November 2025

PNG ECONOMIC UPDATE

Monthly update on the PNG economy

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The **PNG Economic Update** report is produced by Westpac Economics (Australia and Fiji) with support from Westpac PNG.

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This issue was finalised on 13 November 2025.

Census reveals the extent of a gender imbalance

Given a quiet economic calendar we thought to reflect on less time sensitive data, the 2024 Population Census.

Population growth continues on trend
As highlighted by Shamal Chand, PNG's population has grown an average of 2.6% per annum over the past 13 years, increasing from just under 7 million to slightly above 10 million, a 40% rise. This strong growth underscores an urgent need for significant investment in physical and human capital to support sustainable development.

Gender imbalance is extreme
One stand out statistic from the 2024 Census is PNG's gender ratio of 110 males per 100 females, well above the global average of 101. For context:

- Countries with higher ratios typically have large male migrant labour forces (e.g., UAE 219, Qatar 300, Oman 160, Saudi Arabia 130).
- Even nations with cultural factors influencing gender balance, such as China (106) and India (106), record lower ratios than PNG.
- Comparative lower-middle-income countries show ratios closer to parity or slightly more females than males (Nepal 92, Vietnam 96, Bangladesh 97, Kenya 99, Ghana 100, Trinidad & Tobago 100, Indonesia 101).

Many of these countries are suppliers migrant labour (Nepal, India, Bangladesh, Pakistan), female domestic workers (Nepal, Bangladesh, Indonesia, Kenya), while others have significant student migration flows (Nepal, India). PNG, by contrast, experiences significantly internal rather than external migration.

Internal migration hits regional ratios
The National Capital District (Port Moresby) and surrounding Central Province have a gender ratio of 114. A high rate of male migration to these regions is driving this outcome. However, internal migration does not explain a national gender imbalance.

To do so we make a case study of Hela Province, also with gender ratio of 114, but it can't be described as a major urban centre. It does, however, have a number of factors that can also be seen in other regions to varying degrees.

- Hela is the centre of PNG's liquefied natural gas industry attracting male workers from other provinces. Cash economies that flow from these projects create additional employment opportunities drawing even more men. Other provinces with resources projects would experience similar outcomes, just not at the same scale.
- High levels of inter communal and gender based violence, including tribal conflicts and sorcery related killings. Violence disproportionately affects women, contributing to higher female mortality rates and displacement.
- Polygamy, bride price, and patriarchal norms reinforce limits to women's mobility and safety. These norms, combined with a weak state presence, exacerbate gender inequality making women more vulnerable and excluded from economic engagement.
- Restricted female access to health care, education and protection services, especially in rural areas increasing risks during childbirth and reducing women's life expectancy.

Policy implications
An elevated male-to-female ratio has several policy implications:

- Maternal health and reproductive services may be under prioritised. As such female specific health needs (e.g., cervical cancer screening, maternal mortality reduction) may require targeted investment.
- A lack of focus on female education resulting in their literacy rates lagging males with only 37.7% of girls completing lower secondary school compared to 45.7% of boys.
- A lack of concern about the significant gap in in female workforce participation, especially in rural areas.
- Underlying the above is a key issue: gender based violence and the lack of protection for females. Stronger legal protections, community education, and support services are essential.
- This imbalance is also seen in political and social representation. Women are under represented in leadership reinforcing male dominated governance structures, limiting progress on gender equity.

There are no quick fixes to a gender imbalance. Policies will have to maintain a focus on gender sensitive development planning, female health and education programs and improving female representation in governance and economic participation.

Agriculture and minerals – key focus

Coconut Processing Plant in Madang
Papua New Guinea will partner with Sri Lanka's Jaindi Exports to establish a $100m coconut processing plant in Madang within a Special Economic Zone. The PNG government will hold 51% and Jaindi 49%. The project spans 20 hectares, aims to create 1,000 jobs, and shift production from copra to high-value coconut products for global markets. Future plants are planned for East New Britain and Bougainville.
PNG Business News

IMF Agreement Secures $220m for PNG
PNG reached a staff-level agreement with the IMF under ECF, EFF, and RSF programs, unlocking $220m upon approval. Growth is forecast at 4.5% in 2025, supported by gold output, FX access, and agriculture. PNG targets a balanced budget by 2027 while advancing reforms, anti-corruption, and climate resilience.
International Monetary Fund

Petroleum Exploration Outlook
PNG's petroleum sector remains promising despite reduced exploration. Large gas reserves and LNG projects position PNG as a rising energy exporter. Government plans include unlocking underexplored basins, multi-client seismic surveys in the Gulf of Papua, and major wells like TotalEnergies' Mailu-1 and ExxonMobil's Wildebeest. A shift to a Production Sharing Regime by 2026 aims to attract investment and strengthen PNG as a regional gas hub.
PNG Business News

Ilimo Farm Revival
Central Governor Rufina Peter seeks to revive Ilimo Farm to supply chicken, eggs, and chicks to Port Moresby and Southern Region. Plans include developing a cattle industry to reduce K200m in annual imports and boost local agriculture.
PNG Business News

Feni Gold-Copper Expansion
Adyton Resources confirmed significant mineralisation at Feni, reinforcing its 1.45m-ounce gold resource and identifying high-priority targets for expansion.
PNG Business News

Bougainville Infrastructure & Solar Hub
South Bougainville advanced major projects in September–October 2025, including road upgrades, bridges, and community facilities across Buin, Siwai, and Bana districts. The Buin Solar Farm and Innovation Hub now provide clean power and training for renewable energy and youth entrepreneurship. These initiatives, driven by public–private partnerships, aim to boost connectivity, attract investment, and promote a green economy.
PNG Business News

MRDC Investments in Hela
MRDC launched four projects to strengthen Hela's economy: a 5MW power supply from Hides to Tari, the Hela Heritage Hotel, a new MRDC office in Tari, and K1m annual health funding. These investments target energy access, job creation, cultural promotion, and improved healthcare.
PNG Business News

Sectoral Highlights

- Papua LNG Project: Awaiting Final Investment Decision (FID), with expectations that it will significantly boost real GDP.
- Cocoa Sector: The EU-STREIT PNG Programme is transforming the cocoa value chain in Sepik, attracting European market interest.
- Coffee Sector: Smallholder growers have opposed the Coffee Industry Draft Bill 2025, citing lack of consultation. PNG Parliament passed the Coffee Industry Act recently.
- Oil Palm: The government has announced plans to revitalize the sector for long-term sustainability.
- Coconut Industry: A major processing plant is planned in Madang Province via a joint venture with Sri Lanka's Jaindi Exports Pvt Ltd.
- The Specific Economic Zone Summit in Port Moresby attracted interest for K20 billion worth of investments.
- India's Lloyds Metals & Energy Ltd expressed interest in PNG's gas sector, including partnership with KPHL.
- Augustus Minerals Ltd (Australia) acquired rights to explore the Mt Kare Gold Project in Enga Province.

