

# Business Advantage CEO 100 Survey

*PNG Corporations shift their focus to domestic policy issues .*

**Westpac Banking Group**

*Four key highlights from the 2021 survey*

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April 2022

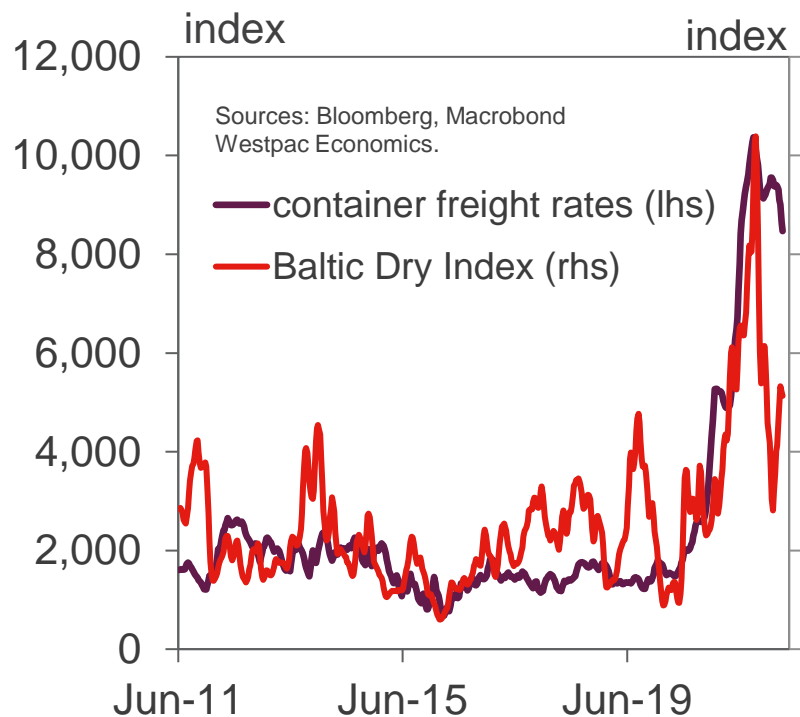


Westpac  
PNG



# Shipping rates eased then hit with new disruptions

Container rates remain elevated



Disruptions extends with recovery



## Four key points from the 2022 survey

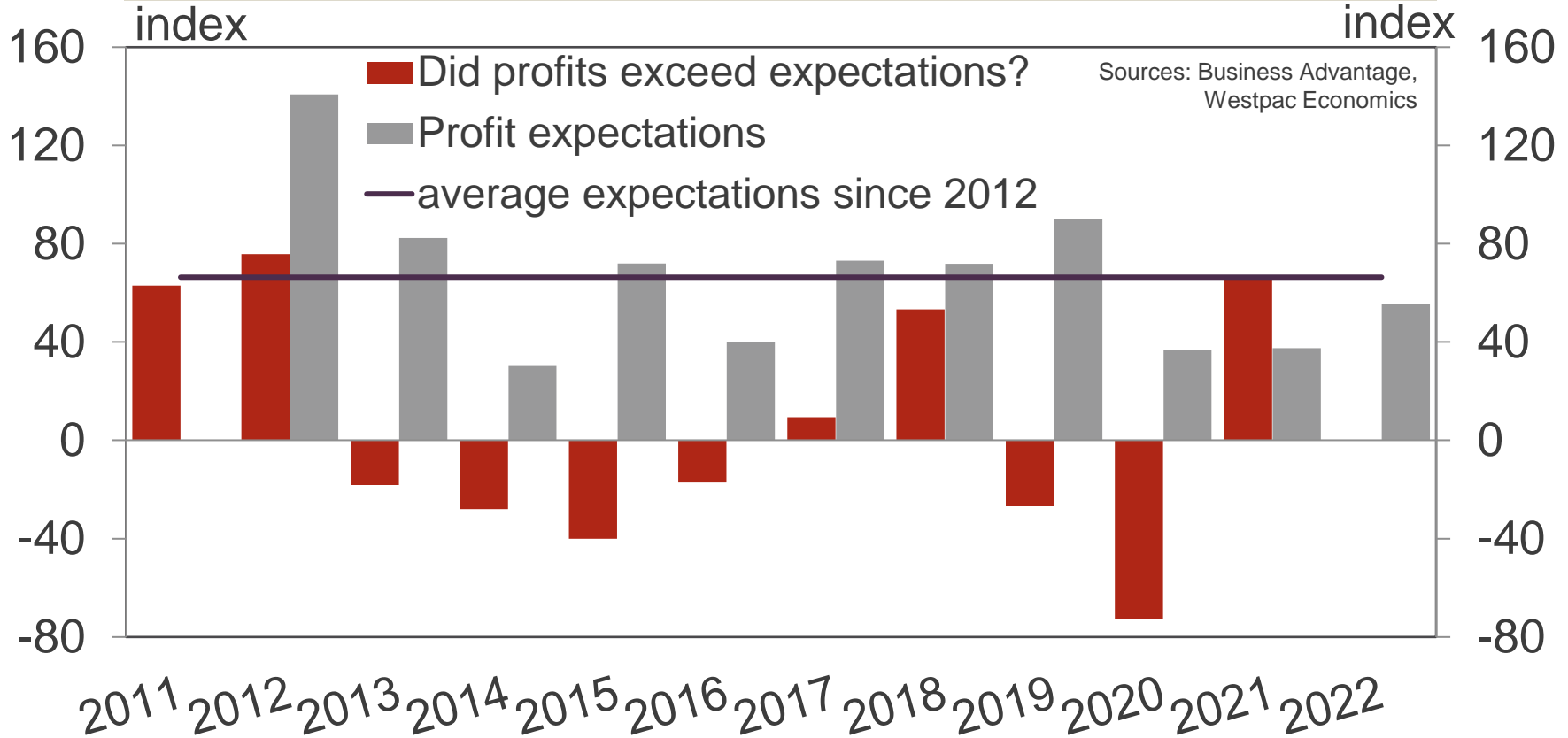
1. 2021 profits were better than anticipated and are expected to be even better in 2022. However, they're still below average.
2. Recruitment, investment and profit expectations lifted for 2022 but are still to fully recover to pre-Covid levels. There are clearly other factors holding back the recovery.
3. A modest lift in expectations points to a modest lift in growth.
4. Security, law and order is now a bigger constraint on business than COVID restrictions and foreign exchange remains a significant issue.

*The following charts on output and expectations are presented as net balances; that is as the percentage of respondents expecting better outcomes less the percentage expecting worse outcomes.*



