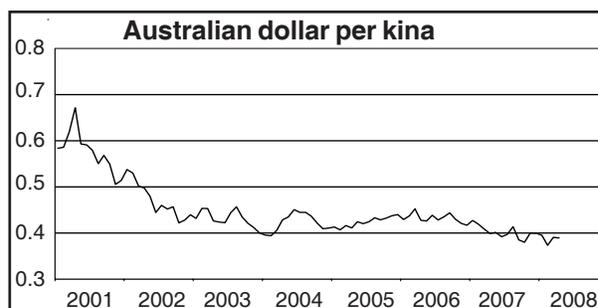
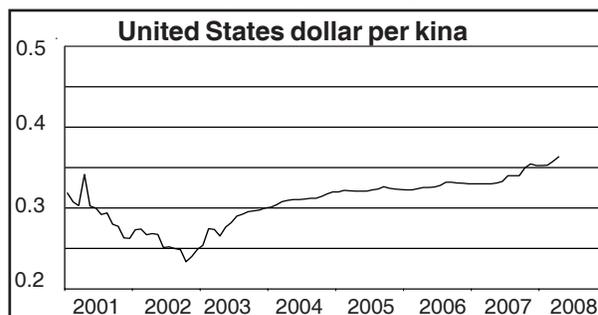
Industrial production increased by 5.5 percent over the year to March 2008, compared to an increase of 2.3 percent over the same period in 2007. This was largely due to the higher prices of Australia's mineral exports. Retail sales rose by 6.7 percent over the year to March 2008, compared to 4.8 percent over the year to March 2007. The unemployment rate was 4.1 percent in March 2008, compared to 4.5 percent in March 2007.

Consumer prices increased by 4.2 percent over the year to March 2008, compared to 2.4 percent over the year to March 2007. In view of the high inflation, the Reserve Bank of Australia raised its cash rate to 7.25 percent in March quarter of 2008, from 6.75 percent in the December quarter of 2007, its highest level in twelve years. The increases in the cash rate are putting increasing stress on home mortgages.

The current account deficit was US\$21.9 billion over the year to March 2008, compared to US\$43.8 billion over the year to March 2007. The lower deficit was a result of the high prices for Australia's mineral exports over the year to March 2008.

During the March quarter of 2008, the US dollar

EXCHANGE RATES



depreciated against the Australian dollar, the Japanese yen and the euro, while it appreciated against the pound sterling. The quarterly average US dollar exchange rate depreciated by almost 3.0 percent against the Australian dollar, 1.7 percent against the euro and almost 9.0 percent against the yen. The US dollar appreciated by almost 1.0 percent against the sterling. The depreciation of the US dollar against most of the major currencies was due to the weakening of the US economy.

In the March quarter of 2008, the daily average kina exchange rate appreciated slightly against the US dollar and sterling, while it depreciated against the euro, the Australian dollar and the yen. The average kina exchange rate appreciated by 0.3 percent against the US dollar and 1.2 percent against the sterling, while it depreciated by 5.6 percent against the yen, by 1.6 percent against the euro and by 2.4 percent against the Australian dollar. These movements resulted in the daily average Trade Weighted Index (TWI) exchange rate depreciating by 2.5 percent during the March quarter of 2008.

3. DOMESTIC ECONOMIC DEVELOPMENT

DOMESTIC ECONOMIC ACTIVITY

Data obtained from the Bank's BLS indicate that while economic activity in the private sector declined in the December quarter of 2007, it increased over the year twelve months to December. The nominal value of sales declined by 1.5 percent in the December quarter of 2007, compared to the September quarter of 2007. Excluding the mineral sector, the nominal value of sales declined by 1.0 percent. Over the twelve months to December 2007, sales increased by 22.9 percent. Excluding the mineral sector, sales increased by 17.5 percent.

In the December quarter of 2007, the nominal value of sales declined in the manufacturing, mineral and building and construction sectors, while it increased in the agriculture/forestry/fisheries, retail, wholesale, transportation, and financial/business and other services sectors. By region, the declines were in the Southern, NCD and Momase regions, while Morobe, Islands and Highlands regions recorded increased sales.

In the agriculture/forestry/fisheries sector, the nominal

value of sales increased by 1.5 percent in the December quarter of 2007, compared to the September quarter of 2007. The increase was mainly due to a pick-up in logging activity as a result of good weather conditions. Over the twelve months to December 2007, the total nominal value of sales in the agriculture/forestry/fisheries sector increased by 47.7 percent.

In the manufacturing sector, the nominal value of sales declined by 7.9 percent in December quarter of 2007, compared to the September quarter of 2007. The decline was mainly due to the scaling down of production by a major oil refinery as a result of mineral companies importing fuel directly from overseas suppliers. In addition, there were lower shipments of processed coconut oil to overseas markets due to delays in shipment. Over the twelve months to December 2007, the total nominal value of sales in the manufacturing sector increased by 7.5 percent.

In the mineral sector, the nominal value of sales declined by 2.3 percent in the December quarter of 2007, compared to the September quarter of 2007. The decline in revenue was mainly due to production of lower grade copper ores from the Ok Tedi mine and lower water levels that resulted in fewer shipments of copper ores. Over the twelve months to December 2007, the total nominal value of sales in the mineral sector declined by 32.5 percent.

In the building and construction sector, the nominal value of sales declined by 8.8 percent in December quarter of 2007, compared to the September quarter of 2007. The decline was mainly due to the near-completion of a new hospital and the Savings and Loan Society building in the East New Britain province, as well as the completion of a major road project in NCD. In addition, the decline was partly due to the near-completion or completion of a number of building projects, including school dormitories and houses undertaken through the PNG Incentive Fund in the Highlands and Momase regions. In the Southern region, the decline was due to the winding down of construction work in and around a mine site and completion of road maintenance work. Over the twelve months to December 2007, the total nominal value of sales in the building and construction sector increased by 28.4 percent.

In the retail and wholesale sectors, the nominal value of sales for both sectors increased by 14.5 percent in

December quarter of 2007, compared to the September quarter of 2007. The retail sector recorded an increase of 2.2 percent, while the wholesale sector experienced an increase of 6.5 percent. The increases in both sectors were mainly due to high demand during the festive season on all range of products. Over the twelve months to December 2007, the nominal value of sales in the retail sector increased by 7.4 percent, while the wholesale sector recorded an increase of 21.3 percent.

In the transportation sector, the nominal value of sales increased by 3.3 percent in the December quarter of 2007, compared to the September quarter of 2007. The increase was mainly due to higher passenger travel especially by air and sea, as well as a pick-up in shipping and stevedoring activities in Lae. Over the twelve months to December 2007, the total nominal value of sales in the transportation sector increased by 10.1 percent.

In the financial/business and other services sector, the nominal value of sales increased by 3.5 percent in the December quarter of 2007, compared to the September quarter of 2007. The increase was mainly due to a new contract awarded to a major security company and increased commercial banks activities associated with higher lending, investments and foreign exchange dealings. Over the twelve months to December 2007, the total nominal value of sales in the financial/business and other services sector increased by 36.9 percent.

In the Southern region, the nominal value of sales declined by 9.3 percent in the December quarter of 2007, compared to the September quarter of 2007. The decline was mainly in the mineral and the building and construction sectors. In the mineral sector, the decline was associated with lower water levels, combined with the mining of lower grade copper ores, which resulted in loss of export revenue by the Ok Tedi mine. In the building and construction sector, the decline was mainly due to the completion of both building and road projects in and around a mine site and lower related activities during the December quarter of 2007, compared to the September quarter. Over the twelve months to December 2007, the total nominal value of sales in the Southern region increased by 35.4 percent.

In NCD, the nominal value of sales declined by 5.4 percent in the December quarter of 2007, compared to

the previous quarter. The fall was in the manufacturing and the building and construction sectors. In the manufacturing sector, the decline was due to the scaling down of production by a major oil refinery as a result of mineral companies sourcing fuel directly from overseas suppliers. The decline in the building and construction sector was mainly due to the completion of a major road project. Over the twelve months to December 2007, the total nominal value of sales in NCD increased by 5.3 percent.

In the Momase region (excluding Morobe), the nominal value of sales declined by 5.9 percent in the December quarter of 2007, compared to the previous quarter. The decline was in the fisheries sub-sector and was mainly associated with lower fish catches partly due to bad weather conditions. Over the twelve months to December 2007, the total nominal value of sales in the Momase region increased by 51.3 percent.

In the Highlands region, the nominal value of sales increased by 7.8 percent in the December quarter of 2007, compared to the previous quarter. The increase was in the retail, wholesale and transportation sectors. The increases in the retail and wholesale sectors were due to the pick-up in demand related to the Christmas season, while the increase in the transportation sector was due to higher passenger travel by air. Over the twelve months to December 2007, the total nominal value of sales in the Highlands region increased by 59.4 percent.