Interest Rates

- The Kina Facility Rate (KFR) and Central Bank Bills Fixed Rate Full Allotment (FRFA) were both increased from 4.00% in August to 5.00% in September, as announced in the September Monetary Policy Statement (MPS) by the Bank of Papua New Guinea (BPNG). This adjustment aligns interest rates with the exchange rate anchor, due to the ongoing managed depreciation of the PGK and resulting inflationary pressures.
- The Cash Reserve Requirement (CRR) was also reduced from 10% to 9% to ease liquidity distribution challenges.
- Treasury Bill Auction, 7 November: Investor demand was strong, with total bids of K592.52 million against an offer of K376.78 million, resulting in an over subscription of K215.74 million. Demand was concentrated in longer tenors:
- 364-day bills attracted the majority of bids, clearing at 7.21% for K396.30 million, continuing the downward yield trend from above 8% in early October.
- 182-day bills cleared at 7.23% for K38.30 million; with increased interest in shorter tenors due to slightly higher yields we expect strong interest in this tenor.
- 273-day bills received K65.12 million in bids but had zero success despite a K50 million offer.
- Government Inscribed Stock (GIS) Auction was conducted on 21 October 2025: and saw robust investor participation, with K211.68 million in total bids against an offer of K80 million. All maturities (2, 5, 7 years) were fully allotted, with the 10-year bond slightly under subscribed but still meeting the full offer amount. Yields ranged from:
  - 2-year bond: 8.23% to,
  - 10-year bond: 9.20%.
- With coupon rates slightly above weighted average yields, along with a full subscription allocation, robust market confidence and demand for long-term government debt should be sustained, despite falling yield expectations.
- Central Bank Bills (CBB) FRFA Auction conducted on 7 November registered exceptionally strong participation, with K951 million fully allotted at a weighted average of 5.00% aligning with the KFR.
- Despite no official offer, high bid volume underscores robust short-term liquidity and the central bank's effective use of open market operations to manage liquidity and maintain monetary control.

Foreign Exchange

- In October, the PGK/AUD was primarily range bound, trading between 0.3570 and 0.3735 averaging 0.3663.
- Meanwhile, the PGK/USD continued its gradual, managed depreciation from 0.2388 to 0.2374, with latest trading at 0.2370.
- These movements reflect underlying dynamics within PNG's managed exchange rate framework which aims to preserve macroeconomic stability while facilitating controlled currency adjustment. This underscores BPNG's cautious strategy in balancing external pressures with domestic priorities.
- Total market turnover rose to K7.482 billion from K5.638 billion in September, driven in part by quarterly provisional tax payments being due.
- In October, the AUD started the month softer against the USD dropping below 0.66 level maintained through September. By the month end, the AUD stabilised somewhat, closing just below 0.6550.
- The USD remains 10–15% overvalued on most valuation metrics. However, recent months have seen the currency show resilience, with market participants focusing on positive developments, including recent trade agreements and AI-driven strength in U.S. investment.
- Global investors continue to diversify USD exposures, but without a material sell-down of positions. The earlier market correction was never a true "de-dollarisation" so the USD's overvaluation will unwind gradually. Some short-term depreciation is likely, in fits and starts, due to trade developments and shifts in market sentiment. (See November Market Outlook).
- Overall, investor sentiment toward the AUD remains positive as markets favoured risk-sensitive currencies amid easing concerns about global growth.
- The USD remains overvalued so we have a constructive medium term view for AUD/USD. Our changed rates views implies a narrowing spread between at the short end but not a material enough to entirely offset the other, more positive, recent narratives on the USD.
- BPNG conducted three FX Auctions in October, totalling USD18m, targeted at clearing the build up of essential orders related to the import of critical goods such as food, fuel and medicine.

Government Bond Auction

Series	Amount on offer	Bid recieved	Successful bids	Successful yields	Weighted average rate	Coupon Rate	Overall Auction
	K'million	K'million	K'million				
IssueID 2025 / 4744 (2 Years)	20	50.1	23.5	8.20%– 8.40%	8.23%	8.45%	K30.100
Issue ID 2025 / 4745 (5 Years)	20	46	20	8.50% – 8.50%	8.50%	8.85%	K26.000
Issue ID 2025 / 4746 (7 Years)	20	60	20	8.90% – 8.90%	8.90%	9.05%	K40.000
IssueID 2025 / 4747 (10Years)	20	55.58	16.5	9.20% – 9.20%	9.20%	9.35%	K35.580
TOTAL	80	211.68	80				131.6

Auction Number: 21–OCT–25 /GOB/ Government Bond; Settlement Date: 24–Oct–25; Amount on Offer: K80.000 million

Government Treasury Auctions

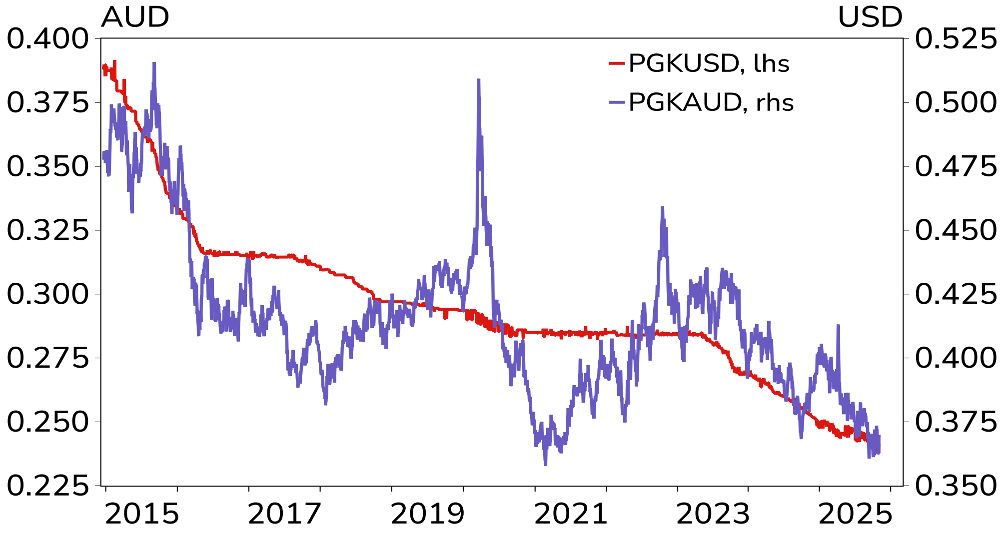
Terms	Issue ID 2025	Issue ID 2025	Issue ID 2025/4516	Issue ID 2025/4517	Issue ID 2025/4518	Total
	63	91	182	273	364	
Weighted Average Yield	0.000	0.00%	7.35%	7.43%	7.40%	
Amount on offer Kina Million	0.000	0.000	10.000	20.000	237.400	267.400
Bids Received Kina Million	0.00	0.000	26.000	39.000	339.300	404.300
Successful Bids Kina Million	0.00	0.000	10.000	32.000	258.700	300.700
Overall Auction OVER-SUBSCRIBED by	0.00	0.000	16.000	19.000	101.900	136.900

Auction Number: 29-OCT-25 / GOI/ Government Treasury Bill; Settlement Date: 31-Oct-25; Amount on Offer: K267.400 million