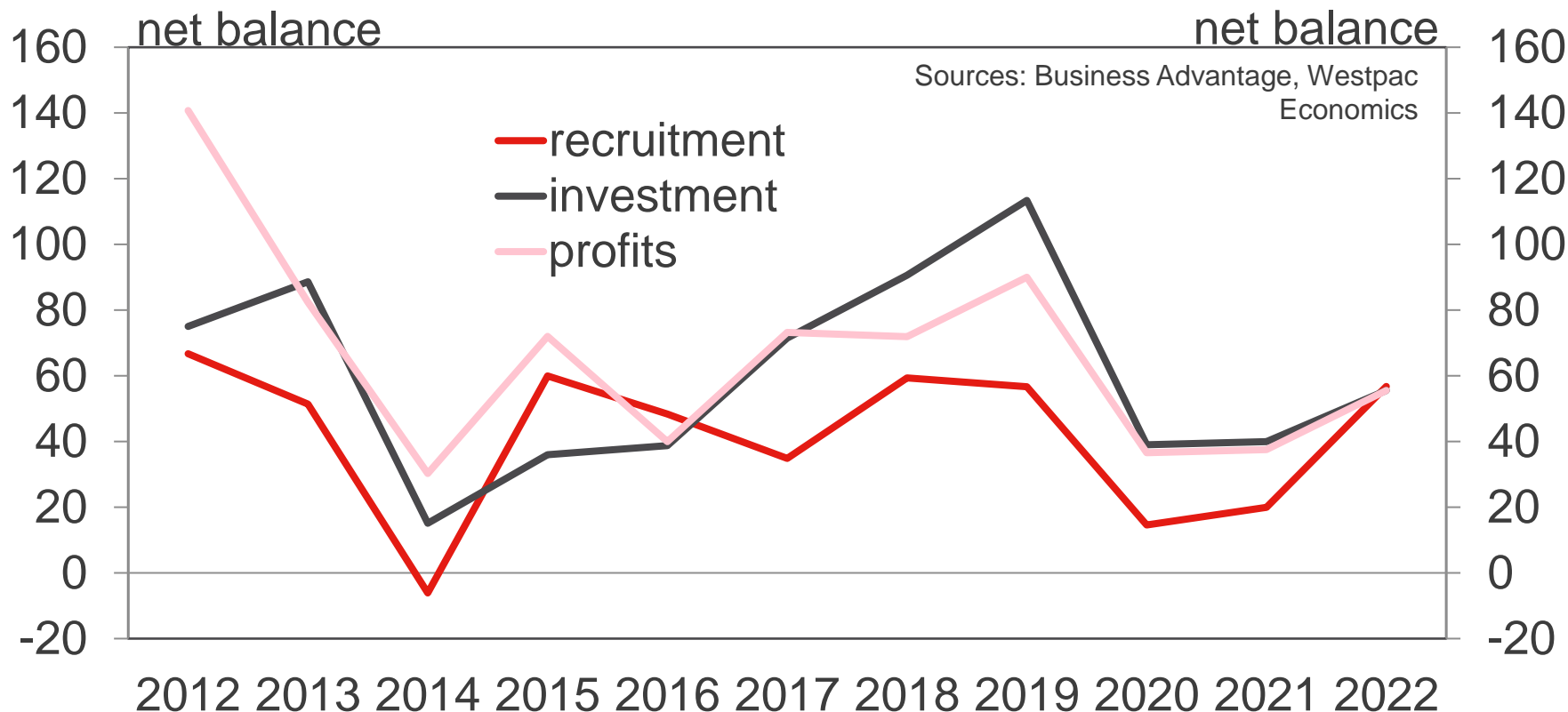
# Business Advantage – PNG profits

Expectations remain contained following