

PNG Economic Update

Prepared by Justin Smirk (Director/Senior Economist).

14 March 2025



Local Economic Conditions

- Prime Minister James Marape has called for urgent reforms in Papua New Guinea's State-Owned Enterprises (SOEs) to improve efficiency and self-sustainability. He emphasized reducing financial dependence on the government, strong leadership, and restructuring underperforming entities. Marape urged adopting innovative financing models like Public-Private Partnerships and modern technologies. He highlighted PNG Power Ltd as a priority, setting a deadline for a strategic turnaround plan by March 2025. ["Prime Minister Marape Demands Urgent Reforms of SOEs" — News — PNG Business News](#)
- Prime Minister James Marape assured that the K1.4 billion loan from the Australian Government is well within PNG's 2024 Budget framework, doesn't exceed the country's fiscal targets and is part of the government's ongoing fiscal consolidation plan and aligns with the goal of achieving a balanced budget by 2027. The loan, with a 4.2% interest rate and a grace period, is structured to avoid increasing PNG's debt burden and is consistent with the country's fiscal strategy. Marape reassured that the government is committed to responsible financial management, aiming for long-term economic stability while balancing growth and fiscal responsibility. ["PM Marape Clarifies Australia's Loan and PNG's Fiscal Stability" — News — PNG Business News](#)
- Papua New Guinea's Minister for Petroleum, Hon. Jimmy Maladina, invited Italian energy company ENI to invest in PNG's petroleum sector, highlighting the country's resource potential and upcoming licensing rounds. He emphasized creating a competitive, transparent investment environment and encouraged ENI to expand into PNG, especially in deepwater exploration. Maladina noted stricter license conditions and a focus on attracting responsible investors. ENI expressed interest and requested more details on the bid rounds.. ["Minister Maladina Invites Eni to Invest in PNG's Petroleum Sector" — News — PNG Business News](#)

Local Economic Conditions

- Six rice farmers have started a three-month internship with Trukai Industries' Smart Farmer Internship Program at Erap Farm in Lae, Morobe Province. This program, involving 24 farmers, covers crop management, machinery operation, irrigation systems, and post-harvest techniques. Selected for their leadership and prior completion of Trukai's Smart Farmer Program, participants receive hands-on training to transition from subsistence to commercial farming, boosting PNG's rice industry and local economy. ["Trukai empowers rice farmers" PNG Business News](#)
- Kumul Petroleum (KPHL) has started seismic data collection at its Barikewa licence in Gulf Province, the first time a fully national company has done so in PNG. The work aims to assess gas volumes in the Barikewa and Kimu fields to determine economic feasibility. KPHL, with contractor OM Holdings, is building infrastructure and gathering data to evaluate and commercialise previously uneconomic gas fields, advancing PNG's natural resource development. ["Kumul Petroleum Gathers Seismic Data for Barikewa project" PNG Business News](#)
- Prime Minister James Marape unveiled a tax reform strategy to stimulate investment, increase consumer spending, and boost local industry growth in PNG. The reforms, set to take effect once the economy reaches K150 billion, include lowering corporate and personal income taxes, and stricter capital outflow regulations. Marape also highlighted the development of Special Economic Zones (SEZs) to attract trade and investment. The government aims to enhance local manufacturing, reduce imports, and create a business-friendly environment, positioning PNG as a regional centre for manufacturing, job creation, and economic growth. ["PM Announces Major Tax Reforms" PNG Business News](#)

Local Economic Conditions

- Digicel PNG announced plans to enhance connectivity across Papua New Guinea. Over the past three years, it expanded its network to 21 provinces and the Autonomous Region of Bougainville. In the last two years, it increased 4G LTE coverage by 20%, building 115 new towers and upgrading 96 towers. Now, over 80% of PNG's population has mobile network access. This expansion is part of Telstra's commitment to PNG following its acquisition of Digicel Pacific in July 2022, reflecting its dedication to sustainable economic growth in the Pacific region. [Digicel PNG Announces a Significant Mobile Network Expansion – PNG Business News](#)
- K92 Mining Inc. has announced the latest results from its ongoing maiden surface diamond drill program at the Arakompa prospect in Papua New Guinea. In a statement, the company said the drilling confirmed two significant high-grade gold veins, AR1 and AR2, along with extensions of a bulk tonnage zone, reinforcing the area's potential for both underground and open-pit mining. Arakompa, located 4.5 kilometers from the Kainantu Gold Mine process plant, has not been drilled in over three decades. K92 Mining has completed 43 holes to date, significantly expanding knowledge of the mineralized system. [K92 Mining Discovers High-Grade Gold at Arakompa – PNG Business News](#)
- The Special Economic Zone (SEZ) Konebada Industrial Park project, led by Kumul Petroleum Limited (KPL), is establishing a fabrication and training facility to boost manufacturing in the oil, gas, and mining industries. The project includes a steel fabrication plant and a world-class training centre. Trade and Investment Minister Richard Maru praised the project as a "game-changer" for PNG's economy, emphasizing local manufacturing and workforce development. The government supports SEZs with tax incentives. The project site spans 300 hectares and includes plans for a cement plant, road upgrades, and a dedicated wharf. [PNG Sets Konebada Industrial Hub with SEZ Status – PNG Business News](#)