Gradual kina depreciation continues

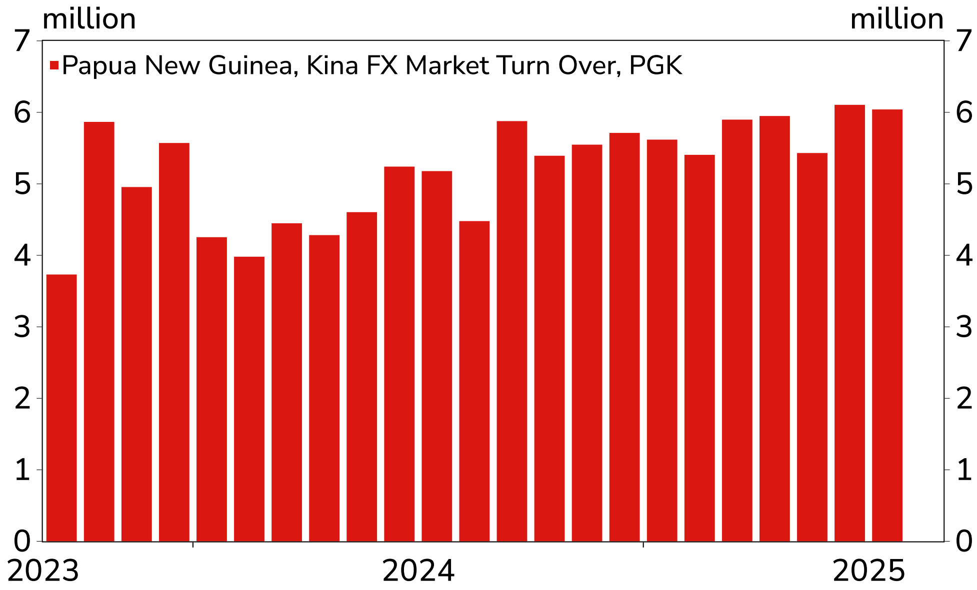
Kina Foreign Exchange Rate

BPNG focuses on the USD/PGK rate



Source: Bloomberg, Macrobond, Westpac Economics

Foreign Exchange Market Turnover



Source: Bank PNG, Macrobond, Westpac Economics

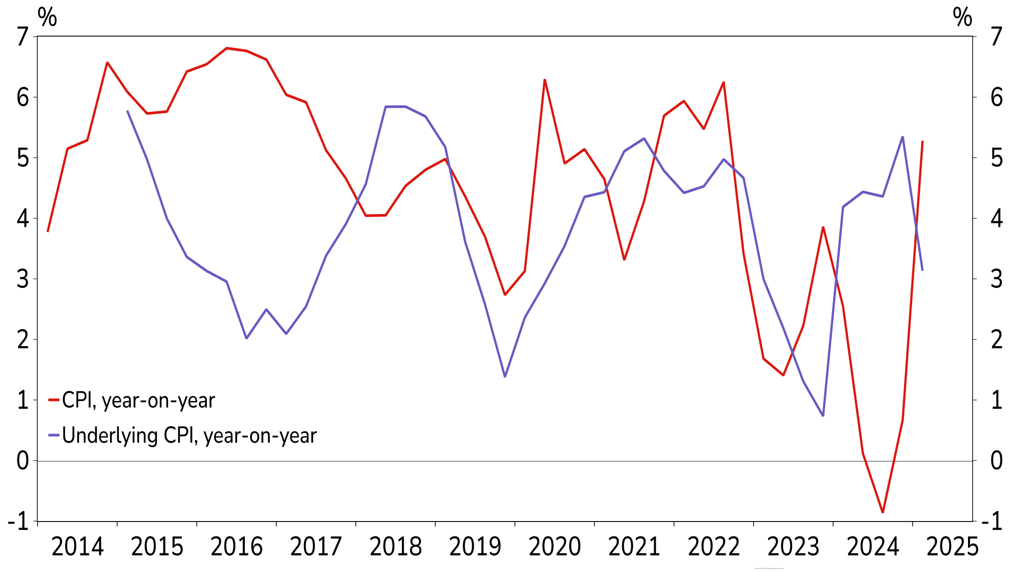
"The PNG/AUD was range bound in October while the PNG/USD managed gradual depreciation continued."

"Improved FX liquidity and availability has seen order books decrease across the market with ongoing signs of improvement."

Underlying inflation falls

- PNG's headline CPI rose 5.3%yr in March 2025 quarter, led by 6.3%yr increase in the Food & Non-Alcoholic Beverages and a 14%yr increase in Alcoholic Beverages, Tobacco & Betel Nut.
- Apart from the above consumer prices rose across all the other broad items in the March quarter. Of note were:
  - Clothing & Footwear +5.1%yr;
  - Transport +3.4%/yr;
  - Health +2.9%yr;
  - Restaurant & Hotels +2.2%yr;
  - Education +1.7%yr;
  - Communication +1.3%yr; and
  - Housing +1.1%/yr
- Underlying inflation rose by 3.1%yr in March 2025, lower than the prior quarter 5.4%yr. Underlying inflation was lower than the headline measure after excluding the more volatile items in the basket.
- Headline inflation excluding seasonal items rose 3.3%yr in March 2025 while excluding seasonal and customs excise charges rose by 2.8%yr.
- Betel Nut prices are known for extreme swings due to supply-chain issues and their 17.5%yr increase is a key factor driving up headline inflation.
- Communication prices reversed their seven-quarters of consecutive decline, risng by 1.3%/yr in March 2025.
- March 2025 headline inflation has been uneven with the country:
  - 5.1%yr in Port Moresby;
  - 1.7%yr in Lae;
  - 8.4%/yr in Goroka-Hagen, Madang; and
  - 7.0%yr at Alotau-Kimbe-Kokopo/ Rabaul.
- Lae no longer has deflation, that is falling prices, as experienced during the entirety of 2024.

Headline CPI surges to 5.3% in Q1



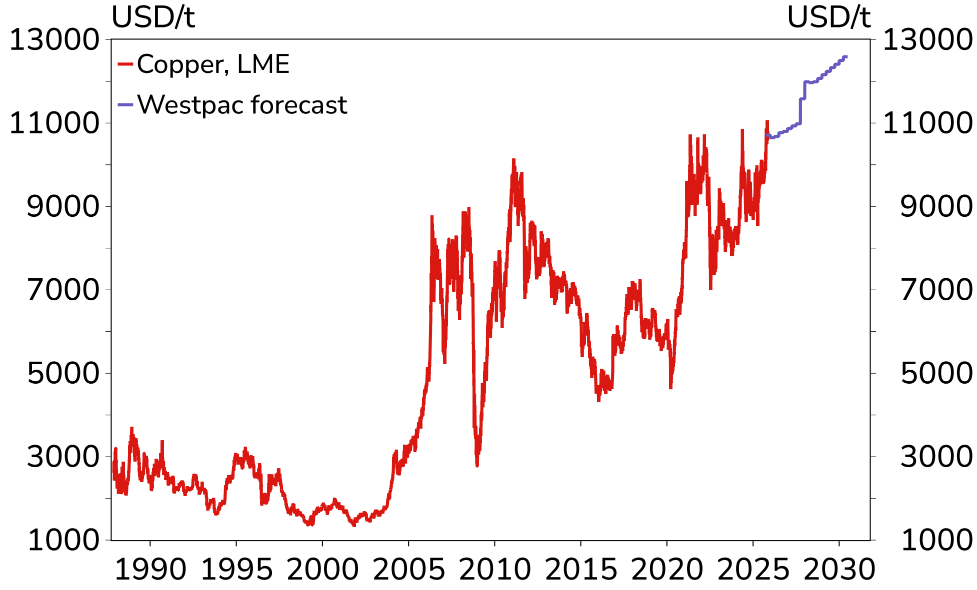
"...consumer price surges across all categories and regions"