In Morobe, the nominal value of sales increased by 13.3 percent in the December quarter of 2007, compared to the previous quarter. The increase was in the retail, wholesale and transportation sectors. In the retail and wholesale sectors, the increase was driven mainly by high demand during the festive season. In the transportation sector, the increase was due to higher passenger travel by air and haulage of cargo by sea, combined with increased stevedoring activities at the Lae wharf. Over the twelve months to December 2007, the total nominal value of sales in Morobe increased by 13.4 percent.

In the Islands region, the nominal value of sales increased by 6.1 percent in the December quarter of 2007, compared to the previous quarter. The increase was in the transportation, retail and wholesale sectors, and forestry sub-sector. The increase in the transportation sector was mainly due to higher passenger travel by air, while the growth in the retail and whole-

sale sectors were due to the Christmas season. In the forestry sub-sector, the growth was due to increased logging harvests as a result of good weather conditions. Over the twelve months to December 2007, the total nominal value of sales in the Islands region increased by 22.3 percent.

EMPLOYMENT

The Bank's Employment Index showed that the level of employment in the formal private sector increased by 2.0 percent in the March quarter of 2008, compared to a revised increase of 2.4 percent in the December quarter of 2007. Excluding the mineral sector, the employment level increased by 2.9 percent during the same period, compared to a revised increase of 2.2 percent in the previous quarter. All sectors recorded increases in employment levels, except the wholesale and mineral sectors. All regions recorded growth in employment levels, except the Morobe region. Over the year to March 2008, the level of employment in the formal private sector increased by 8.5 percent, while excluding the mineral sector, it increased by 8.4 percent.

In the agriculture/forestry/fisheries sector, the level of employment increased by 5.2 percent in the March quarter of 2008, compared to a revised increase of 1.4 percent in the previous quarter. In the agriculture sub-sector, the increase was mainly due to the employment of casual labour associated with higher production of palm oil and replanting of existing and new plantations, restoration activities at the Higaturu palm oil estate in the Northern province and the beginning of a mini-flush of the coffee season. In the forestry sub-sector, the growth in employment was due to increased logging activity on existing sites and expansion into new logging areas. In the fisheries sub-sector, the increase in the shift hours by a major fishing company and the start of the bech der mer harvesting season resulted in the growth. Over the year to March 2008, the level of employment increased by 9.2 percent.

In the building and construction sector, the level of employment increased by 12.3 percent in the March quarter of 2008, compared to a revised decrease of 1.4 percent in the previous quarter. The increase was due to the awarding of new contracts for road projects in the highlands, commencement of new building projects, including warehouses and housing for private companies, a new commercial building complex in Mt.

Hagen, and a commercial centre in Port Moresby. Over the year to March 2008, the level of employment increased by 14.3 percent.

In the transportation sector, the level of employment increased by 4.0 percent in the March quarter of 2008, compared to a revised decrease of 2.8 percent in the December quarter of 2007. The growth was mainly associated with the recruitment of pilots and casual staff reflecting growth in two major airlines, and the opening of a new branch in Alotau by a hire car company. Over the year to March 2008, the level of employment increased by 0.5 percent.

In the manufacturing sector, the level of employment increased by 1.2 percent in the March quarter of 2008, compared to a revised increase of 5.4 percent in the December quarter of 2007. The growth was due to increased production reflecting higher demand, construction of a new oil storage tank and repair and maintenance of a coconut oil production mill. Over the year to March 2008, the level of employment increased by 11.2 percent.

In the retail and wholesale sectors, the level of employment increased by 0.5 percent and declined by 5.2 percent, respectively, in the March quarter of 2008, compared to revised increases of 1.1 percent and 5.4 percent, respectively, in the December quarter of 2007. The marginal increase in the retail sector was mainly due to the recruitment of casual employees and engagement of apprentices. The decline in the wholesale sector was mainly due to the termination of casual staff following the Christmas season and reduction of operations by a wholesale company. Over the year to March 2008, the level of employment increased by 7.0 percent in the retail sector, while the wholesale sector recorded a decrease of 2.5 percent.

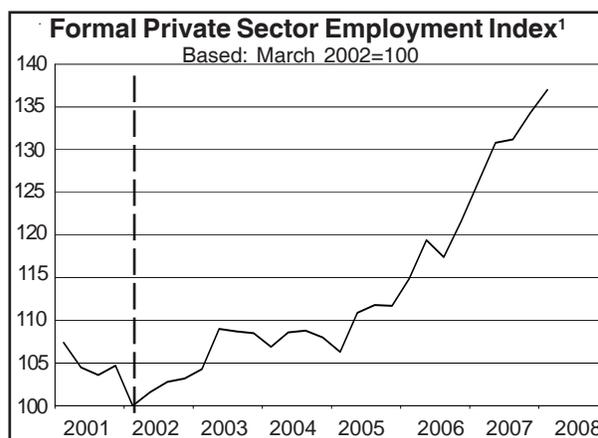
In the financial/business and other services sector, the level of employment increased by 0.1 percent in the March quarter of 2008, compared to a revised increase of 4.4 percent in the previous quarter. The increase in the finance/insurance sub-sector was mainly due to expansion of an insurance company, while the increase in hotel and catering sub-sectors were mainly due to the recruitment of casual employees for extension work and high occupancy rates in big hotels. In the other services sub-sector, the increase in promotional activities by a major communication company, awarding of new contracts to a security firm, engagement of additional teachers by an educational institution as a

result of new programs and increased enrolment, as well as increase in short-term cleaning jobs contributed to the growth. Over the year to March 2008, the level of employment increased by 7.9 percent.

In the mineral sector, the level of employment declined by 6.7 percent in the March quarter of 2008, compared to a revised increase of 3.7 percent in the December quarter of 2007. The decline was mainly associated with the construction activities in a mining project reaching final stages and reductions in drilling operations following the breakdown of one of its rig, which resulted in the resignations and termination of employees. Over the year to March 2008, the level of employment in the mineral sector grew 13.5 percent.

By region, the level of employment increased in all regions, except Morobe. In the Momase region (excluding Morobe), the level of employment increased by 10.6 percent in the March quarter of 2008, compared to a revised increase of 2.5 percent in the previous quarter. Higher employment was recorded in the manufacturing, retail, financial/business and other services and the agriculture sectors. The increase in the manufacturing sector was mainly due to recruitment of graduates and apprentices as well as increase in casual labour for the rehabilitation of a coconut oil production mill and building of a new storage tank. In the agriculture sub-sector, the increase was due to the higher livestock production with a new chicken processing plant, while the expansion of activities into downstream timber processing contributed to the growth in the forestry sub-sector. The growth in the retail sector was due to hiring of casual staff associated with increased business activity, while the growth in the financial/business and other services sector was due to higher demand for hotel services and special programs introduced by a private education institution. Over the year to March 2008, the level of employment grew by 15.9 percent.

In the Highlands region, the level of employment increased by 9.3 percent in the March quarter of 2008, compared to a revised decrease of 4.8 percent in the December quarter of 2007. Higher employment was recorded in the agriculture, building and construction, retail and financial/business and other services sectors. The increase in the agriculture sector mainly reflected the start of the coffee season. The increase



in the building and construction sector was due to the building of a new commercial complex and warehouses for private companies in Mt. Hagen and the maintenance and rehabilitation of roads in Chimbu and Eastern Highlands provinces. The increase in the retail sector was due to the recruitment of casual employees, reflecting higher demand associated with the coffee season. In the other services sub-sector, the increase was due to engagement of casual staff associated with increased activities. Over the year to March 2008, the level of employment grew by 3.4 percent.

In the Islands region, the level of employment grew by 2.4 percent in the March quarter of 2008, compared to a revised increase of 6.1 percent in the previous quarter. Higher employment was recorded in the building and construction, retail and manufacturing sectors and the agriculture and other services sub-sectors. The increase in the agriculture sub-sector was mainly associated with higher production of palm oil and other export commodities. In the retail sector, the increase was due to higher demand during the Christmas festive season. The growth in the manufacturing sector was associated with high demand for merchandise goods and increase in building and construction activities, while the growth in the financial/business and other services sector was due to an increase in the number of guests in a major resort. Over the year to March 2008, the level of employment grew by 11.8 percent.

In NCD, the level of employment increased marginally by 0.2 percent in the March quarter of 2008, compared

¹ The dotted vertical line indicates a break in series from 2002. See 'For the Record' in the March 2003 QEB on page 31 and the September 2005 QEB on page 29.

to a revised increase of 2.1 percent in the December quarter of 2007. The increase was across all sectors. The increase in the retail and wholesale sectors was associated with higher demand, recruitment of apprentices and rehabilitation of tanks for a major gas supplier. In the manufacturing sector, the increase was due to high production orders, while the increase in the transportation sector was mainly due to growth in the two major airlines. In the building and construction sector, the increase was attributed to the commencement of building projects. In the other services sector, the growth was due to increased activities in hotels, recruitment of additional staff by a private educational institution as a result of higher enrolment of students and awarding of new contracts to security companies. Over the year to March 2008, the level of employment grew by 5.4 percent.