Interest Rates and Government Bonds

- KFR held steady at 4% February, reflecting a strong economic outlook and inflation risks, while the Fixed Rate Full Allotment 7-day rate adjusted accordingly.
- The last Treasury bill (T-bill) auction for February saw mixed results. The 91-day bills dropped 3 basis points to 3.97%, while the 182-day bills received no bids. The 273-day rate increased by 24 basis points to 6.83%, and the 364-day rate fell 1 basis point to 8.26%. The 91-day and 273-days had a 100% successful bid rate, while the 364-day paper had a 93% success rate. Overall, the auction was undersubscribed by K63.6 million with weak demand for the 364-day bills as investors shifted to longer-term bonds. Rates across all tenors are expected to see minimal changes in the near term. Total maturities of K3.08 billion with K3.48 billion in successful bids saw a K399.43 million net gain for the central bank.
- The second GIS issuance was undersubscribed by K19.97 million, with 2 to 10 years receiving 100% successful bid rates, while no bids were received for the 5-years. Coupon rates across all tenors decreased by 10 basis points, and weighted average rates were weaker compared to previous auctions. GIS invitations for the upcoming auction on March 4, 2025, have been issued. The 2025 National Budget forecasts a total expenditure of K28.4 billion, revenues of K25.4 billion so a fiscal deficit of K2.9 billion to be financed via a K861 million in net domestic borrowing and K2.1 billion in net external borrowing.
- *28-Feb-25/GOI/Government Treasury Bill. Settlement date 28-Feb-25. Amount on Offer: K237.60million*

Series	Amount on Offer (K'million)	Bids Received (K'million)	Successful Bids (K'million)	Weighted Average Rate (WAR)	Overall Auction Net Subscription
Issue ID 2025 / 3945 (63 Days)	0.000	0.000	0.000	0.000	K0.000
Issue ID 2025 / 3946 (91 Days)	10.000	6.000	6.000	3.97%	-K4.000
Issue ID 2025 / 3947 (182 Days)	20.000	0.000	0.000	0.00%	-K20.000
Issue ID 2025 / 3948 (273 Days)	20.000	25.000	25.000	6.83%	K5.000
Issue ID 2025 / 3949 (346 Days)	187.600	143.000	133.000	8.26%	-K44.6.000
TOTAL	237.600	174.000	164.000	-	-K63.600



Government Bond Auction

• 04-03-25/GOB/Government Bond. Settlement date 07-Mar-25. Amount on Offer: K100.00million

Series	Amount on Offer (K'million)	Bids Received (K'million)	Successful Bids (K'million)	Successful Yields (K'million)	Weighted Average Rate (WAR)	Coupon Rate	Overall Auction Net Subscription
2025 I 3960 (2 Years)	10.000	11.000	11.000	8.50% – 8.50%	8.50%	8.50%	K1.000
2025 I 3961 (4 Years)	10.000	10.000	10.000	8.90% – 8.90%	8.90%	8.90%	K0.000
2025 I 3962 (5 Years)	10.000	18.300	18.300	9.30% – 9.31%	9.30%	9.00%	K8.300
2025 I 3963 (6 Years)	10.000	0.000	0.000	0.00% – 0.00%	0.00%	9.10%	–K10.000
2025 I 3964 (7 Years)	10.000	0.000	0.000	0.00% – 0.00%	0.00%	9.20%	–K10.000
2025 I 3965 (8 Years)	10.000	0.000	0.000	0.00% – 0.00%	0.00%	9.30%	–K10.000
2025 I 3978 (9 Years)	20.000	5.000	5.000	9.40% – 9.40%	9.40%	9.40%	–K15.000
2025 I 3967 (10 Years)	20.000	12.000	12.000	9.49% – 9.50%	9.50%	9.50%	–K8.000
TOTAL	100	56.300	56.300	–	–	–	–43.700