Volatility remains high in the copper market

Copper fundamentals continue to firm

- Despite the recent surge in copper prices, we remain cautious on the near-term outlook. Inventories continue to climb at Comex and are trending higher in Shanghai.
- With Chinese copper premiums declining and LME prices at record highs, we expect Chinese exports of refined copper to rise, capitalising on the arbitrage opportunity.
- To help outline the medium term outlook we take a look at recent US trade policies as their impact is still unfolding. On 8 July, the US administration announced a 50% tariff on copper imports, effective 1 August 2025, citing national security concerns. This rate is double the previously anticipated 25%. Reports suggested the tariff may extend to semi-finished copper goods, adding uncertainty.
- The market reaction saw COMEX 3-month copper surged 10% to US$5.53/lb (US$12,191/t) on the announcement while the COMEX-LME spread widened to ~US$2,500/t, reflecting strong US buying ahead of the tariff. US cathode imports (Jan–May) rose 130%yr, driving inventory build-up to around 500 kt by end-July (~30% of annual demand).
- The goal of the tariffs was to stimulate domestic supply of copper, but we see this as being unlikely, at least for the near term, due to long lead times and structural limits in US smelting/refining capacity. As such, they present little risk for the medium term outlook where supply remains constrained.
- At least for the near term, we expect to see inventory drawdowns in the US and a redirection of copper away from the US and a resulting easing in a relatively LME stock position.
- These tariffs also represent an inflation risk for the US as higher input costs for manufacturers, especially if tariffs extend to semi-finished goods, could pressure construction, electrical infrastructure, and appliances prices higher.
- The US accounts for a bit less than 7% of global refined copper demand, but the tariff has disrupted trade flows and tightened LME stocks position (down 60% year to date). As such we expect the relative price weakness on LME to be short-lived,

Copper has a constructive medium term outlook



Source: LME, Macrobond, Westpac Economics

"...longer term copper fundamentals remain sound but the U.S. tariff threat has created a lot of near term uncertainty..."

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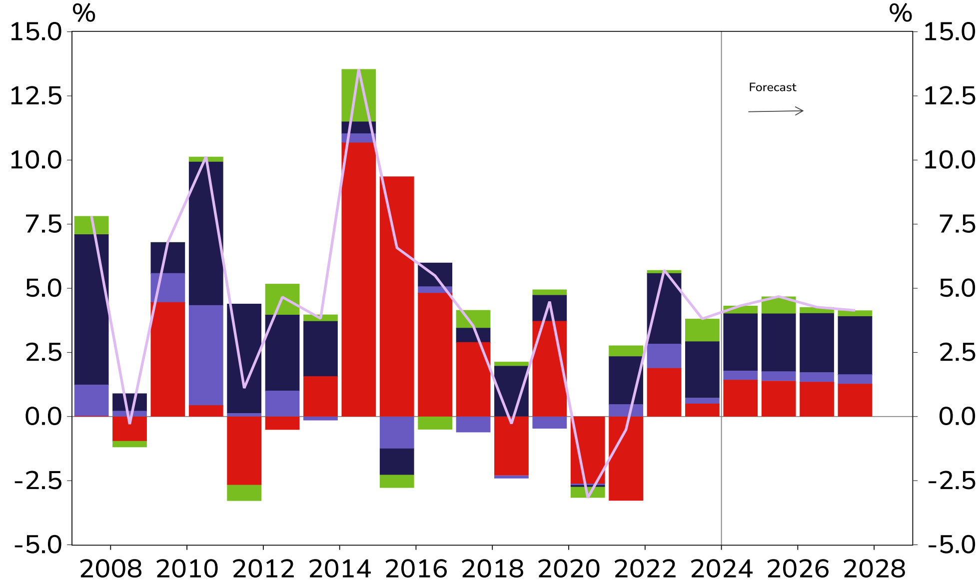
Economic expansion in sight

- The National Statistical Office (NSO) revised PNG's 2023 growth to 3.8%, up from the November estimate of 3.0%, due to an underestimation of crude petroleum and natural gas production. Initially reported as declining by 3.0%, this sector grew by 1.2% in 2023.
- These revisions impact not just 2023 growth but also Westpac's outlook for PNG, leading to updated projections for 2024 and 2025.
- The higher base for 2023 due to better-than-expected performance in key sectors, plus the data we have for the first three quarters of the year, suggests PNG's economy grew by 4.3% in 2024, up from our previous estimate of 3.7%.
- However, our 2025 forecast was revised down from 5.1% to 4.7% due to the base effect of a stronger 2024.
- The 2025 Budget presented a 5.4% increase in government expenditure which we expected to continue to drive domestic consumption. The resource sector remains crucial, with strong growth in the farm/rural sector this will help support robust growth in the vital services sector as growth in primary and industrial sectors increases demand for many services.
- There are several major projects in the pipeline, with final investment decisions still to be made. However, uncertainty persists in regard to the start of these projects. Santos has completed its Angore project, adding to gas reserves and maintaining momentum in this important export sector.
- Overall, gold production and exports increased significantly in 2024 boosting the resource extraction sector and enhancing overall growth. Given gold prices continue to hit record highs, and we can see no reason to expect a near term correction, this momentum should persist through 2025.
- Initially, we saw an upside risk to our PNG growth outlook but as imports slowed as we moved into the second half of the year, we are not as confident the upside will be realised without the economy receiving an extra kick.
- The announcement of FID for a large resources project is but one possibility for this kick.

Resource sector key but services remain critical



Source: Bank PNG, Macrobond, Westpac Economics

"...gold production and exports increased significantly in 2024, boosting the resource extraction sector and enhancing growth performance"

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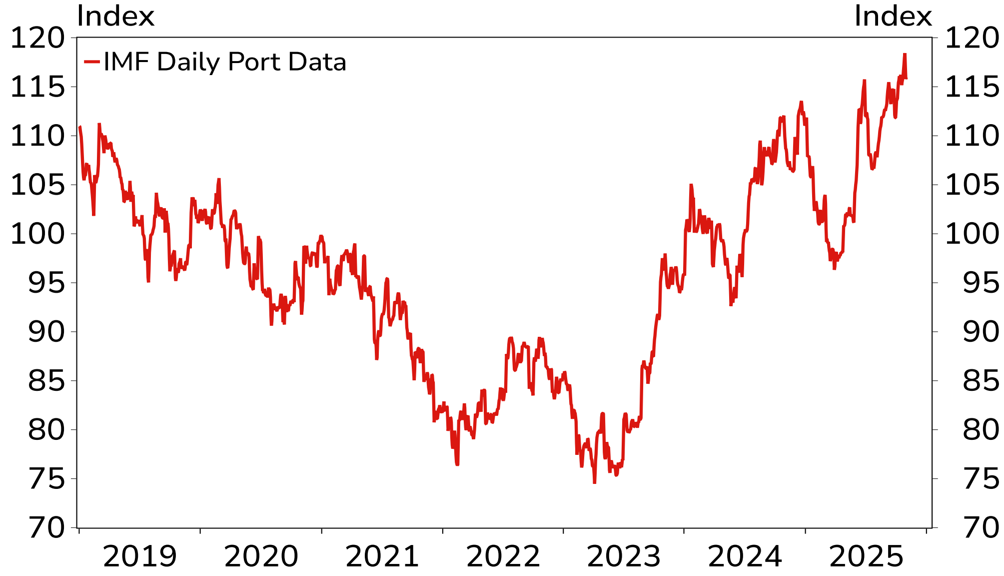
Signs of strength in import activity