In the Southern region, the level of employment grew by 0.2 percent in the March quarter of 2008, compared to a revised decrease of 2.1 percent in the December quarter of 2007. The increase in employment was in the agriculture/forestry/fisheries, building and construction and other services sectors. The increase in the agriculture sub-sector was due to the increased harvesting of palm oil in the Milne Bay province, and the recovery in palm oil activity in the Northern province after the flood. In the forestry sub-sector, the increase was due to higher activity as a result of favourable weather conditions, while the growth in the fisheries sub-sector was mainly due to the start of the bech der mer season and the engagement of casual staff for a boat building project. The growth in the building and construction sector was mainly due to the awarding of contracts for the maintenance of Hiritano Highway in the Central province, while the growth in the other services sector was due to the engagement of students for part-time employment. Over the year to March 2008, the level of employment grew by 3.7 percent.

In Morobe, the level of employment decreased by 5.5 percent in the March quarter of 2008, compared to an increase of 8.0 percent in the December quarter of 2007. Lower employment was recorded in almost all the sectors. The decline in the building and construction sector was due to completion of building projects, while in the mineral sector, the fall was mainly due to downsizing of manpower and completion of projects. In the manufacturing sector, the decline was mainly in the casual employees due to lower production associated with shortage of raw materials, while in the retail

and wholesale sectors, the decline was due to lower demand following the Christmas season, rationalisation exercise undertaken by a retail company and termination of employees. The decrease in the transportation sector was due to a decline in shipping activity and non-renewal of contracts, while the decrease in the other services sub-sector was due to downsizing of operations by a security firm and temporary laying-off of workers by an automotive company. Over the year to March 2008, the level of employment grew by 11.7 percent.

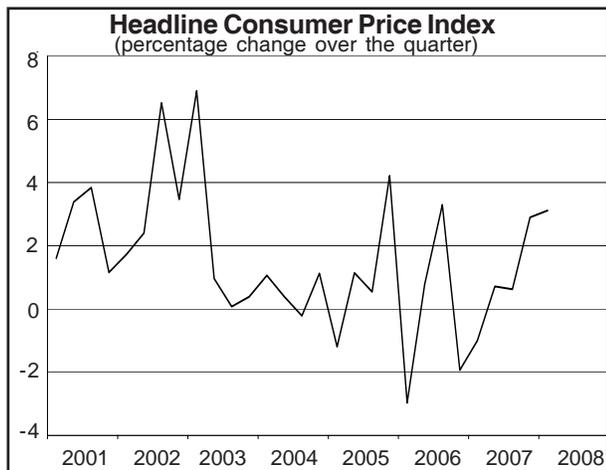
CONSUMER PRICE INDEX

Quarterly headline inflation rate, as measured by the Consumer Price Index (CPI), was 3.1 percent in the March quarter of 2008, compared to 2.9 percent in the December quarter of 2007. This outcome was due to higher prices in all expenditure groups. Over the year to March 2008, the headline inflation rate was 7.5 percent, compared to 3.2 percent over the year to December 2007. The significant increase in the annual headline inflation rate was mainly associated with high international food and fuel prices and increase in the prices of seasonal produce. The higher outcome was due to price increases in all expenditure groups, mainly in the 'Food' and 'Rents, council charges, fuel and power' groups. By region, all urban areas recorded price increases in the March quarter and over the year to March 2008.

The CPI for the 'Food' expenditure group increased by 4.6 percent in the March quarter of 2008, compared to an increase of 2.5 percent in the December quarter of 2007. The increase was due to significant price increases in all sub-groups. This expenditure group contributed the highest weight of 1.9 percentage points to the overall movement in the CPI.

The CPI for the 'Drinks, tobacco and betelnut' expenditure group increased by 2.9 percent in the March quarter of 2008, compared to an increase of 6.0 percent in the December quarter of 2007. This outcome was due to increases in the price of alcoholic drinks and cigarettes and tobacco, which more than offset declines in the price of soft drinks and betelnut. This expenditure group contributed 0.6 percentage points to the overall movement in the CPI.

The CPI for the 'Clothing and Footwear' expenditure group increased by 2.0 percent in the March quarter of 2008, compared to an increase of 0.9 percent in the



December quarter of 2007. This outcome was due to higher prices in all sub-groups. This expenditure group contributed 0.1 percentage points to the overall movement in the CPI.

The CPI for the 'Rents, council charges, fuel and power' expenditure group increased by 5.1 percent in the March quarter of 2008, compared to an increase of 5.4 percent in the December quarter of 2007. This outcome was due to a significant increase in fuel and power prices and council charges. This expenditure group contributed 0.4 percentage points to the overall movement in the CPI.

In the 'Household, equipment and operations' expenditure group, the CPI increased by 1.0 percent in the March quarter of 2008, compared to an increase of 1.3 percent in the December quarter of 2007. The increase reflected higher prices in all sub-groups. This expenditure group contributed 0.1 percentage points to the overall movement in the CPI.

The CPI for the 'Transport and communication' expenditure group increased by 1.3 percent in the March quarter of 2008, compared to an increase of 1.2 percent in the December quarter of 2007. This outcome was associated with higher prices for all sub-groups, mainly reflecting the increase in landline telephone charges. This expenditure group contributed 0.2 percentage points to the overall movement in the CPI.

In the 'Miscellaneous' expenditure group, the CPI increased by 0.3 percent in the March quarter of 2008, compared to 0.5 percent in the December quarter of 2007. This outcome was due to higher prices in the

entertainment and cultural sub-group, which more than offset price declines in the medical and health care and other goods sub-groups. This expenditure group's contribution to the overall movement in the CPI was insignificant.

By urban areas, prices increased in all surveyed centres in the March quarter of 2008. Port Moresby recorded the highest increase of 3.9 percent in the March quarter of 2008, compared to an increase of 3.5 percent in the December quarter of 2007. Price increases in other centres in the March quarter of 2008, compared to the December quarter of 2007 (in bracket) are: Lae 3.0 percent (2.6 percent), Goroka 1.7 percent (2.2 percent), Madang 2.2 percent (3.2 percent) and Rabaul 2.5 percent (1.5 percent).

In Port Moresby, prices for all expenditure groups and sub-groups increased, except for the 'Household equipment and operations' group and soft drinks sub-group. Inflation movements in Port Moresby contributed the highest weight of 1.7 percentage points to the overall movement in the CPI. In Lae and Goroka, all expenditure groups, except the 'Miscellaneous' group, recorded higher prices, while prices in all sub-groups also increased, except fruits and vegetables, betelnut and soft drinks. Lae and Goroka contributed 0.7 and 0.2 percentage points, respectively, to the overall movement in the CPI. Inflation in Madang was due to higher prices in all expenditure groups. All sub-groups also recorded higher prices, except fruits and vegetables and betelnut. Price increases in Madang contributed 0.3 percentage points to the overall movement in the CPI. In Rabaul, inflation was due to higher prices in all expenditure groups and sub-groups, except the 'Miscellaneous' group and soft drinks sub-group. The centre contributed 0.3 percentage points to the overall movement in the CPI.

The exclusion-based inflation rate was 2.8 percent in the March quarter of 2008, compared to 2.1 percent in the December quarter of 2007. The trimmed mean inflation rate was 3.9 percent in the March quarter of 2008, compared to 2.3 percent in the December quarter of 2007. Annual exclusion-based inflation was 7.7 percent in the March quarter of 2008, compared to 6.1 percent in the December quarter of 2007. Annual trimmed mean inflation was 8.7 percent in the March quarter of 2008, compared to 5.3 percent in the December quarter of 2007.

4. EXPORT COMMODITIES REVIEW

The total value of merchandise exports in the March quarter of 2008 was K3,496 million, an increase of 16.0 percent from the corresponding quarter of 2007. Higher export values were recorded for copper, gold, coffee, cocoa, palm oil, copra, copra oil, marine products and other forestry products, which more than offset declines in the values of tea, rubber, logs, refined petroleum products and crude oil exports. Mineral export receipts, excluding crude oil were K2,025.4 million and accounted for 57.9 percent of total merchandise exports in the March quarter of 2008, compared to 52.3 percent in the corresponding quarter of 2007. Crude oil exports totalled K638.2 million and accounted for 18.3 percent of total merchandise exports in the March quarter of 2008, compared to 21.2 percent in the corresponding quarter of 2007.