Foreign Exchange and the Kina

- In February, the PGK continued its crawling-peg depreciation against the USD, with the PGK/USD exchange rate moving from 0.2494 to 0.2487.
- Market turnover decreased slightly in the month to K5.405bn in February from K5.618bn in January.
- February was the PGK/AUD had a choppy month, mirroring trading in the AUD/USD, with a range of 0.3861/0.4074 an average of 0.3949. The AUD/USD was marginally stronger February, trading between 0.6088 and 0.6409, with an average of 0.6301.
- The cautionary tone in currency markets remained in February, with the market awaiting the full reach and extent of the proposed President Trump tariffs. Spot gold continued its astonishing rise, trading to above US\$2,800, continuing the good news story for PNG domestic exporters of the precious metal. In a similar vein, coffee continued its seismic rally to record highs of nearly 438 US cents, again boding well for the domestic agriculture sector.
- In February, BPNG conducted FX auction across four sessions offering a total of K454.557 million (US\$112 million).

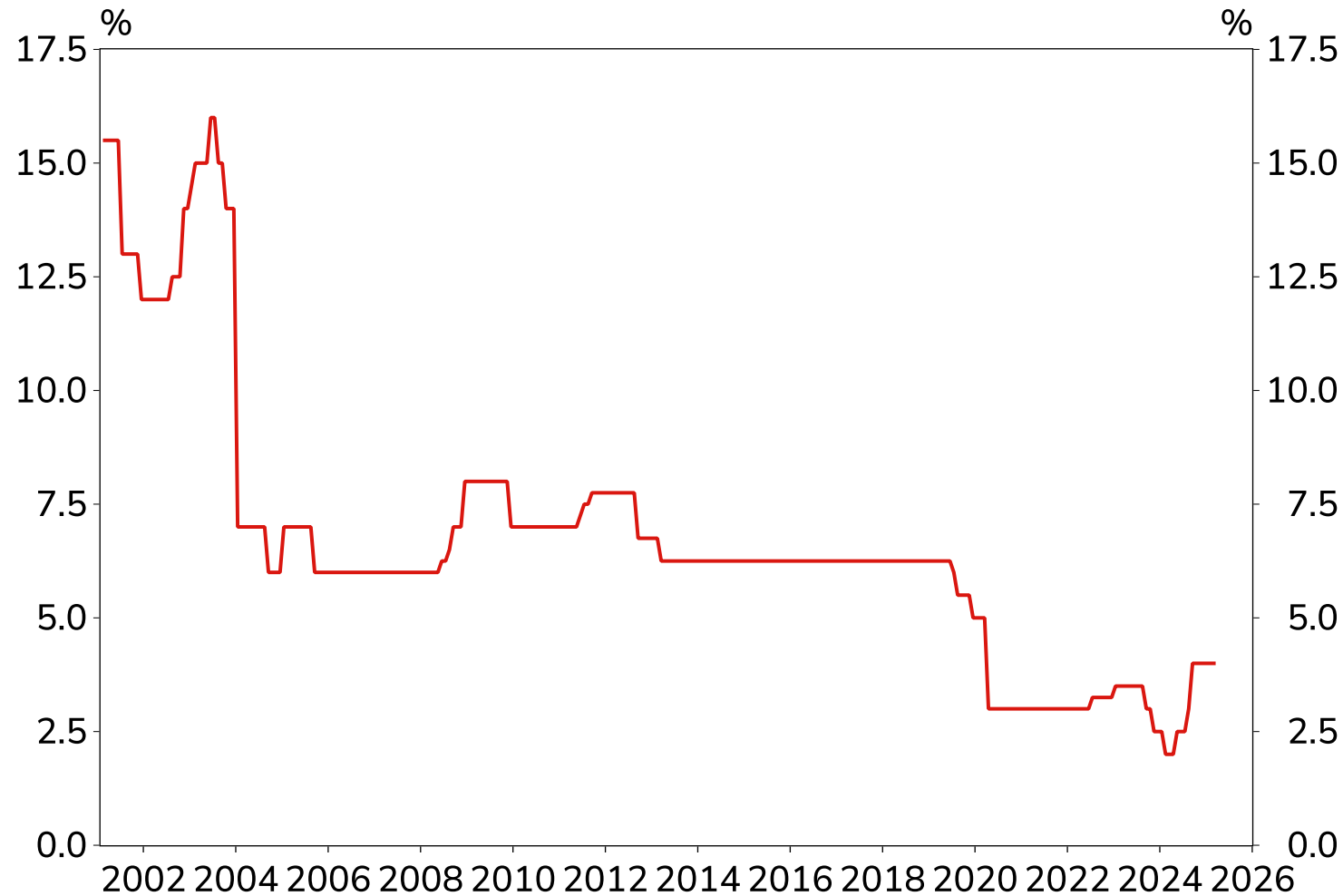
Foreign Exchange Forecasts

Kina	Current	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
PGK/USD	0.2487	0.2405	0.2405	0.2405	0.2450	0.2500	0.2550	0.2600	0.2650
PGK/AUD	0.3942	0.4008	0.3943	0.3879	0.3889	0.3906	0.3864	0.3824	0.3841
PGK/NZD	0.4342	0.4454	0.4487	0.4454	0.4455	0.4480	0.4458	0.4407	0.4417
PGK/EUR	0.2283	0.2405	0.2405	0.2381	0.2402	0.2427	0.2452	0.2453	0.2454
PGK/GBP	0.1919	0.1955	0.1955	0.1940	0.1960	0.1984	0.2008	0.2031	0.2054
PGK/JPY	36.77	37.04	36.80	36.56	36.75	37.00	37.23	37.44	37.63
PGK/SGD	0.3313	0.3271	0.3271	0.3247	0.3308	0.3350	0.3392	0.3432	0.3472