- Westpac has developed a proprietary index tracking import activity at PNG ports, known as the PNG Ports Imports Indicator.
- While the data can be volatile and subject to revision as updates are received, when used judiciously, it provides a timely signal of import momentum and, by extension, domestic economic activity.
- The latest update from the Indicator suggests signs of strength in import activity. Since mid-2023, the index has shown a clear upward trend in import volumes.
- A temporary correction occurred between late January and late May 2024, followed by a strong rebound that peaked toward the end of the year. This peak was then followed by a deeper correction in the final weeks of 2024, bottoming out in late March 2025.
- From that trough, port activity has remained somewhat volatile but with a clear upward trajectory, culminating in a new record high in late October 2025.
- While we remain cautious about drawing firm conclusions from a single indicator, the consistent gains throughout 2025 suggest positive underlying momentum in the PNG economy.
- **Why do we track imports so closely?** The PNG domestic economy continues to grow at just under 5%, a sound pace but still less than what is needed to lift more Papua New Guineans out of poverty. More needs to be done to sustainably lift growth to a pace that supports long-term economic development.
- The anticipated Final Investment Decisions (FID) for several large resource projects will provide a significant boost. While these projects can deliver multi-decade benefits, they do not drive permanent positive change on their own. Additional measures are required to ensure inclusive and sustained growth. These include:
  - Improving domestic physical infrastructure
  - Building human capital through better health, education, and training
  - Reforming State Owned Enterprises to enhance service delivery
  - Strengthening government services

PNG Port Imports Indicator



Source: IMF, Macrobond, Westpac Economics

"...signs of strength in import activity..."

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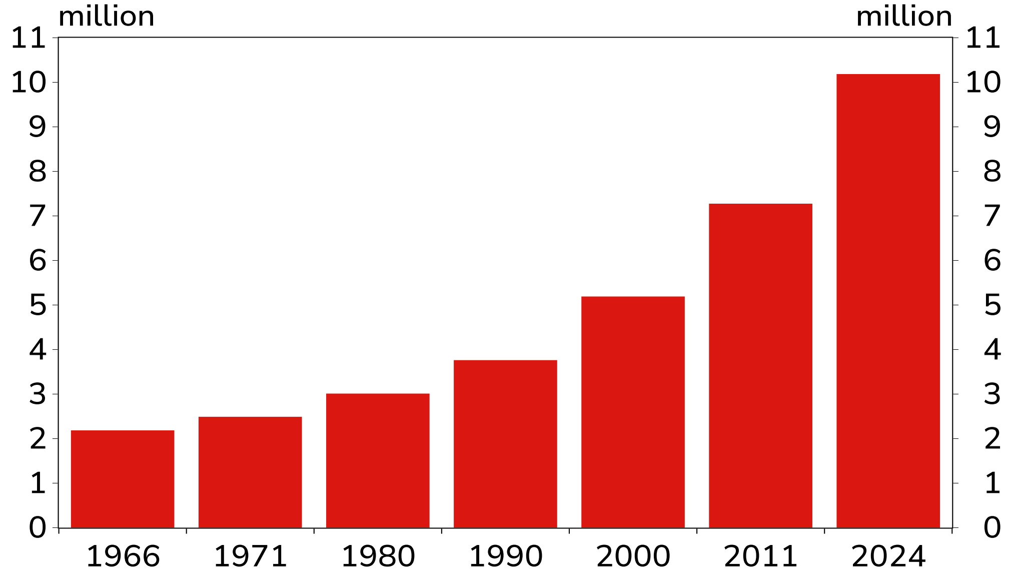
2024 Population update

- Papua New Guinea's national population has officially surpassed 10 million, reaching 10,185,363 as recorded in the 2024 Census. While the reference night was 16 June 2024, logistical challenges led the National Statistical Office to extend enumeration through to October, covering 30,419 geographic census units.
- Population density now averages 22 persons per square kilometre, reflecting a 40% increase (or 2.91 million people) since the 2011 Census.
- This equates to an average annual growth rate of 2.6% over the past 13 years.
- The national sex ratio stands at 110 males per 100 females, with 5.34 million males and 4.85 million females. The highest sex ratios were recorded in the National Capital District, Central, and Hela Provinces (114 males per 100 females).
- Since the first official census in 1980, PNG's population has grown by 7.2 million, up from 3.0 million.
- The average household size remains at five persons.
- Among the 22 provinces, Morobe has the largest population share at 9.8%, followed by Eastern Highlands (7.9%), Madang (7.5%), and the National Capital District (7.4%).
- Regionally, the Highlands account for the largest share of the population (35.7%), followed by Momase (27%), with the Southern and Islands Regions trailing.
- Notably, the Southern Region recorded the fastest annual growth rate since 2011 at 3.6%, while the Highlands Region had the slowest at 1.9%.

Papua New Guinea Population



Source: , Macrobond, Westpac Economics

"...Papua New Guinea's official population has passed the 10 million mark ..."

PUKPUK TREATY AND WHAT IT MEANS

What is Pukpuk Treaty

The Pukpuk Treaty is a mutual defence agreement between Papua New Guinea (PNG) and Australia, designed to strengthen security cooperation and regional stability. It is PNG's first formal defence alliance and Australia's first new treaty-level alliance since the ANZUS Treaty of 1951. The name "Pukpuk" comes from the Tok Pisin word for crocodile, symbolizing resilience and strength.

The Pukpuk Treaty is seen as an opportunity for skills development, employ,ment and capacity building for PNG's population, especially youth. Although concerns have been raised by PNG's parliament about transparency and sovereignity implications as the treaty was signed before parliamentary debate. The Treaty was signed after PNG cabinet's executive approval. In response, PM James Marape emphasised that PNG retains the right to engage with other nations and that the treaty is intended to strengthen PNG's security and development and not limit its foreign policy flexibility.

As part of the Pukpuk Treaty, PNG envisions to build a modern Defence Force of 7,000 personnel and 3,000 reservists in 10 years. Also upto 10,000 PNG citizens are expected to train and serve in Australia Defence Force.

When was it signed?

Date: 6 October 2025
Location: Canberra, Australia
3This marks a historic milestone in bilateral relations between PNG and Australia.

Mutual Defence Commitments

- Continuous cooperation to deter and resist external threats.
- Consultation mechanism if sovereignty or stability is threatened.
- Armed attack on either Party in the Pacific = common danger, requiring joint action.
- UN Charter obligations remain unaffected.

Defence Cooperation Activities

- Personnel exchange and embedding (including force element integration)
- Joint military exercises and training for operational compatibility.
- Multilateral operations for crisis response or conflict.
- Activities across land, sea, air, cyber, and space domains.
- Defence capability enhancement and uplift.
- Intelligence and security information sharing under national laws.
- Logistics and defence industry integration.
- Access to defence facilities and infrastructure development.
- Recruitment of citizens into each other's defence forces.

Status of Defense Personnel

Governed by Status of Forces Agreement and treaty annexes.