The value of agricultural, marine products and other non-mineral exports, excluding forestry and refined petroleum product exports was K589.7 million and accounted for 16.9 percent of total merchandise exports in the March quarter of 2008, compared to 13.8 percent in the corresponding quarter of 2007. Forestry product exports were K173.5 million and accounted for 5.0 percent of total merchandise exports in the March quarter of 2008, compared to 6.3 percent in the corresponding quarter of 2007. Refined petroleum product exports were K69.2 million and accounted for 2.0 percent of total merchandise exports in the March quarter of 2008, compared to 6.4 percent in the corresponding quarter of 2007.

The weighted average price of Papua New Guinea's exports increased by 27.4 percent in the March quarter of 2008, compared to the corresponding quarter of 2007. There was a 28.7 percent increase in the weighted average price of mineral exports, with higher kina prices of all mineral exports. For the agricultural, forestry and marine product exports, the weighted average kina price increased by 22.3 percent and was attributed to higher kina prices of coffee, cocoa, palm oil, copra, copra oil and marine products, which more than offset the decline in export prices of tea, rubber and logs. The higher kina export prices reflected increased international prices during the March quarter of 2008, compared to the corresponding quarter of 2007. Excluding logs, the weighted average price of agricultural and marine product exports increased by 33.8 percent in the March quarter of 2008, compared

to the corresponding quarter in 2007.

Mineral Exports

Total mineral export receipts were K2,663.6 million in the March quarter of 2008, an increase of 20.2 percent from the corresponding quarter of 2007. The increase was due to higher kina export prices of gold, copper and crude oil and copper, which more than offset declines in the volumes of gold and crude oil.

Gold export volumes were 12.3 tonnes in the March quarter of 2008, a decline of 4.7 percent from the corresponding quarter of 2007. The decline was due to lower production from the Lihir and Ok Tedi mines due to a planned shut down for maintenance work and the industrial strike by Ok Tedi employees respectively, which more than offset higher production at the Porgera, Tolukuma and Kainantu gold mines. The average free on board (f.o.b.) price received for Papua New Guinea's gold exports was K80.3 million per tonne during the March quarter of 2008, an increase of 34.4 percent from the corresponding quarter of 2007. The average gold price at the London Metal Exchange increased by 42.1 percent to US\$922 per fine ounce in the March quarter of 2008, compared to the corresponding quarter of 2007. The increase was due to higher demand for gold based investment in response to increased volatility of prices in the equity markets and a decline in production from South Africa, due to strike action by miners. The increase in export price more than offset the decline in export volume, resulting in a 28.2 percent increase in export receipts to K988.1 million, compared to the corresponding quarter of 2007.

Copper export volumes were 50.6 thousand tonnes in the March quarter of 2008, an increase of 16.9 percent from the corresponding quarter of 2007. Despite the industrial strike during the reporting period, the increase was due to production of higher ore grades at the Ok Tedi mine, combined with increased shipment as a result of higher water levels at the Fly River. The average f.o.b. price of Papua New Guinea's copper exports was K20,144 per tonne in the March quarter of 2008, an increase of 12.1 percent from the corresponding quarter of 2007. The increase in international prices reflected continued strong demand from China and India, two of the major copper-consuming countries in Asia. The combined increase in export price and export volume resulted in a 31.0 percent increase in export receipts to K1,019.3 million, compared to the corresponding quarter of 2007.

Crude oil export volumes were 2,306.3 thousand barrels in the March quarter of 2008, a decline of 35.6 percent from the corresponding quarter of 2007. The decline reflected lower extraction rates and production due to a natural decline of reserves at the Kutubu, Gobe Main and South East Gobe oil projects. The average export price of crude oil was K277 per barrel in the March quarter of 2008, an increase of 54.7 percent from the corresponding quarter of 2007, attributed to higher international prices. The higher international prices resulted from cuts to the production quota by the Organisation of Petroleum Exporting Countries (OPEC), tension from the US led occupation of Iraq, lower North American oil stocks and increased demand from Asia, especially China and India. The decline in export volume more than offset the increase in export price resulting in a 0.2 percent decline in export receipts to K638.2 million, from the corresponding quarter of 2007.

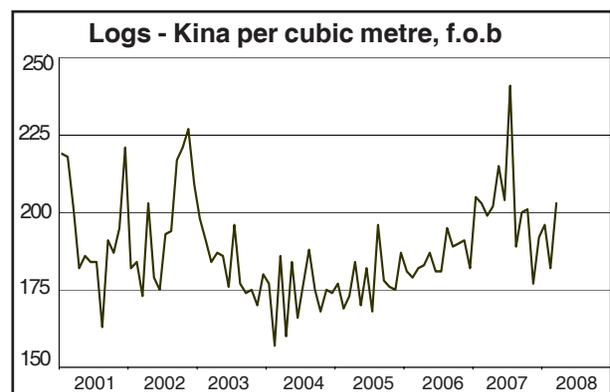
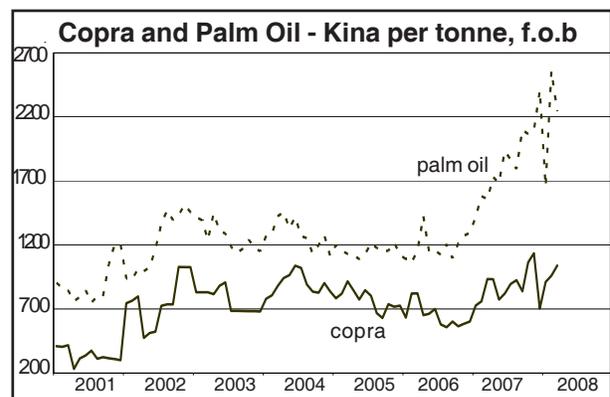
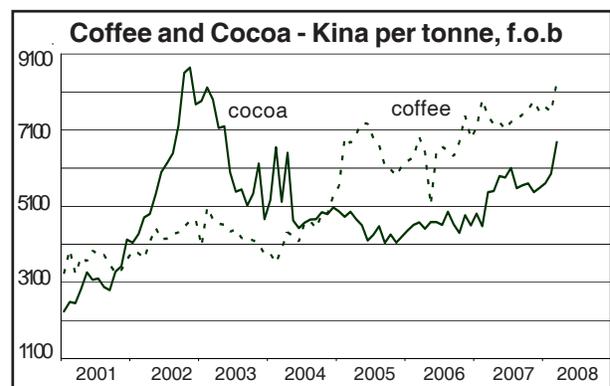
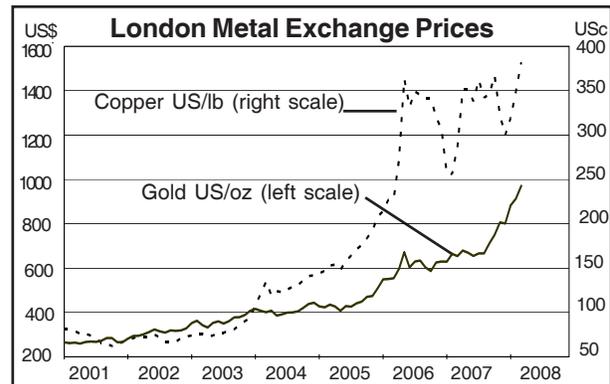
Export receipts of refined petroleum products from the Napanapa Oil Refinery declined by 64.0 percent to K69.2 million in March quarter of 2008, compared to corresponding period of 2007. This outcome was due to a decline in production attributed to difficulty in securing required crude oil to meet the customer and refinery's export products standards.

Agriculture, Logs and Fisheries Exports

Export prices of most agricultural export commodities increased in the March quarter of 2008, compared to the corresponding quarter of 2007. Coffee prices increased by 2.9 percent, cocoa by 21.3 percent, palm oil by 46.9 percent, copra by 31.1 percent and copra oil by 47.6 percent. Tea prices declined by 7.8 percent and rubber by 50.0 percent. The average export price of logs was K195 per cubic meter in the March quarter of 2008, a decline of 3.5 percent from the corresponding quarter of 2007. The increase in export prices of coffee, cocoa, palm oil, copra, copra oil, and marine products more than offset the decline in the prices of tea, rubber and log exports, resulting in a 22.3 percent increase in the weighted average price of agricultural, logs and marine product exports. Excluding logs, the weighted average price of agricultural and marine product exports increased by 33.8 percent in the March quarter of 2008, compared to the corresponding period of 2007.

The volume of coffee exported in the March quarter of 2008 was 11,100 tonnes, an increase of 60.9 percent

EXPORT COMMODITY PRICES



from the corresponding quarter of 2007. The higher production was mainly attributed to favourable weather conditions, continued recovery of coffee trees after rehabilitation and supply response to higher international prices. The average export price of coffee was K7,856 per tonne in the March quarter of 2008, an increase of 2.9 percent from the corresponding quarter of 2007. The increase was mainly due to higher international prices attributed to a decline in world supply caused by unfavourable weather conditions in Brazil, the world's major coffee producer and the northern parts of South America. The combined increase in export volume and export price resulted in a 65.5 percent increase in export receipts to K87.2 million in the March quarter of 2008, compared to the corresponding quarter of 2007.