Bank keeps Kina Facility Rate unchanged

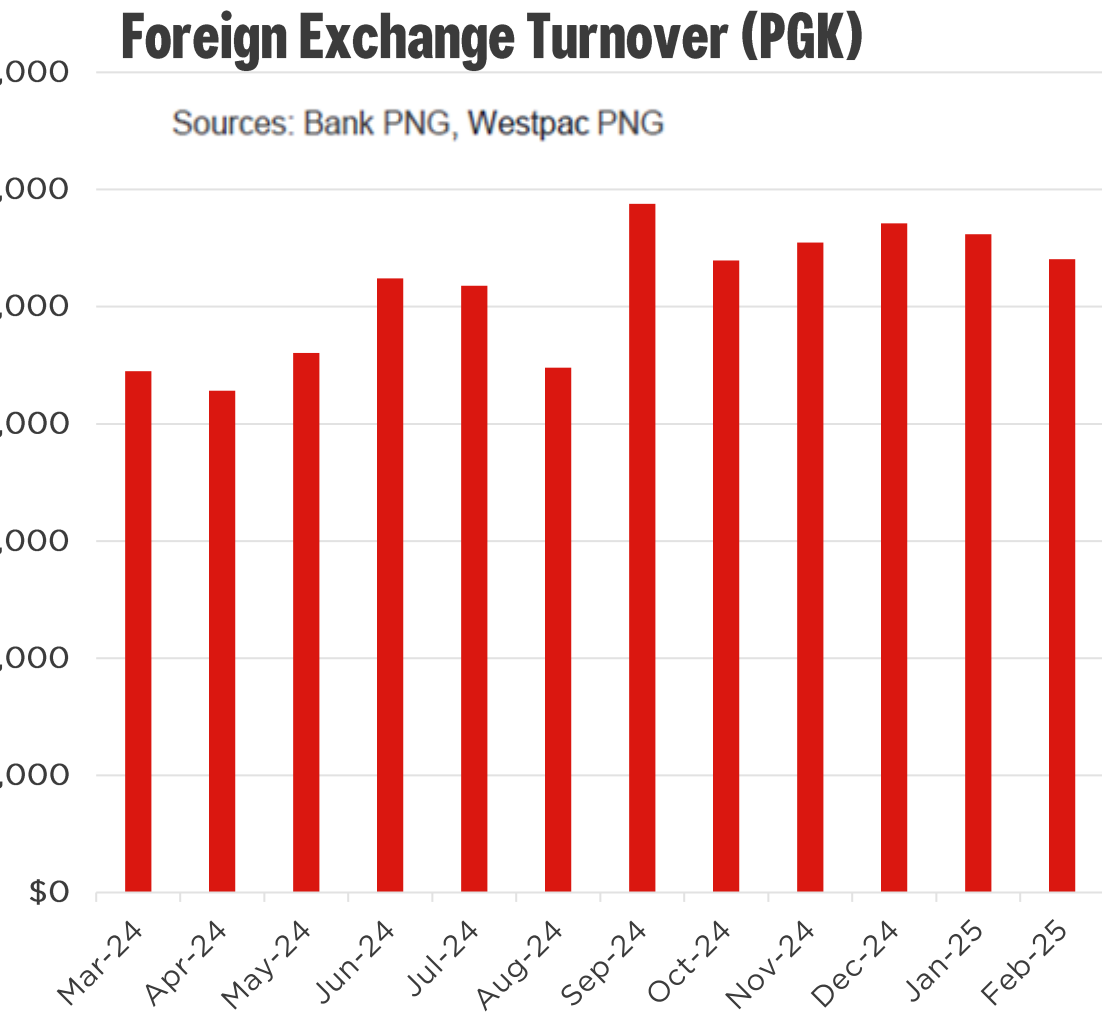