Enhanced provisions for Australian personnel in PNG:

- Visa, customs, and tax exemptions.
- Authority to carry weapons and wear uniforms.
- Freedom of movement for aircraft, vessels, and vehicles.
- Ability to establish temporary facilities and use utilities free of charge.
- Medical staff can treat PNG personnel and others during operations.
- Tax exemptions and rights to remit funds.

Agreed Facilities and Areas

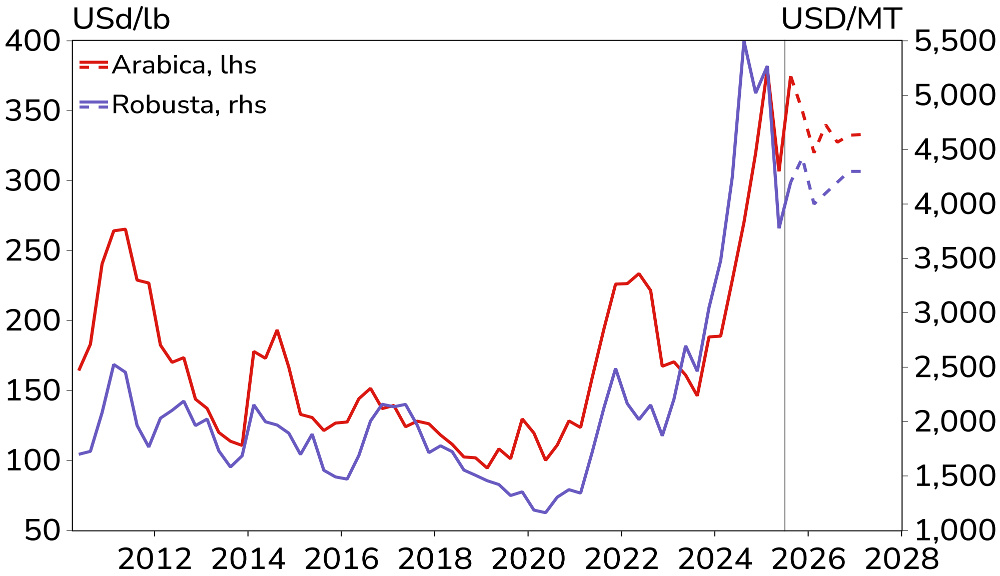
- PNG provides unimpeded access to agreed facilities for Australian Defence Organisation and contractors.
- Facilities may be for exclusive or joint use.
- Australia can construct, alter, and improve facilities; ownership remains with PNG after use.
- Australia controls entry for exclusive-use areas; coordinates for joint-use areas.
- Prepositioning of equipment and materiel allowed with exclusive Australian control.
- PNG furnishes facilities without rental cost.

"...Pukpuk Treaty, is a forward- looking, sovereign decision by Papua New Guinea to strengthen its National Defence Capacity and Regional Security Posture while deepening the country's historic relationship with Australia..."

Coffee Industry Bill passed

- PNG's two major agricultural exports have moved in opposite directions on global markets. Coffee prices have surged while cocoa remains subdued.
- Arabica coffee futures climbed to around $4 per pound, the highest since 24 October, driven by strong demand and constrained supply.
- Intercontinental Exchange-monitored inventories fell to a 19.5-month low of 431,728 bags as of 31 October, further pressured by US 50% tariffs on Brazilian coffee. US roasters continue to avoid major contracts with Brazil, awaiting trade negotiations. Weather concerns in Brazil add uncertainty, with irregular rainfall during the October flowering cycle raising doubts about the 2026 crop. Brazil's 2025/26 output is forecast at 65 million 60-kg bags, with Robusta gains offsetting Arabica declines.
- Despite this global rally, PNG has yet to benefit. Coffee exports in Q1 2025 totalled 9,700 tonnes, down 23% year-on-year. Arabica dominates production, with historic peaks of 1.35 million bags in 2011, but output remains volatile. Robusta accounts for less than 5% of total output, at around 50,000 bags. Most coffee is grown by smallholders, yet there is significant potential for commercialisation and industrialisation, particularly given Arabica's premium pricing.
- Policy reforms and investment in infrastructure and human capital are critical for PNG to leverage its natural advantages.
- PNG's Parliament passed the Coffee Industry Bill 2025 in late October, establishing the National Coffee Authority and introducing a licensing and regulatory framework. The legislation aims to improve market access, quality control, export management, research, and extension services, positioning PNG to capture greater value from global coffee markets.

Coffee price outlook



Source: , Macrobond, Westpac Economics

"...US roasters continue to avoid major contracts with Brazil, awaiting trade negotiations. ..."

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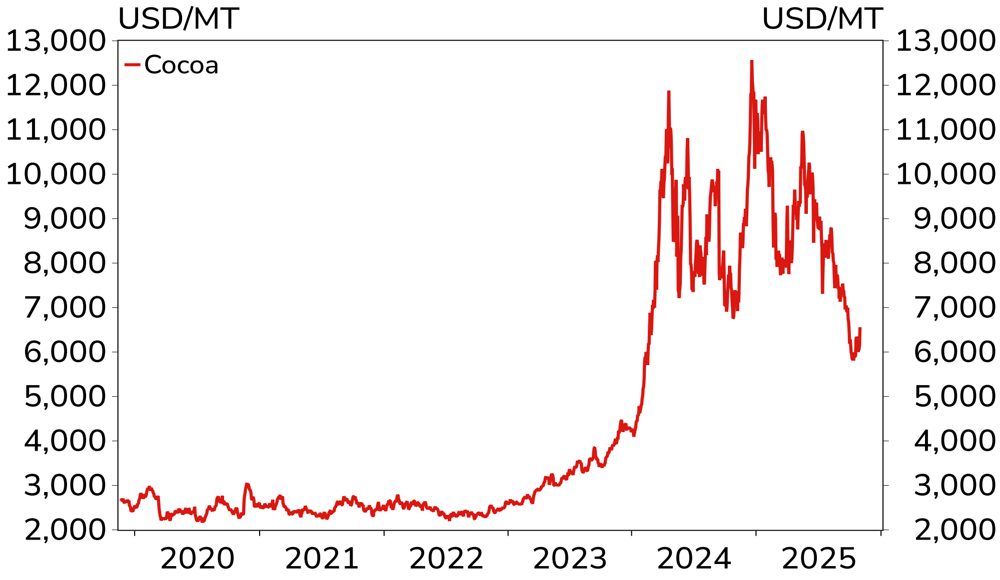
Cocoa returns to Bloomberg Commodity Index

- Cocoa futures climbed over 5% toward $6,485 per tonne on 4 November 2025, the highest level since early October, extending recent gains after confirmation that cocoa will return to the Bloomberg Commodity Index, likely attracting significant fund inflows. Shrinking Intercontinental Exchange-cocoa inventories also supported prices, with stocks in US ports falling to a seven-month low of 1,815,627 bags as of 31 October.
- Meanwhile, arrivals at Ivory Coast ports picked up, with deliveries reaching 90,000 tonnes from 27 October to 2 November, compared with 80,000 tonnes the previous week. Optimism over strong West African harvests continues to bolster expectations of a global supply surplus. Farmers report adequate rainfall combined with sunny spells, supporting a high-quality crop for the October-to-March season.
- Current elevated global prices are benefiting PNG cocoa farmers and exporters. The attractive price environment has encouraged more farmers to enter the market, with some moving away from cooperatives to establish their own facilities, diversifying the industry and unlocking new investment opportunities. In the first quarter of 2025, PNG cocoa exports rose to 7,300 tonnes, up 55% year-on-year.
- But drop in global cocoa prices, currently down 11% year-to-date might disincentivise farmers to invest in the soft.
- PNG's cocoa sector is built on smallholder farming, providing income for approximately two million people. Trinitario and Forastero varieties dominate production, with PNG's volcanic soils and humid tropical climate ideally suited for cocoa, particularly in East New Britain, Bougainville, and parts of the Highlands.
- With continued investment and policy support, PNG's cocoa industry has strong potential to drive economic diversification and rural development.