The volume of cocoa exported in the March quarter of 2008 was 8,600 tonnes, a decline of 9.5 percent from the corresponding quarter of 2007. The outcome was attributed to lower production due to wet weather conditions. The average export price of cocoa was K6,105 per tonne in the March quarter of 2008, an increase of 21.3 percent from the corresponding quarter of 2007. The higher international prices was due to lower production from Ivory Coast, as a result of political unrest. The increase in export price more than offset the decline in export volume resulting in an increase of 9.8 percent in export receipts to K52.5 million in the March quarter of 2008, compared to the corresponding quarter of 2007.

The volume of copra exported in the March quarter of 2008 was 4,300 tonnes, a significant increase of 230.8 percent from the corresponding quarter of 2007. The increase was attributed to higher production from major copra producing regions, especially the Autonomous Region of Bougainville. The average export price of copra was K907 per tonne in the March quarter of 2008, an increase of 31.1 percent from the corresponding quarter of 2007. The increase was due to lower production from the Philippines and Indonesia, two of the world's biggest producers. The combined increase in export price and volume resulted in a significant increase of 333.3 percent in export receipts to K3.9 million in the March quarter of 2008, from the corresponding quarter of 2007.

The volume of copra oil exported in the March quarter of 2008 was 16,800 tonnes, an increase of 20.0 percent from the corresponding quarter of 2007. The increase reflected higher quantities of copra sold to the

two domestic copra mills for processing. The average export price of copra oil was K3,173 per tonne in the March quarter of 2008, an increase of 47.6 percent from the corresponding quarter of 2007. The increase was mainly attributed to lower production of copra from the Philippines and Indonesia and higher demand from emerging economies mainly for bio-fuel products. The combined increase in export price and volume resulted in a 77.1 percent increase in export receipts to K53.3 million in the March quarter of 2008, from the corresponding quarter of 2007.

The volume of palm oil exported in the March quarter of 2008 was 127,200 tonnes, an increase of 0.2 percent from the corresponding quarter of 2007. The outcome was attributed to increased production by small holder farmers and new oil palm estates. The average export price of palm oil was K2,235 per tonne in the March quarter of 2008, an increase of 46.9 percent from the corresponding quarter of 2007. This was due to the high international prices resulting from increased demand for palm oil in North America caused by lower production of soya oil. The combined increase in export price and volume resulted in a 47.3 percent increase in export receipt to K284.3 million in the March quarter of 2008, from the corresponding period of 2007.

The volume of tea exported in the March quarter of 2008 was 1,700 tonnes, a decline of 10.5 percent from the corresponding quarter of 2007. This was attributed to unfavourable weather conditions in the major tea producing regions. The average export price of tea was K3,059 per tonne in the March quarter of 2008, a decline of 7.8 percent from the corresponding quarter of 2007. The combined decline in export price and volume resulted in a decline in export receipts by 17.5 percent to K5.2 million in the March quarter of 2008, from the corresponding quarter of 2007.

The volume of rubber exported in the March quarter of 2008 was 1,100 tonnes, similar to the corresponding quarter of 2007. The average export price was K2,545 per tonne in the March quarter of 2008, a decline of 50.0 percent from the corresponding period of 2007, reflecting lower international prices due to higher supply in the world market. The lower export price resulted in a 50.0 percent decline in export receipt to K2.8 million in the March quarter of 2008, compared to the corresponding quarter of 2007.

The volume of logs exported in the March quarter of

2008 was 816 thousand cubic meters, a decline of 1.6 percent from the corresponding quarter of 2007. This outcome was mainly due to lower production from some of the major producing areas due to unfavourable weather conditions. The average export price of logs was K195 per cubic meter in the March quarter of 2008, a decline of 3.5 percent from the corresponding quarter of 2007. The decline was attributed to lower international prices, reflecting higher supply of tropical hardwood in the world market. The combined fall in export volume and price resulted in a 5.1 percent decline in export receipt to K159.1 million in the March quarter of 2008, from the corresponding period of 2007.

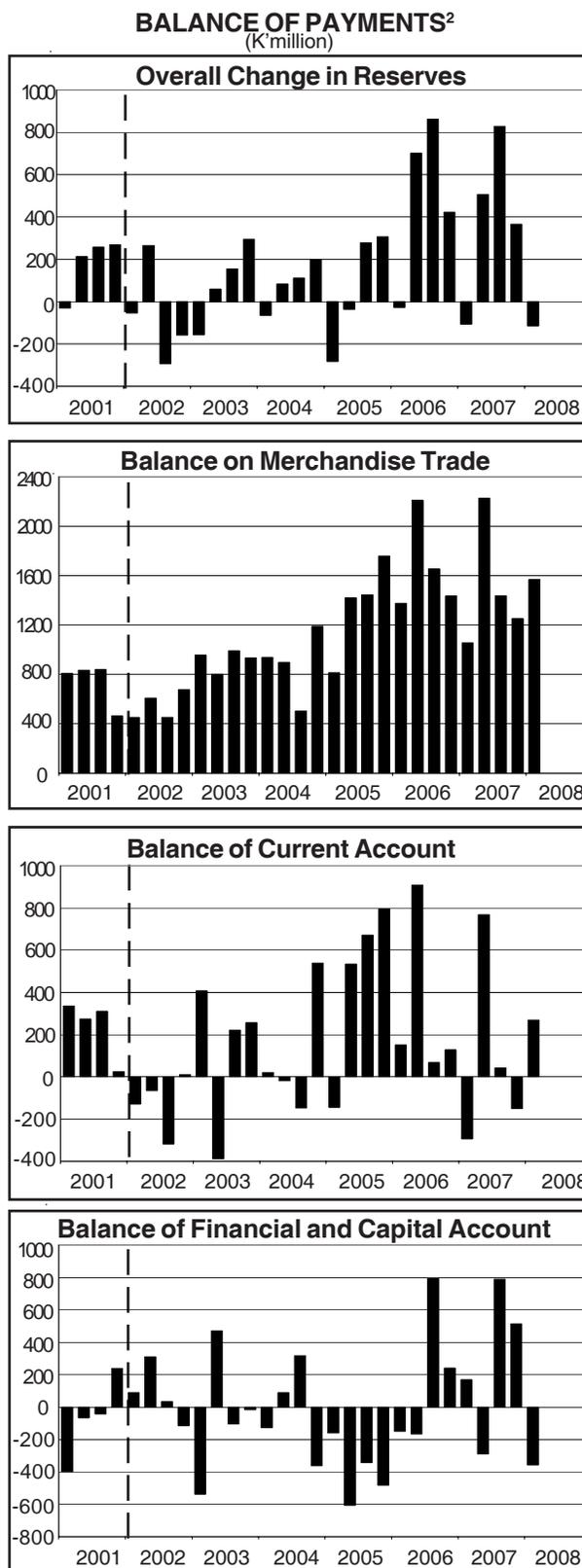
The value of marine products exported in the March quarter of 2008 was K9.1 million, an increase of 93.6 percent from the corresponding quarter of 2007. The higher receipts was attributed to the significant increase in export price, which more than offset the decline in export volume.

5. BALANCE OF PAYMENTS

The overall deficit in the balance of payments was K114 million in the March quarter of 2008, compared to a deficit of K106 million in the corresponding period of 2007. This outcome was due to a deficit in the capital and financial accounts, which more than offset a surplus in the current account.

The surplus in the current account was mainly attributed to a higher trade surplus and lower net service payments, which more than offset higher net income payments and lower net transfer receipts.

The trade account recorded a higher surplus of K1,567 million in the March quarter of 2008, an increase of 48.4 percent from the corresponding quarter of 2007. The higher surplus was due to an increase in the value of merchandise exports and a decline in the value of merchandise imports. The value of merchandise exports in the March quarter of 2008 was K3,496 million, an increase of 16.0 percent from the corresponding period of 2007. This was attributed to higher values of coffee, cocoa, palm oil, copra, copra oil, marine products, gold, copper and other exports, which more than offset declines in logs, tea, rubber, refined petroleum products and crude oil exports.



² The dotted vertical lines indicate a break in series from 2002. See 'For the Record' in the March 2002 QEB on page 29.

The value of merchandise imports in the March quarter of 2008 was K1,929 million, a decline of 1.5 percent from the corresponding period of 2007. This was due to a decline in general imports, which more than offset an increase in mining and oil sector imports. General imports were K1,325 million in the March quarter of 2008, a decline of 6.3 percent from the corresponding period of 2007. Mining sector imports were K434 million in the March quarter of 2008, an increase of 4.8 percent from the corresponding period of 2007, mainly reflecting higher capital expenditure by the Ok Tedi mine, which more than offset declines in all the other mining projects. Imports by the petroleum sector were K170 million in the March quarter of 2008, an increase of 30.8 percent from the corresponding period of 2007. The increase was due to higher capital expenditure mainly by the Kutubu oil project.