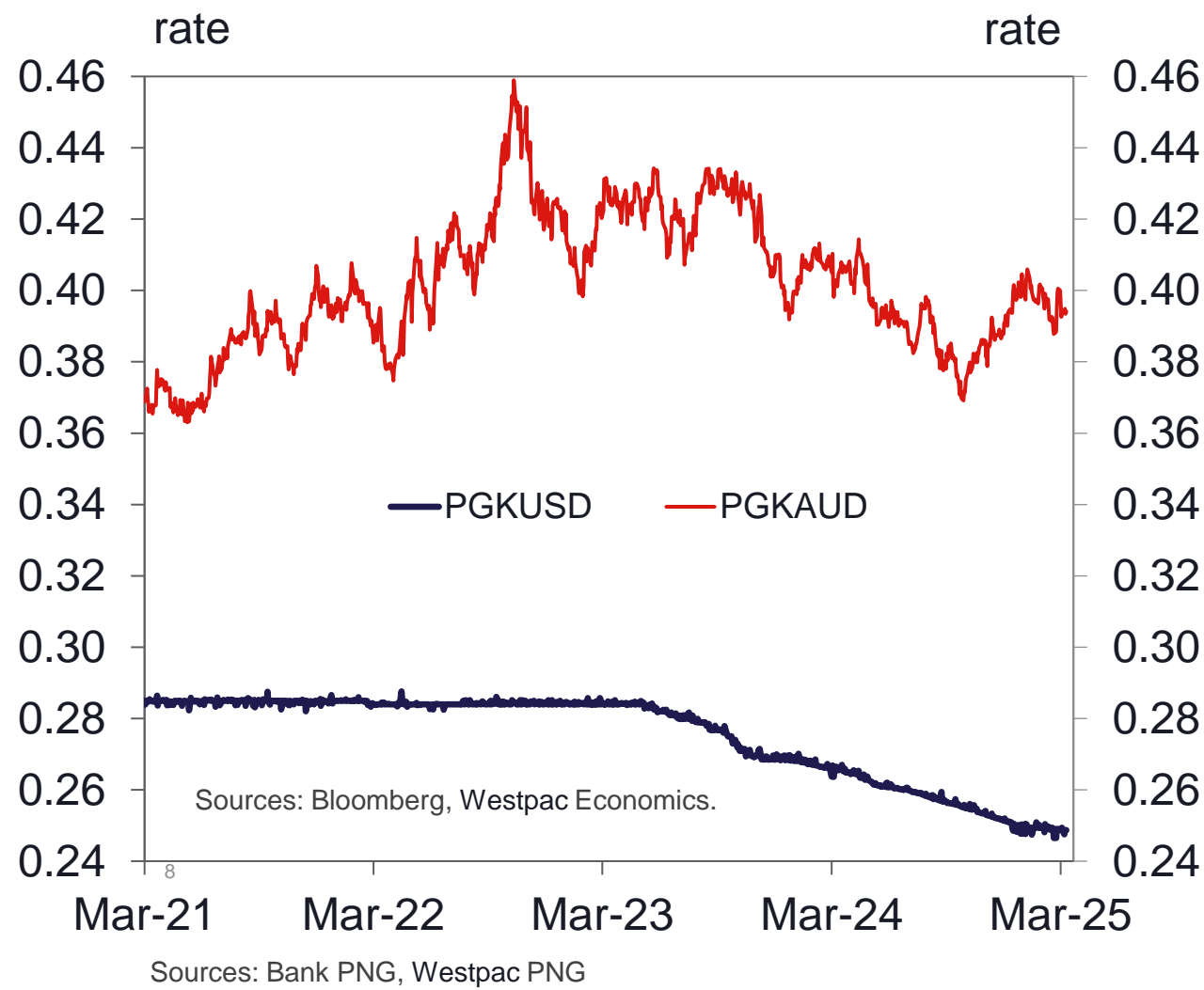
Kina Facility Rate unchanged at 4.0%



