



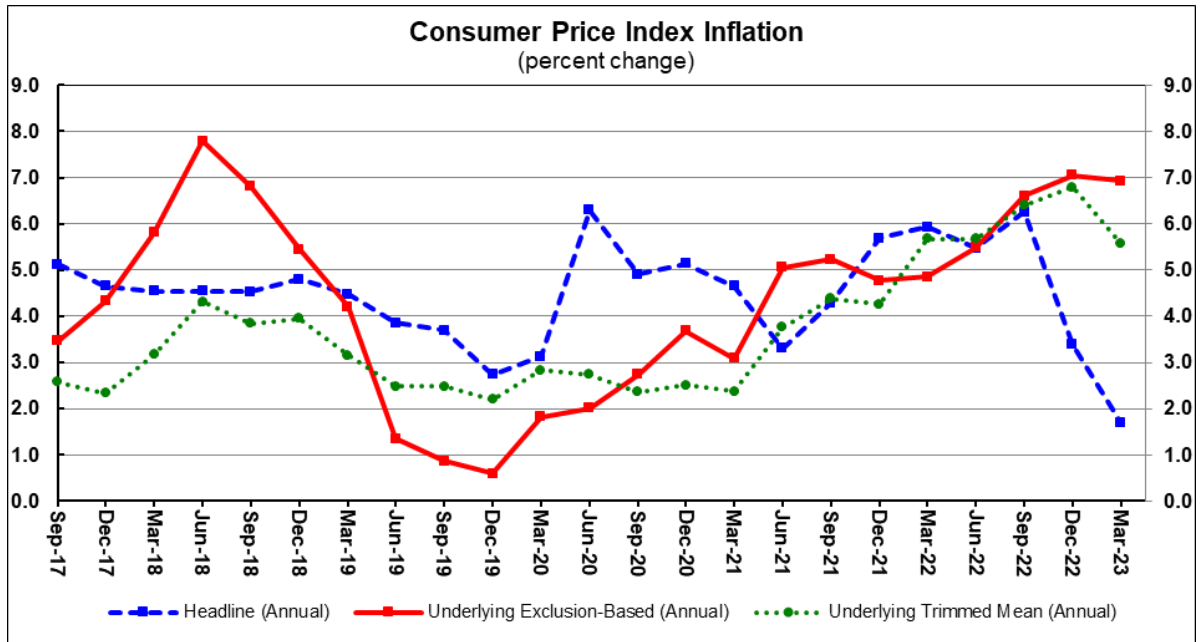
BANK OF PAPUA NEW GUINEA

KINA FACILITY RATE FOR AUGUST 2023

The annual headline Consumer Price Index (CPI) published by the National Statistical Office (NSO) for the March quarter of 2023 recorded a lower increase of 1.7 percent, following an increase of 3.4 percent in the December quarter of 2022 (see Chart below). This was mainly attributed to the Government's school fee subsidy, which substantially offset the increase in prices of other consumer items in the CPI basket. However, the annual underlying measures increased by 6.9 percent for the exclusion-based and 5.6 percent for the trimmed mean measures, compared to 7.0 percent and 6.8 percent, respectively in the December quarter of 2022. This mainly reflects the pass-through of imported inflation as businesses pass on costs to consumers.

The BPNG notes the declining trend in domestic headline inflation since September quarter of 2022 and an encouraging pickup in lending and economic activity in the non-mineral private sector. However, in light of emerging inflationary pressures as the Bank progresses with structural reforms, the Bank of Papua New Guinea maintains its monetary policy stance in August 2023 with the KFR on hold at 3.50 percent. This will support overall growth in the months ahead while the Bank continues to monitor underlying inflation.

Therefore, the Central Bank's monetary policy rate, the Kina Facility Rate (KFR) is maintained for the month of August 2023 at 3.50 percent.



Source: National Statistical Office

Ms. Elizabeth Genia, AAICD
Acting Governor