The deficit in the services account was K829 million in the March quarter of 2008, a decline of 35.8 percent from the corresponding period of 2007. The outcome was due to lower payments relating to travel, education, computer and information services, communication services, other business services and financial services, construction services, refining and smelting and other service payments, combined with lower service receipts by resident companies.

The deficit in the income account was K343 million in the March quarter of 2008, an increase of 3.3 percent from the corresponding period of 2007. The outcome was due to higher compensation of employees and lower income receipts by resident companies.

The deficit in the transfers account was K126 million in the March quarter of 2008, compared to a surplus of K273 million in the corresponding period of 2007. The deficit was due to lower receipts from gifts and grants, tax and licensing fees, combined with higher transfer payments relating to family maintenance.

As a result of these developments in the trade, services, income and transfers accounts, the current account recorded a surplus of K269 million in the March quarter of 2008, compared to a deficit of K294 million in the corresponding period of 2007.

The capital and financial account recorded a net outflow of K356 million in the March quarter of 2008, compared to a net inflow of K169 million in the corresponding period of 2007. This outcome was mainly attributed to net outflow in the financial account

reflecting equity withdrawal from direct investment, higher portfolio investments reflecting investments in short-term money market instruments, build up in foreign currency account balances of the mineral companies, combined with higher loan repayments by the Government.

The level of gross foreign exchange reserves at the end of March 2008 was K5,805.0 (US\$2,075.4) million, sufficient for 9.0 months of total and 13.1 months of non-mineral import covers.

6. MONETARY DEVELOPMENTS

INTEREST RATES AND LIQUIDITY

The Bank of Papua New Guinea continued to maintain a neutral monetary policy stance during the March quarter of 2008, with the KFR remaining unchanged at 6.00 percent. The dealing margin for the Repurchase Agreements (Repos) was maintained at 100 basis points on both sides of the KFR. Central Bank Bill (CBB) rates were on an upward trend with the 28-day rate increasing from 4.69 percent to 5.49 percent and the 63-day rate from 4.69 percent to 5.44 percent between the end of December 2007 and March 2008.

The increase in CBB rates reflected higher issuance of CBBs by the Central Bank to diffuse excess liquidity and align short-term domestic interest rates with the KFR. Treasury bill rates also increased with the 182-day rate rising from 5.00 percent to 5.28 percent, whilst there was no auction under the 91-day and 364-day maturities during the March quarter of 2008. The weighted average rates quoted by commercial banks on wholesale deposits (K500,000 and above) showed mixed trends; the 30-day and 90-day rates increased, whilst the 60-day and 180-day rates declined during March quarter of 2008. The 30-day rate increased from 2.96 percent to 3.81 percent and the 90-day rate from 3.55 percent to 3.83 percent, whilst the 60-day rate declined from 4.66 percent to 3.53 percent and the 180-day rate from 4.72 percent to 4.10 percent. The weighted average interest rate on total deposits paid by commercial banks declined from 1.6 percent to 1.1 percent, whilst the weighted average interest rate on total loans remained unchanged at around 9.3 percent. The commercial banks Indicator Lending Rates (ILR) remained unchanged at 8.95 to 9.45 percent during the period.

The Bank continued to utilise Open Market Operation (OMO) instruments in the conduct of monetary policy over the March quarter of 2008, as both CBBs and Reverse Repos were used to diffuse excess liquidity. Trading in the inter-bank market remained relatively low due to the high level of liquidity in the banking system. The Cash Reserve Requirement (CRR) and the Minimum Liquid Assets Ratio (MLAR) of commercial banks were maintained at 3.0 percent and 25.0 percent, respectively, in the March quarter of 2008.

Average liquid assets held by other depository corporations (ODCs) increased by 10.1 percent in the March quarter of 2008, compared to an increase of 13.2 percent in the December quarter of 2007. The increase reflected higher holdings of CBBs, Treasury bills, Inscribed stocks with maturities of less than one year and Reverse Repos, which more than offset a decline in currency and deposits held at the Central Bank.

MONEY SUPPLY

The average level of broad money supply (M3*) increased by 10.2 percent in March quarter of 2008, compared to an increase of 8.3 percent in the December quarter of 2007. The outcome was due to an increase of K535.3 million in average net claims on the Government, K435.3 million increase in average private sector credit and K216.1 million increase in average net foreign assets of the depository corporations. Net domestic claims outstanding, excluding advances to the Central Government and outstanding loans under the Government's agricultural export commodity price support schemes increased by 11.3 percent in the March quarter of 2008, compared to an increase of 6.1 percent in the previous quarter. The average level of monetary base (reserve money) declined by 9.2 percent in the March quarter of 2008, compared to an increase of 20.5 percent in December quarter of 2007. This reflected lower deposits of ODCs at the Central Bank and a decline in currency in circulation.

The increase in average net claims on the Government in the March quarter of 2008 resulted mainly from the decline in Government deposits at the Central Bank and increased purchase of Government securities by ODCs.

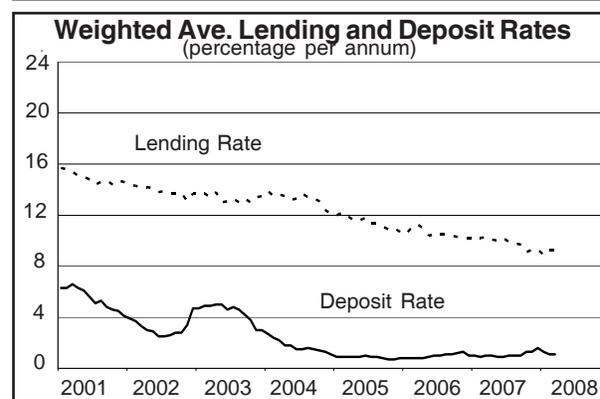
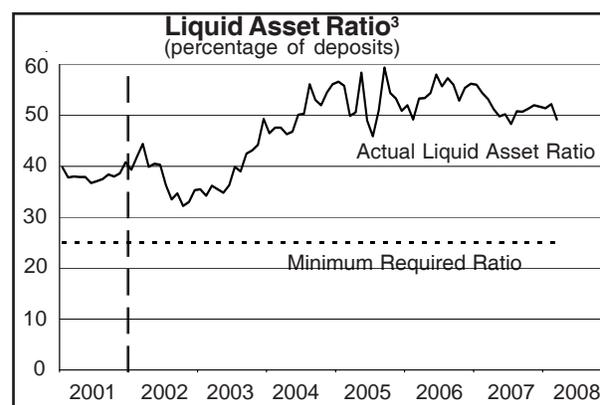
The average level of narrow money supply (M1*)

increased by 7.5 percent in the March quarter of 2008, compared to an increase of 10.1 percent in the December quarter of 2007. This was due to an increase in transferable deposits, which more than offset a decline in currency in circulation. The average level of quasi money increased by 13.7 percent in the March quarter of 2008, compared to an increase of 6.0 percent in the previous quarter, due to an increase in average saving deposits.

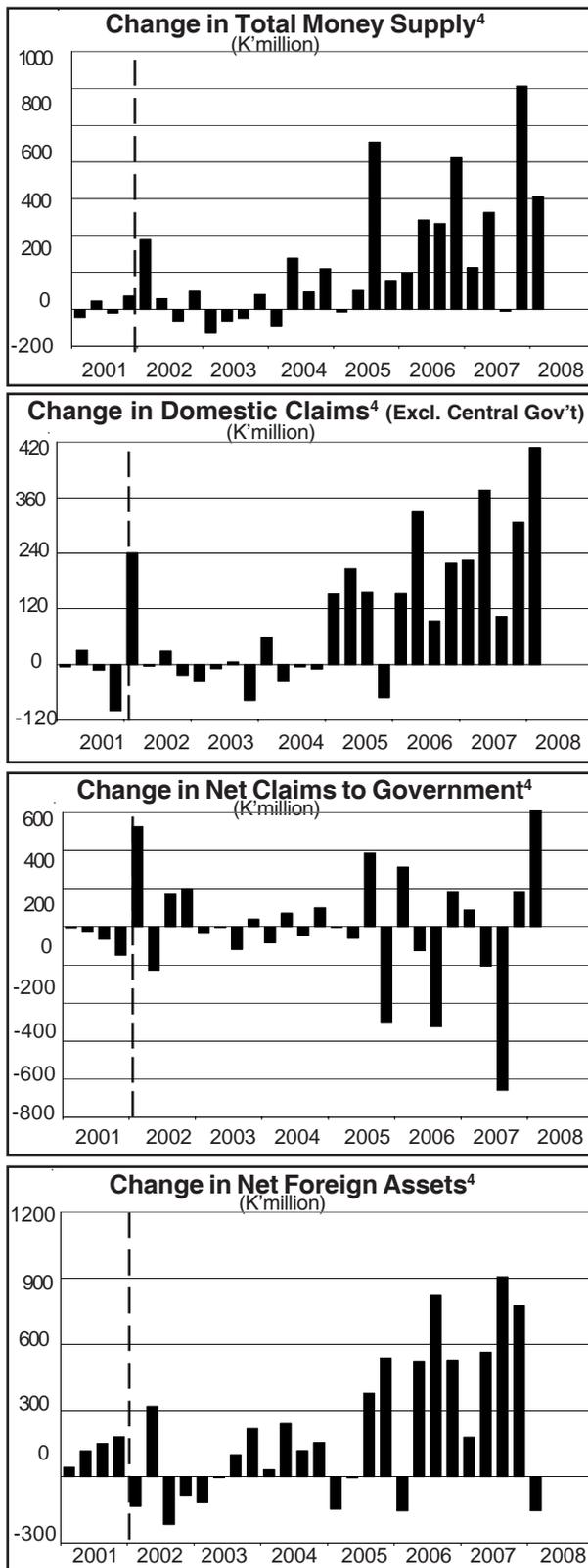
The average level of deposits of the ODCs increased by 11.7 percent in the March quarter of 2008 to K9,563.6 million from K8,558.1 million in the December quarter of 2007, due to increases in both transferable and other deposits, including Central Government deposits.