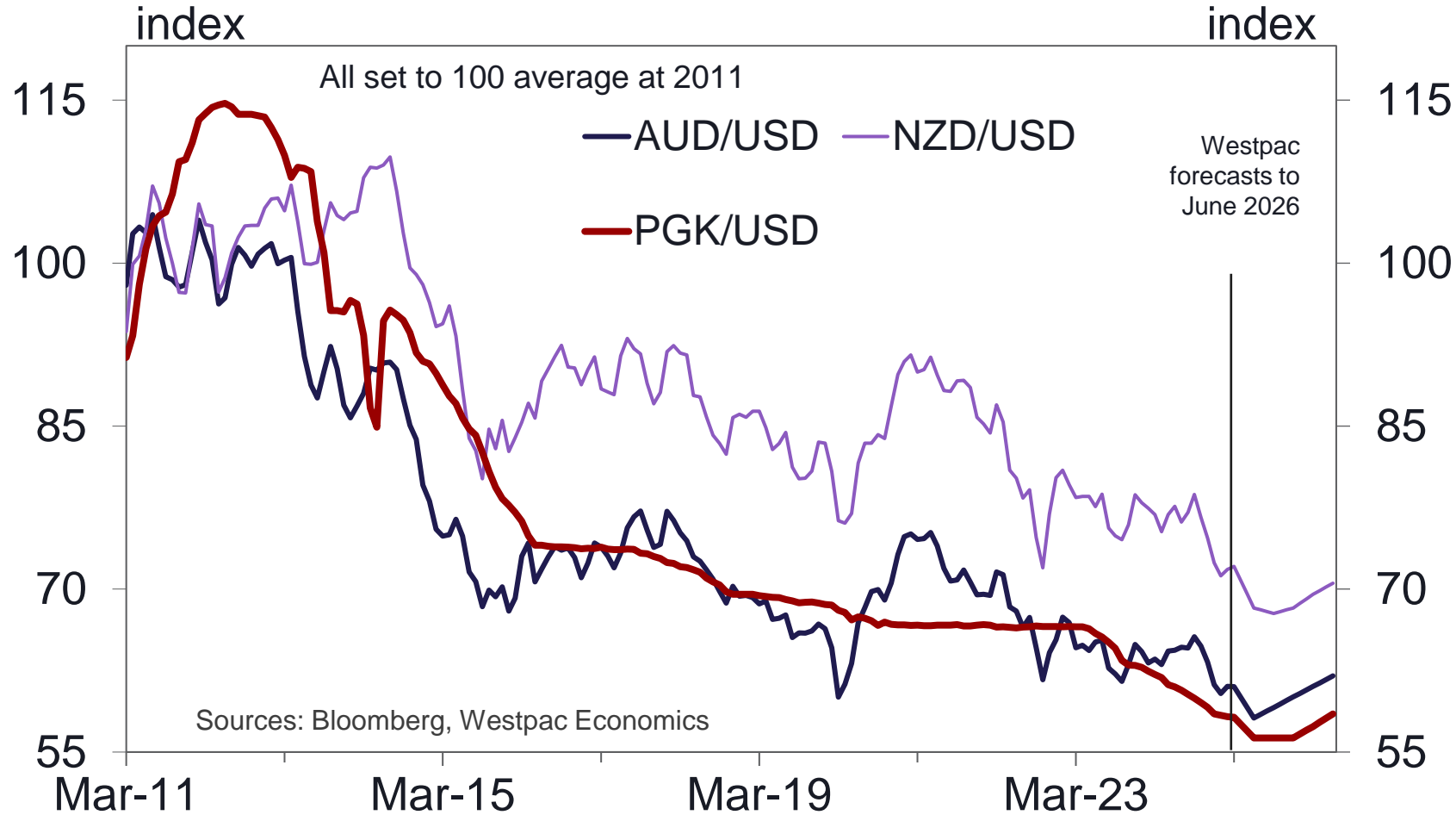
Source: Bank of Papua New Guinea, Macrobond, Westpac Economics

- At the February meeting, the Monetary Policy Committee decided to keep the Kina Facility Rate (KFR) unchanged at 4.0%. The KFR was last increased by 1 percentage point to 4.0% in September 2024, due to a robust economic outlook and rising inflation risks.
- Back in early 2024 the KFR was at a historic low of 2.0% and it is possible we could see further KFR hikes given that underlying inflation remains stubbornly high.
- The next Monetary Policy Statement is due the 31st of March and will update the Bank's assessment of economic conditions, the likely rate path for interest rates, the currency and the expected landing point for the PNG economy.