Global cocoa price



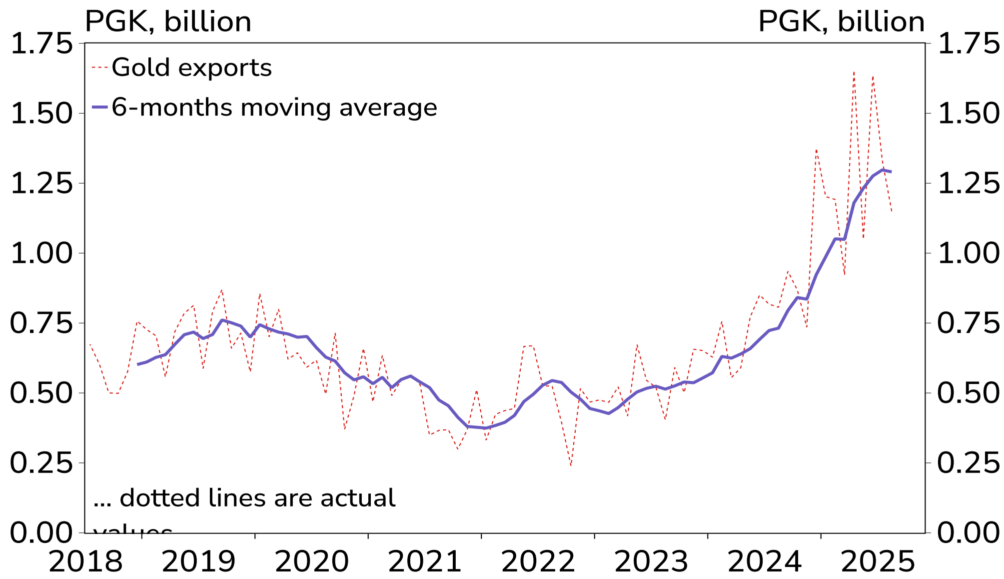
Source: , Macrobond, Westpac Economics

"...cocoa previously featured in BCOM with a minimum floor weight of 2%, from inception to 2005 ..."

Gold export rally supports PNG economy

- Papua New Guinea's gold exports to Australia recorded a strong performance in August 2025, reaching K1.15 billion, which represents a 42.6% increase compared to August 2024. Year-to-date exports for 2025 (January to August) stand at K10.14 billion, already surpassing the full-year total of PGK 9.69 billion in 2024.
- Monthly trends indicate particularly strong shipments in April and June, each exceeding K1.6 billion, signaling robust demand and production capacity.
- The rally in 2025 is largely attributed to elevated global gold prices driven by economic uncertainty and inflationary pressures, which have increased investor appetite for safe-haven assets.
- Additionally, improvements in PNG's mining output and export logistics, combined with strong import demand from Australia, have supported this surge. If current trends persist, PNG's gold exports could exceed K15 billion by year-end, marking a record-breaking performance for the sector.
- In terms of how key miners performed, Ok Tedi Mining Limited delivered an outstanding first-half result with a US$435 million profit, more than double its forecast, driven by strong copper and gold prices, higher sales volumes, and a US$100 million revaluation gain. The company produced 151,000 ounces of gold and 54,000 tonnes of copper, generating US$1.1 billion in revenue.
- Lihir Gold Limited, a Newmont subsidiary, made a landmark corporate tax payment of US$55.8 million (K213 million) on 30 July 2025, and total corporarte income tax payment leading to K330 million for 2025 tax year.
- Porgera Limited, following its late-2023 restart, produced 84,800 ounces of gold in Q1, declared an US$80 million dividend, and paid US$48.9 million in tax. In Q2, Porgera contributed K258 million in tax and announced a US$150 million interim dividend.

Gold exports to Australia rising



Source: DFAT, Macrobond, Westpac Economics

"...the rally in 2025 is largely attributed to elevated global gold prices driven by economic uncertainty and inflationary pressures ..."

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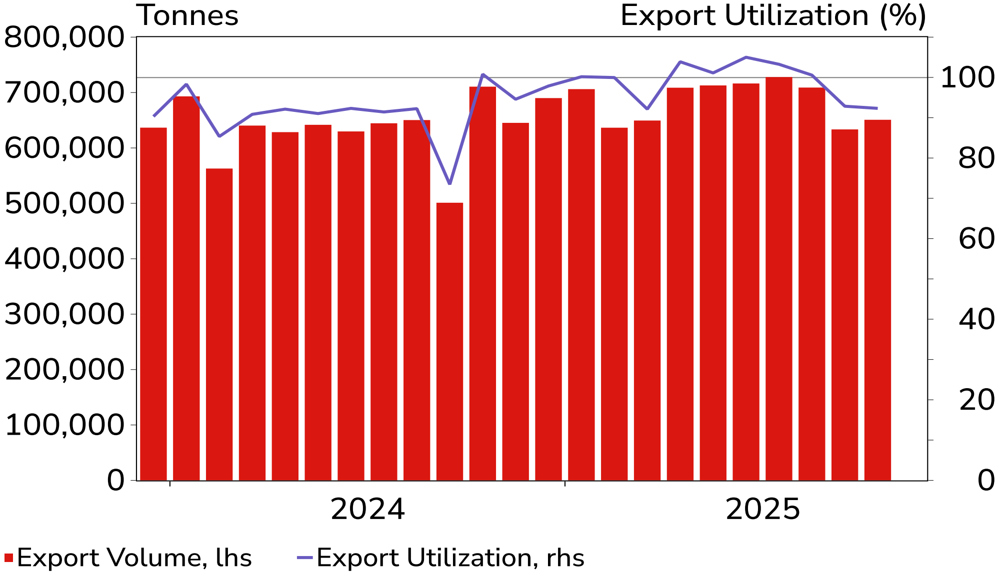
PNG LNG exports note recent drop

PNG LNG Export Activity

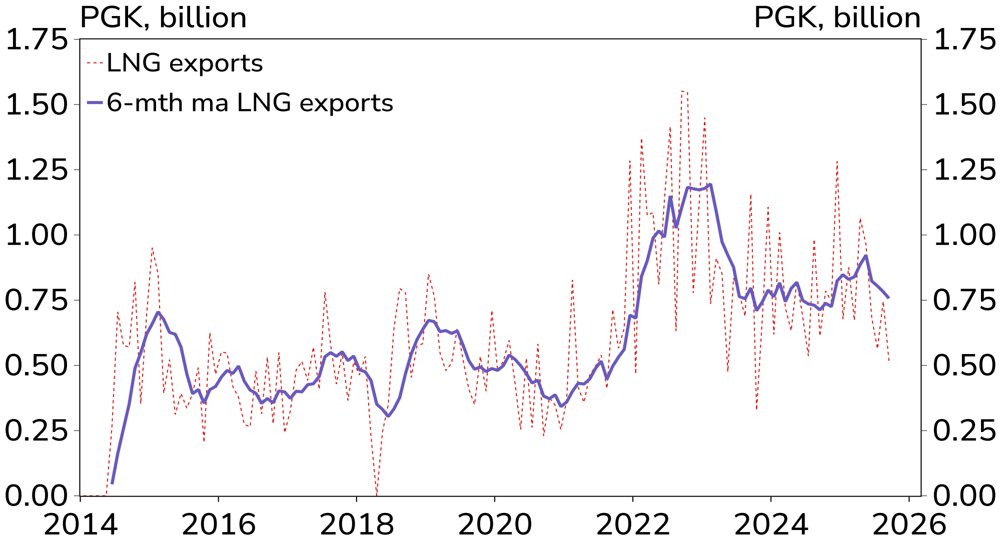


Source: , Macrobond, Westpac Economics

"...PNG LNG export utilization drops to 92% in October, potential for more..."