LENDING

During the March quarter of 2008, total domestic credit extended by depository corporations to the private sector, public-non financial corporations, Provincial



³ The dotted vertical lines indicate a break in series from 2002. See 'For the Record' in the June 2006 QEB on page 44.



and Local level Governments, and other financial corporations, increased by K468.6 million to K4,517.8 million, compared to an increase of K307.4 million in the previous quarter. This was comprised mainly of K465.6 million in private sector credit and K2.6 million in claims on Provincial and Local Governments. Credit to the private sector was broad based with lending to the agriculture, forestry and fisheries, manufacturing, transport and communication, wholesale and retail trade, building and construction, mining and quarrying and other business services sector, as well as the household sector for personal loans and advances for housing. There were no repayments under the agricultural commodity price support schemes. The annualised growth in domestic credit, excluding the Central Government and advances under the commodity price support schemes was 33.9 percent in the first quarter of 2008.

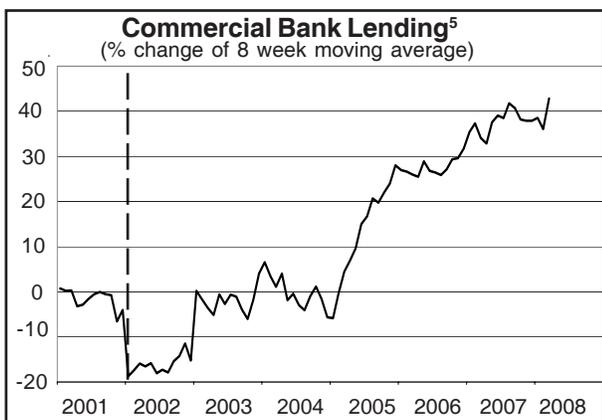
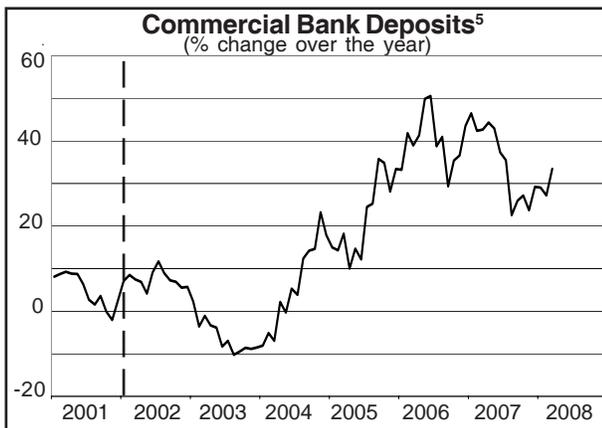
7. PUBLIC FINANCE

Preliminary estimates of the fiscal operations of the National Government over the three months to March 2008 showed an overall deficit of K116.8 million, compared to a deficit of K34.8 million in the corresponding period of 2007. This represents 0.6 percent of nominal GDP. The deficit resulted mainly from higher recurrent expenditure combined with lower revenue.

Total revenue, including grants, during the March quarter of 2008 was K699.5 million, 29.1 percent lower than the receipts collected in the corresponding period of 2007. This represents 9.7 percent of the budgeted revenue.

Total tax revenue amounted to K677.1 million, 10.6 percent lower than the receipts collected during the same period in 2007, and represents 12.3 percent of the budgeted tax receipts for 2008. Direct tax receipts totalled K370.1 million, 15.0 percent lower than the receipts collected during the corresponding period in 2007, and represents 8.9 percent of the budgeted amount. The decrease was mainly due to lower collections in personal income and company tax receipts, which more than offset an increase in other direct taxes. The decline in personal income tax receipts mainly reflected deferred payments due to lags in the

⁴ Break in series. Refer to footnote on page 14.



recording of salary and wage tax receipts. Company tax receipts also declined as a result of lags in recording and a moderation in business activity in the first quarter. The increase in other direct taxes reflected higher collections of dividend withholding tax and stamp duties.

Indirect tax receipts was K307.0 million, 4.8 percent lower than the amount in the corresponding period in 2007, and represents 22.3 percent of the budgeted receipts for 2008. The decrease reflected lower Goods and Services Tax (GST), export tax and other indirect taxes, which more than offset higher receipts for import and excise duties. The decrease in GST reflected deferred payments and lower collections in the main contributing provinces. The decline in other indirect tax receipts occurred as a result of lower payment of arrears for the phased-out mining levy. The increase in import duties reflected increased demand for imports associated with the strong growth in the economy, while the higher excise duties reflected increased domestic demand.

Total non-tax revenue amounted to K15.1 million, 26.7 percent lower than the amount collected in the corresponding period of 2007, and represents 3.1 percent of the budgeted amount for 2008. The decline mainly reflected the non-recording of dividend payments, which more than offset higher receipts from services provided by Government Departments. Infrastructure tax credit was K7.3 million, K7.1 million higher than in the corresponding period in 2007 and reflected higher utilisation by mineral companies on infrastructure development. Foreign grants were not recorded for the March quarter of 2008 due to non-reporting.

Total expenditure over the three months to March 2008 was K816.3 million, 20.1 percent lower than in the corresponding period in 2007, and represents 11.7 percent of the budgeted expenditure for 2008.

Recurrent expenditure over the first quarter of 2008 was K708.4 million, 1.1 percent higher than in the corresponding period of 2007, and represents 19.5 percent of the budgeted appropriation for 2008. The increase resulted from higher National Departmental and Provincial Government expenditures, which more than offset lower interest payments and grants to statutory authorities. The National Departmental recurrent expenditure totalled K387.1 million, 1.8 percent higher than the amount spent during the corresponding period of 2007, and represents 17.1 percent of the budgeted appropriation. The increase mainly reflected higher salaries and wages. Provincial Government recurrent expenditure was K187.7 million, 18.4 percent higher than the expenditure level during the same period in 2007, and represents 24.1 percent of the budgeted amount. This outcome resulted from increased disbursement of personal emoluments and cash transfers to the provinces. Interest payments totalled K70.5 million, 29.1 percent lower than in the corresponding period of 2007. The decline was associated with lower value of Treasury bills and a reduction in interest payments on foreign loans arising from the appreciation of the kina exchange rate against the US dollar.

Total development expenditure for the first quarter of 2008 was K107.9 million, 66.3 percent lower than in the corresponding period of 2007, and represents 5.7 percent of the budgeted expenditure for 2008. The lower development outlay on projects was mainly related to the non-reporting of AusAID funded projects.

⁵ Refer to footnote on page 16.

As a result of these developments in revenue and expenditure, the Government recorded an overall budget deficit of K116.8 million over the first three months of 2008. The deficit, combined with net external loan repayments totalling K55.4 million was financed domestically with a net of K172.2 million. Net domestic financing comprised of net domestic borrowing totalling K206.0 million from the financial corporations, mainly through the issuance of Inscribed stocks

while the balance of K459.0 million represented drawdowns in Government deposits, held with the commercial banks and Central Bank. These more than offset the settlement of cheque floats issued in 2007 totalling K492.8 million. The net overseas loan repayments comprised K32.4 million and K23.0 million to concessionary and extraordinary sources, respectively.

FOR THE RECORD

The weights used to calculate the Trade Weighted Index (TWI) are updated on a yearly basis. The weights are calculated using the previous year's trade data and each country's weight is given by its share of total merchandise trade. Countries with a share of less than one percent are excluded from the TWI and the weights of the remaining countries are rescaled to sum to 100.