Foreign Exchange; the kina depreciation has flattened



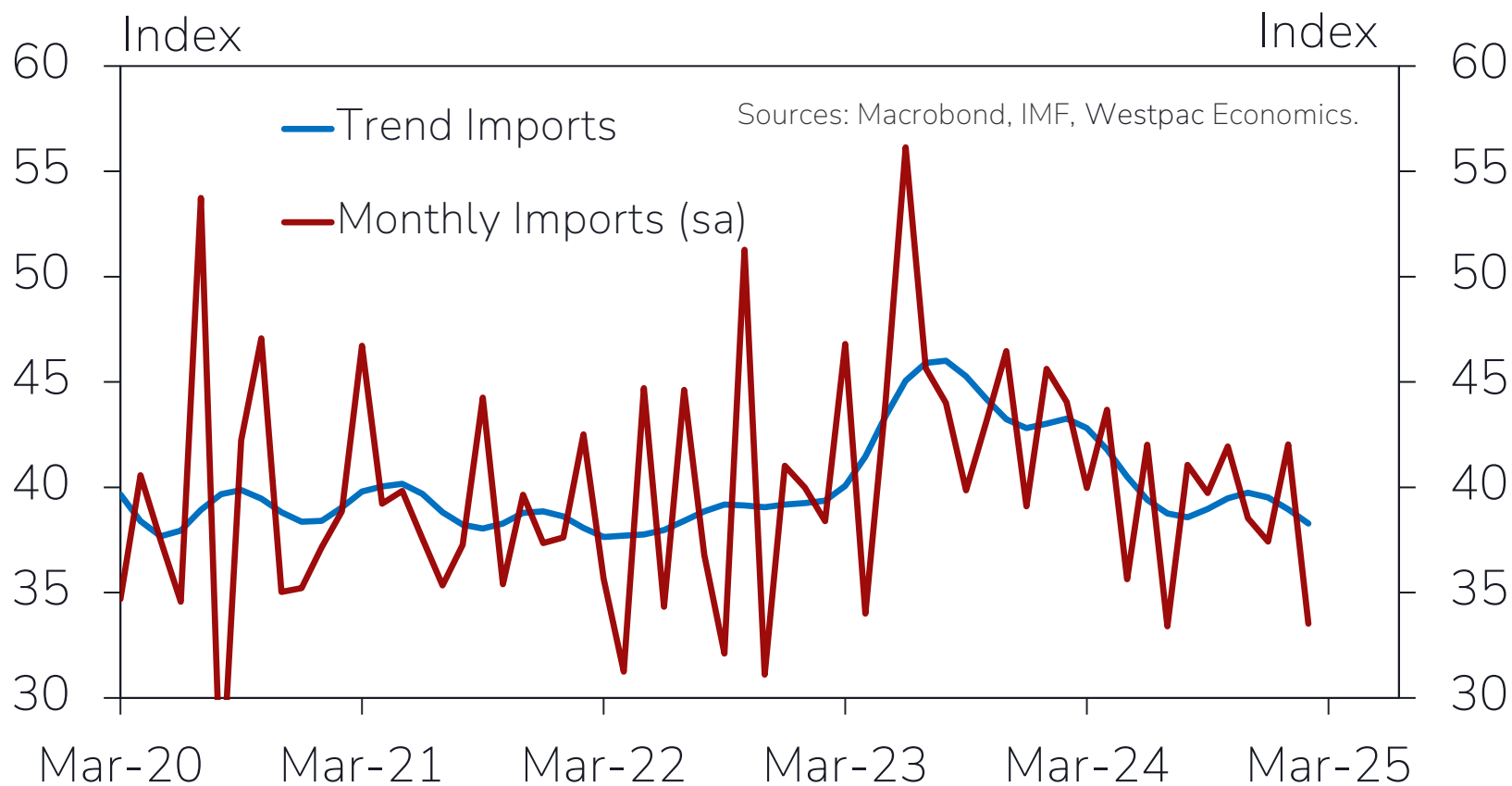
A gradual managed depreciation to continue



- BPNG has managed a gradual depreciation of the kina via an increase in intervention while minimising currency volatility.
- There has also been an increase inflow from PNG exporters looking to convert exports sales receipts.
- Since the first quarter of 2023, the kina depreciated 12% against the US dollar. However, against the AUD it has only fallen 5% as the AUD has been weakening as well as the USD has strengthened.
- Westpac is forecasting a further 3% depreciation to 0.2402 at June 2025 with any recovery, or appreciation, delayed until 2026.