PNG's LNG export to Japan up 2% ytd

September was down 15.5%yr as falling global prices exert pressure



Source: MOF, Macrobond, Westpac Economics

"...LNG exports to Japan drops, led by both volume drop and less price support ..."

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Financial forecasts

Interest rate forecasts

Australia	Latest (7 Nov)	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27	Sep–27
Cash	3.60	3.60	3.60	3.35	3.10	3.10	3.10	3.10	3.10
10 Year Bond	4.33	4.35	4.35	4.40	4.45	4.50	4.55	4.60	4.60
US									
Fed Funds	3.875	3.875	3.625	3.375	3.375	3.375	3.375	3.375	3.375
US 10 Year Bond	4.08	4.15	4.15	4.20	4.30	4.40	4.45	4.50	4.55
New Zealand									
Cash	2.50	2.25	2.25	2.25	2.25	2.50	2.75	.3.00	3.25
10 Year Bond	4.09	4.15	4.30	4.45	4.55	4.70	4.85	4.90	4.95

Exchange rate forecasts

	Latest (7 Nov)	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
PGK/USD	0.2372	0.2350	0.2350	0.2400	0.2450	0.2500	0.2550	0.2600	0.2650
PGK/AUD	0.3643	0.3456	0.3406	0.3429	0.3451	0.3521	0.3542	0.3611	0.3630
PGK/NZD	0.4189	0.3871	0.3840	0.3883	0.3939	0.4003	0.4048	0.4114	0.4141
PGK/EUR	0.2061	0.1995	0.1981	0.2010	0.2045	0.2080	0.2114	0.2149	0.2190
PGK/GBP	0.1816	0.1730	0.1725	0.1757	0.1791	0.1825	0.1856	0.1890	0.1920
PGK/JPY	36.49	34.08	33.61	33.84	34.06	34.25	34.43	34.58	34.98
PGK/SGD	0.3096	0.3008	0.3008	0.3072	0.3112	0.3175	0.3239	0.3302	0.3339

Sources: Bloomberg, Westpac Economics.

Economic and financial forecasts

Major trading partner growth forecasts (year average)

Real GDP %ann	2020	2021	2022	2023	2024f	2025f	2026f	2027f
World Economy	**–2.7**	**6.6**	**3.6**	**3.5**	**3.3**	**3.2**	**3.1**	**3.2**
US	–2.2	6.1	2.5	2.9	2.8	1.9	1.3	1.6
Eurozone	–6.0	6.3	3.5	0.4	0.9	1.4	1.1	1.4
Australia	-2.0	5.4	4.1	2.1	1.0	1.8	2.4	2.5
New Zealand	–1.3	5.7	2.9	1.8	–0.6	0.3	2.1	3.4
Japan	–4.2	2.7	0.9	1.5	0.1	1.1	0.8	0.8
China	2.3	8.4	3.1	5.4	5.0	4.8	4.6	4.5
India	–5.8	9.7	7.6	9.2	6.5	6.6	6.4	6.3

Sources Macrobond, Westpac Economics

PNG Economic Statistics

	2019	2020	2021	2022	2023	2024	2025
Money supply (% year)	4.4	7.0	13.4	14.8	11.5	–6.4	6.9
Private Sector Credit (% year)	4.0	4.2	2.5	6.9	19.0	3.0	4.0
Current Account (K millions)	18,522	17,281	12,222	11,543	9,220	13,201	13,649
Total Imports Cover (months)	5.0	7.4	5.4	7.4	6.3	5.7	4.3
Non-mineral imports cover (mth)	8.2	11.8	8.4	15.1	11.6	12.2	9.3
Headline inflation (% year)	2.7	5.1	5.7	3.4	3.9	0.4	3.0
Fiscal Surplus/Deficit (K millions)	–4,172	–6,501	–6,270	–5,852	–4,935	–4,935	–3,984
Defecit as % of GDP	–5.0	–8.0	–6.7	–5.4	–4.4	–4.4	–3.3

Sources Macrobond, Westpac Economics

Economic indicators

		2023	2024 (est)	2025 (est)
Inflation	ADB	2.3%	0.7%	3.8%
	BPNG	3.9%	0.7%	3.0%
	IMF	2.3%	0.6%	5.5%
	Westpac	3.9%	0.7%	4.7%
GDP growth	ADB	3.8%	4.3%	4.2%
	BPNG	3.0%	3.0%	4.0%
	IMF	3.8%	3.7%	4.6%
	Westpac	3.8%	4.3%	4.7%

Sources Macrobond, Westpac Economics

Financial Markets

Indicators	2022	2023	2024	2025f	2026f
Broad money supply	14.8	11.5	9.9	7.3	7.5
Monetary base	29.5	–8.7	–2.3	7.8	7.0
Claims on private sector	6.9	19.0	11.5	12.3	13.6
Net claims on government	–5.4	33.1	19.9	0.9	4.4
Net foreign assets	52.4	3.99	–6.0	–4.3	4.2
Fiscal Surplus/Deficit (K millions)	–5,852	–4,935	–3,984	–2,654	–1,314
Defecit as % of GDP	–5.4	–4.4	–3.3	–2.0	–0.9

Source: BPNG forecasts

Commodity Forecasts November 2025

End of period	Latest (12 Nov)	Dec–25	Mar–26	Jun–26	Sep–26	Dec–26	Mar–27	Jun–27	Sep–27	Dec–27
LNG in Japan US$mmbtu	11.15	10.6	10.8	10.3	10.0	9.6	9.1	8.9	8.8	9.0
gold (US$/oz)	4,026	4,040	4,030	4,080	4,130	4,170	4,190	4,220	4,240	4,200
copper (US$/t)	10,671	10,710	10,650	10,680	10,770	10,800	10,870	10,930	10,980	11,580
aluminium (US$/t)	2,837	2,830	2,960	3,000	2,970	2,900	2,830	2,800	2,920	3,100
nickel (US$/t)	14,931	15,100	15,000	15,000	14,900	14,800	14,800	14,900	15,500	16,400
zinc (US$/t)	3,095	3,070	3,030	2,970	2,880	2,830	2,810	2,780	2,880	3,030
lead (US$/t)	2,026	1,990	1,990	1,970	1,950	1,930	1,920	1,940	2,020	2,130

Source: Bloomberg, Westpac Economics

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