two hard years



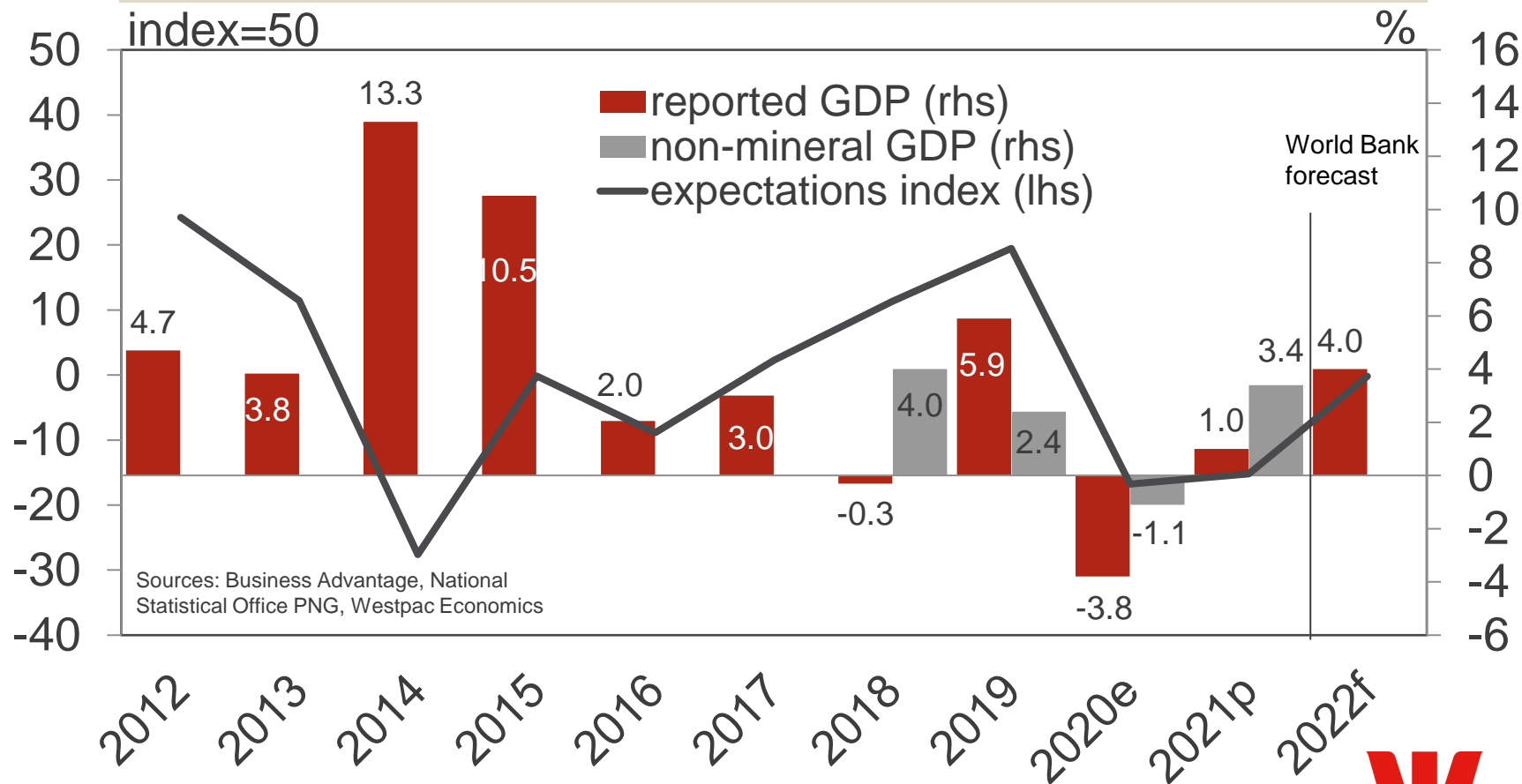
# Post COVID recovery in expectations is subdued