The new TWI weights for 2008 were calculated and based on the 2007 Direction of Trade data published in Table 9.13 and 9.14 of the QEB, and will be used from 1st April 2008 to 31st March 2009.

The table below shows both the new and the old TWI weights.

Country	Weights (percent)	
	Old - 2007	New - 2008
Australia	45.1	45.5
Japan	13.3	13.7
Euro area	5.3	10.8
United States	8.9	8.6
South Korea	3.6	1.9
China	3.7	3.5
Singapore	7.3	6.9
Great Britain	1.2	1.3
New Zealand	1.2	1.1
Malaysia	1.2	1.1
Philippines	7.8	5.6
Indonesia	1.4	Not included
Total Weights	100	100

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 2006, the KFR announcements by the Bank were;

2006	02 January	Maintained at 6.00 %
	06 February	Maintained at 6.00 %
	06 March	Maintained at 6.00 %
	03 April	Maintained at 6.00 %
	01 May	Maintained at 6.00 %
	05 June	Maintained at 6.00 %
	03 July	Maintained at 6.00 %
	07 August	Maintained at 6.00 %
	04 September	Maintained at 6.00 %
	02 October	Maintained at 6.00 %
	06 November	Maintained at 6.00 %
	04 December	Maintained at 6.00 %
2007	02 January	Maintained at 6.00 %
	05 February	Maintained at 6.00 %
	05 March	Maintained at 6.00 %
	02 April	Maintained at 6.00 %
	07 May	Maintained at 6.00 %
	04 June	Maintained at 6.00 %
	02 July	Maintained at 6.00 %
	06 August	Maintained at 6.00 %
	03 September	Maintained at 6.00 %
	01 October	Maintained at 6.00 %
	05 November	Maintained at 6.00 %
	03 December	Maintained at 6.00 %
2008	07 January	Maintained at 6.00 %
	04 February	Maintained at 6.00 %
	03 March	Maintained at 6.00 %
	07 April	Maintained at 6.00 %
	05 May	Maintained at 6.00 %
	02 June	Maintained at 6.00 %
	10 June	Raised to 6.25 %

For details of the KFR, see Table 6.3 (S34) of the QEB.

KFR announcements prior to January 2005 are reported in various bulletins starting with the March 2001 QEB.

GLOSSARY OF TERMS AND ACRONYMS

Balance of Payments	A statistical statement that systematically summarises 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.
Central Bank Bill (CBB)⁶	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 .
Current Transfers Account	Records all foreign transactions that are not transfers of capital and cannot be repaid. These includes donations, gifts and grants, superannuation funds and licensing fees.
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'.
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.
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.

⁶ See 'For the Record' on page 34 in the 2004 September QEB.

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.
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.
Liquid Assets	Assets of the commercial banks, which are near liquid form, comprising cash, ESA balances, CBBs, Treasury bills and Inscribed stocks less than 3 years to maturity.
Minimum Liquid Asset Ratio (MLAR)	A prudential requirement imposed by the Bank of PNG on commercial banks to hold liquid assets as a percentage of total deposits and other prescribed liabilities at all times.
Monetary Base (or Reserve Money)	Comprised of currency held by the public and liquid assets of the commercial banks, including deposits held with the Bank of PNG under the Repurchase Agreement Facility (RAF) or Repos.
Narrow Money	A component of total money supply that is considered liquid or can be converted easily to cash on demand, and comprises of currency in circulation (held outside the banking system) and demand deposits.
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.
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).
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.
Quasi Money	A component of total money supply that is not easily convertible to cash on demand and comprises of savings and term deposits.

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.
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.
Trade Account	Records all economic transactions associated with merchandise exports and imports of physical goods.
Trade Weighted Index⁷	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 for 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.

⁷ See 'For the Record' p.24 in the 2005 September QEB.

REFERENCE “FOR THE RECORD”

Some issues of the Quarterly Economic Bulletin (QEB) have ‘For the Record’ as additional information relating to changes introduced to various statistical tables. The following ‘For the Record’ have appeared in the QEB since March 2000.

<u>Issue</u>	<u>For the Record</u>
Mar 2000	- Removal of QEB Table 3.8
Jun 2000	- Inflation - Consumer Price Index (CPI)
	- Changes to Table 7.2: Other Domestic Interest Rates
Mar 2001	- Introduction of Monthly Kina Facility Rate
Jun 2001	- Changes to Table 10.2: Prices and Wages
Dec 2001	- Measures of Inflation
	- Changes to Table 7.1: Commercial Banks Interest Rates
	- Changes to Table 7.2: Other Domestic Interest Rates
	- Changes to Table 10.2 Prices and Wages
Jun 2002	- Exclusion of QEB Tables 4.2: Rural Development Bank of PNG and Table 10.1: Indicators of Economic Activity
Mar 2003	- Changes to Balance of Payments Tables
	- Bank of PNG Employment Index: Changes to Table 10.4 and Table 10.5
	- Regional and Industrial Classifications and Abbreviations
Jun 2003	- Changes to Open Market Operations Instruments
	- Directions of Merchandise Trade
Sep 2003	- Changes to the Treasury Bills Auction Allocation Process
Dec 2003	- Further Change to the Treasury Bills Auction Allocation Process
	- Bank of PNG Employment Survey
Sep 2004	- Introduction of Central Bank Bill (CBB)
Mar 2005	- Changes to Table 9.5 to include Exports from Napanapa Oil Refinery
	- Changes to Tables 1.2 and 1.3 ‘Other Items (Net)’
June 2005	- Changes to Tables 8.2 and 8.5 ‘External Public Debt’
Sep 2005	- Trade Weighted Exchange Rate Index
	- Employment Index - Changes to Tables 10.4 and 10.5
	- Central Bank Bill (CBB) Auction - Changes to Tables 3.8 and 7.2
Mar 2006	- Updated Weights for the Trade Weighted Index (TWI)
June 2006	- Expansion of Monetary and Financial Data Coverage
	- Upgrade of PNG’s Private Debt and Equity Recording System
Dec 2006	- Changes to Table 8.1 - Capital Transfers
Jun 2007	- Revisions to the March Quarter 2007 and December Quarter 2006 Consumer Price Index
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)

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 1995.

<u>Issue</u>	<u>Title</u>
Dec 1995	Monetary Policy for 1996
Mar 1996	Papua New Guinea's Total External Exposure
Dec 1996	The 1997 National Budget
Dec 1996	Monetary Policy for 1997
Mar 1997	Papua New Guinea's Total External Exposure
Dec 1997	Monetary Policy for 1998
Mar 1998	The 1998 National Budget
Mar 1998	Papua New Guinea's Total External Exposure
Dec 1998	The 1999 National Budget
Dec 1998	Monetary Policy for 1999
Mar 1999	Papua New Guinea's Total External Exposure
Sep 1999	The 1999 Supplementary Budget
Dec 1999	The 2000 National Budget
Jun 2000	Semi-annual Monetary Policy Statement, July 2000
Dec 2000	The 2001 National Budget
Dec 2000	Semi-annual Monetary Policy Statement, January 2001
Jun 2001	Semi-annual Monetary Policy Statement, July 2001
Dec 2001	Semi-annual Monetary Policy Statement, January 2002
Dec 2001	The 2002 National Budget
Jun 2002	Semi-annual Monetary Policy Statement, July 2002
Sep 2002	The 2002 Supplementary Budget
Dec 2002	Semi-annual Monetary Policy Statement, January 2003
Dec 2002	The 2003 National Budget
Mar 2003	Special article: Export Price Index, Volume Index and Weights Calculations Methodology
Jun 2003	Semi-annual Monetary Policy Statement, July 2003
Dec 2003	The 2004 National Budget
Dec 2003	Semi-annual Monetary Policy Statement, January 2004
Sep 2004	Semi-annual Monetary Policy Statement, July 2004
Dec 2004	Semi-annual Monetary Policy Statement, January 2005
Dec 2004	The 2005 National Budget
Jun 2005	Papua New Guinea's Total External Exposure
Jun 2005	Semi-annual Monetary Policy Statement, July 2005
Dec 2005	The 2006 National Budget
Dec 2005	Semi-annual Monetary Policy Statement, January 2006
Jun 2006	Papua New Guinea's Total External Exposure
Jun 2006	Semi-annual Monetary Policy Statement, July 2006
Dec 2006	The 2007 National Budget
Dec 2006	Semi-annual Monetary Policy Statement, January 2007
Jun 2007	Papua New Guinea's Total External Exposure
Jun 2007	Semi-annual Monetary Policy Statement, July 2007
Jun 2007	Supplement to the July 2007 Monetary Policy Statement
Dec 2007	The 2008 National Budget
Dec 2007	Semi-annual Monetary Policy Statement, January 2008

STATISTICAL SECTION