Weighted percentage expecting a better outcome less those expecting worse



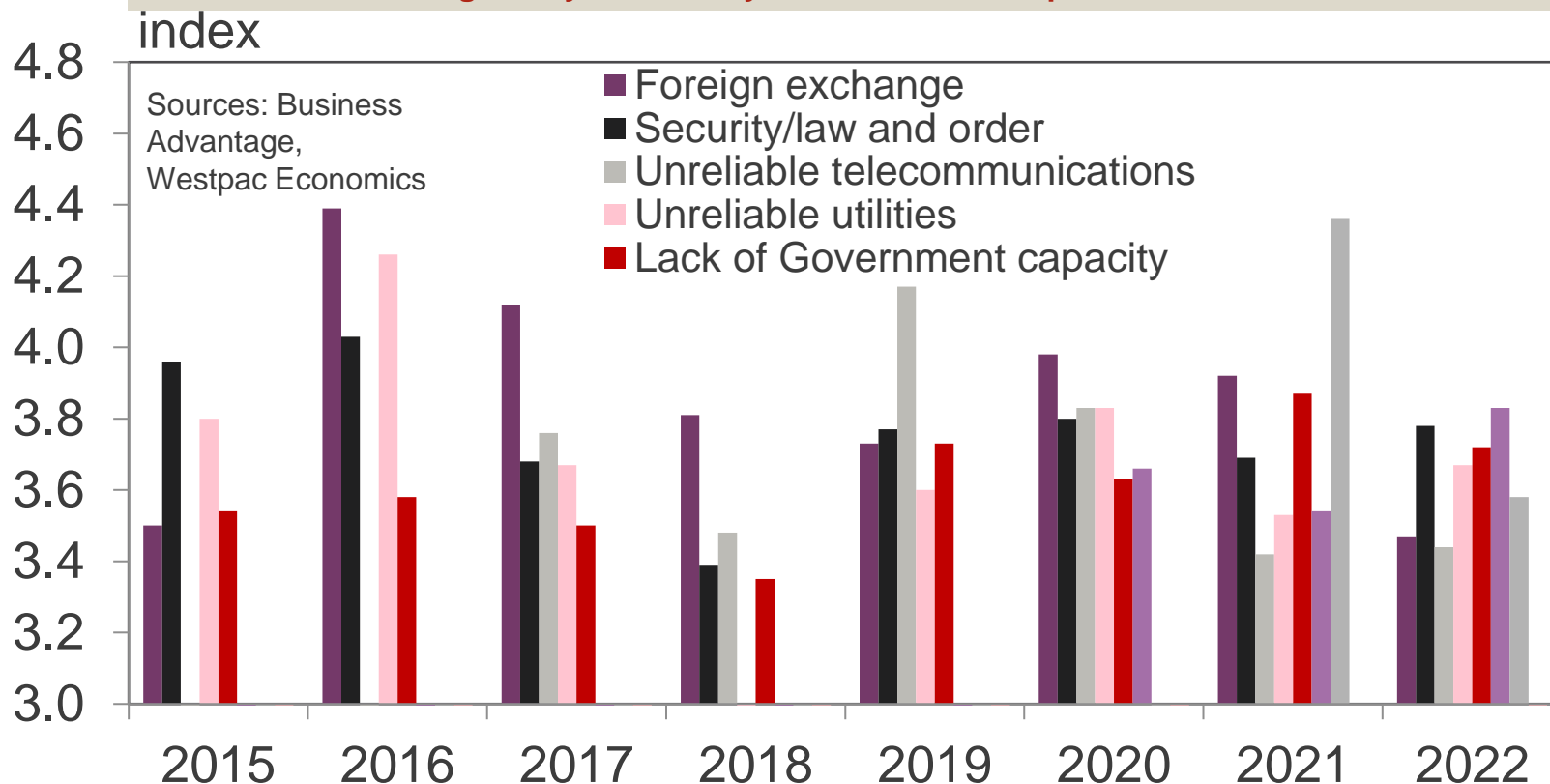
# Expectations vs GDP

Wild swings in minerals sector increases volatility of headline growth



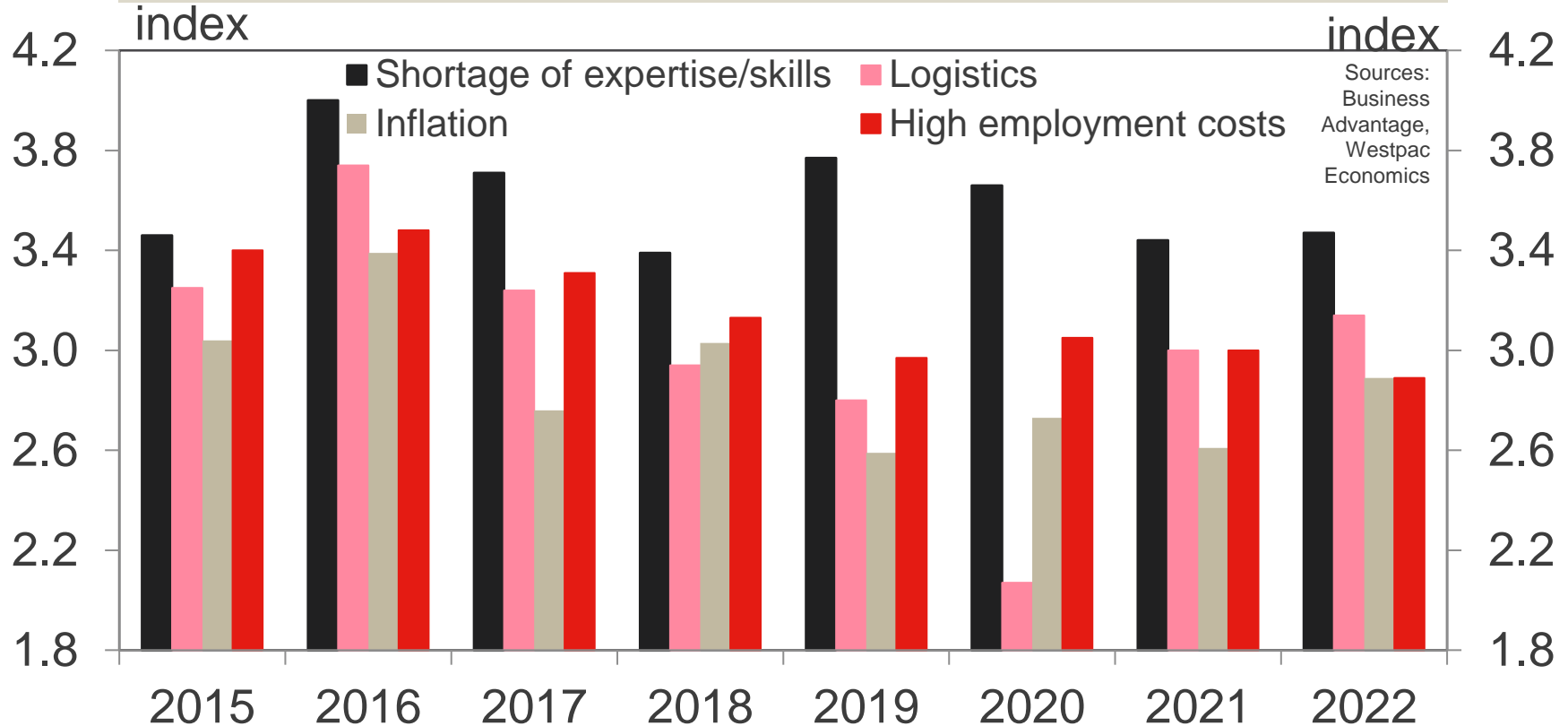
# Top business constraints in PNG

Regulatory uncertainty and law & order top the concerns



# Factors of less concern for PNG businesses

Logistics deteriorating again & skill shortages still an issue





# Growth outlook for 2022

- Supply chain disruptions have been slow to clear while energy costs remain elevated due to robust demand, supply disruptions and underinvestment in production so prices will remain higher than expect even if the Ukraine crisis is resolved quickly. So inflationary risk remain elevated even as growth risk start to emerge suggesting pressure on global interest rates set to remain thought 2022.

## Four key points from the 2022 survey

1. **Profits have improved but still below average.** Following a disappointing profit outcome in 2020 the recovery in 2021 exceeded expectations but for 2022 are still below average.
2. **Recruitment, investment & profit expectations improve in 2022 but all modest compared to history.** All three have lifted compared to 2021 expectations but still modest compared to history. Given the Covid hit you would hope that expectations had a larger bounce in 2022.
3. **The modest improvement in expectations consistent with a modest recovery in economic activity.** PNG businesses are cautious heading into an election, are likely to wait for post election policy announcements before making investment decisions.
4. **Security, law and order is now a bigger constraint.** FX remains an issue despite softer than usual activity; logistics could become a bottle neck while security is building issue.



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## Economic Outlook for PNG

Justin Smirk  
November 14, 2018

A New Dawn for PNG - A presentation to the Port Moresby Chamber of Commerce & Industry

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Outlook is positive with some risks.

- US starting from a robust position, China tightening credit & focusing on environmental & structural improvements. Rising US interest rates & tighter liquidity maintains a strong US dollar narrative.
- Watch energy prices: should ease in 2019 but near term risks are asymmetric.
- US/China trade dispute having a small impact & it would require a significant escalation to generate a more meaningful

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