Westpac PNG Imports Indicator

PNG imports have softened at the start of 2025

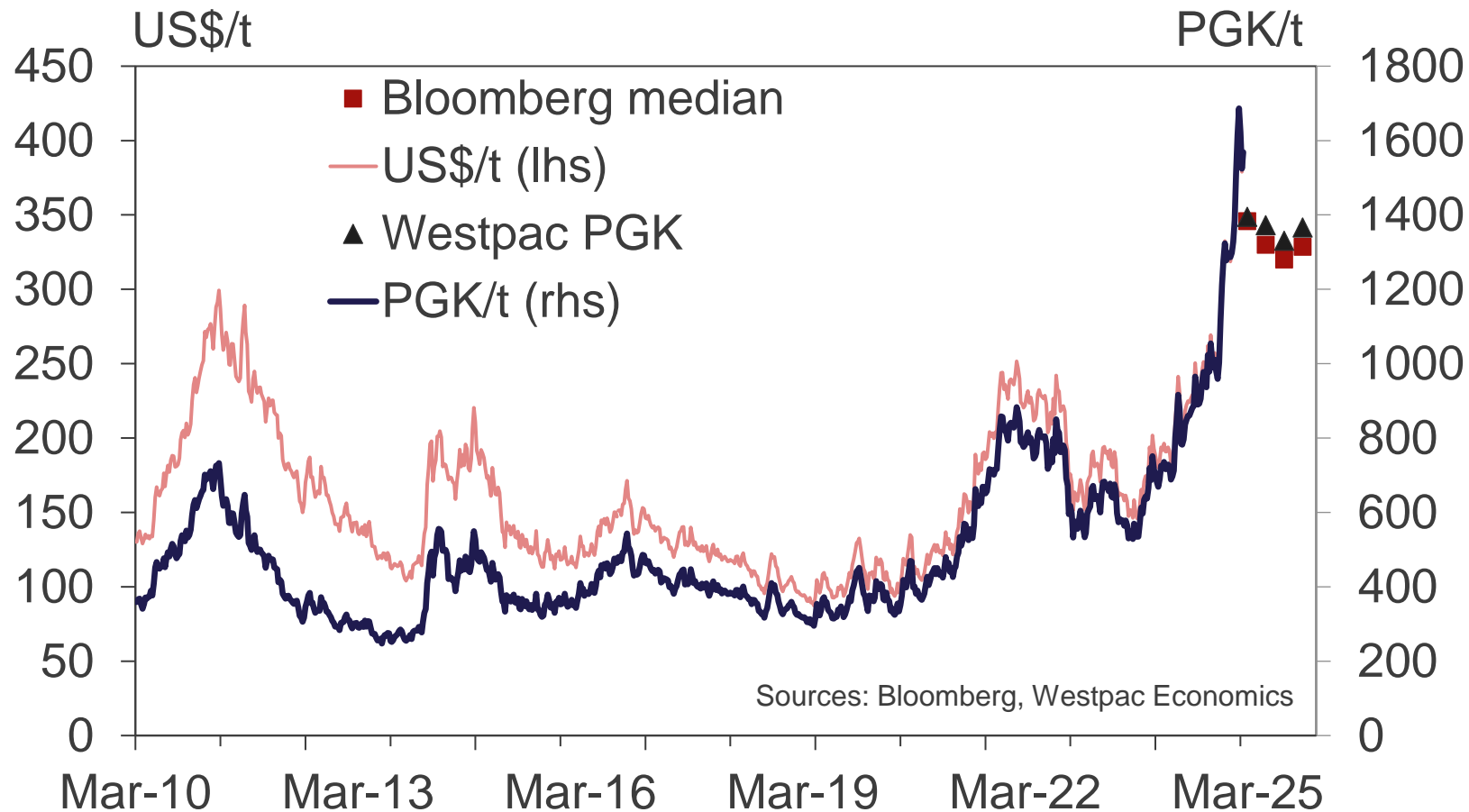


Imports Indicator for PNG based on IMF Port Data.

- Imports declined in 2020 and 2021 due to COVID lockdowns.
- They surged as restrictions were lifted, peaking in early 2023.
- A brief recovery in the first half of 2024, the delays to major resources projects, FX shortages and weak domestic demand saw a trend weakening through to the first half of 2024.
- A modest recovery began in July 2024, but by early 2025 the data is less promising.
- Port import traffic is down around 15% in the year to February but do note the significant month to month volatility, so we need a few more months to see if this is a new trend.

Coffee prices set to ease a touch

Arabica coffee prices – forecasts are futures based

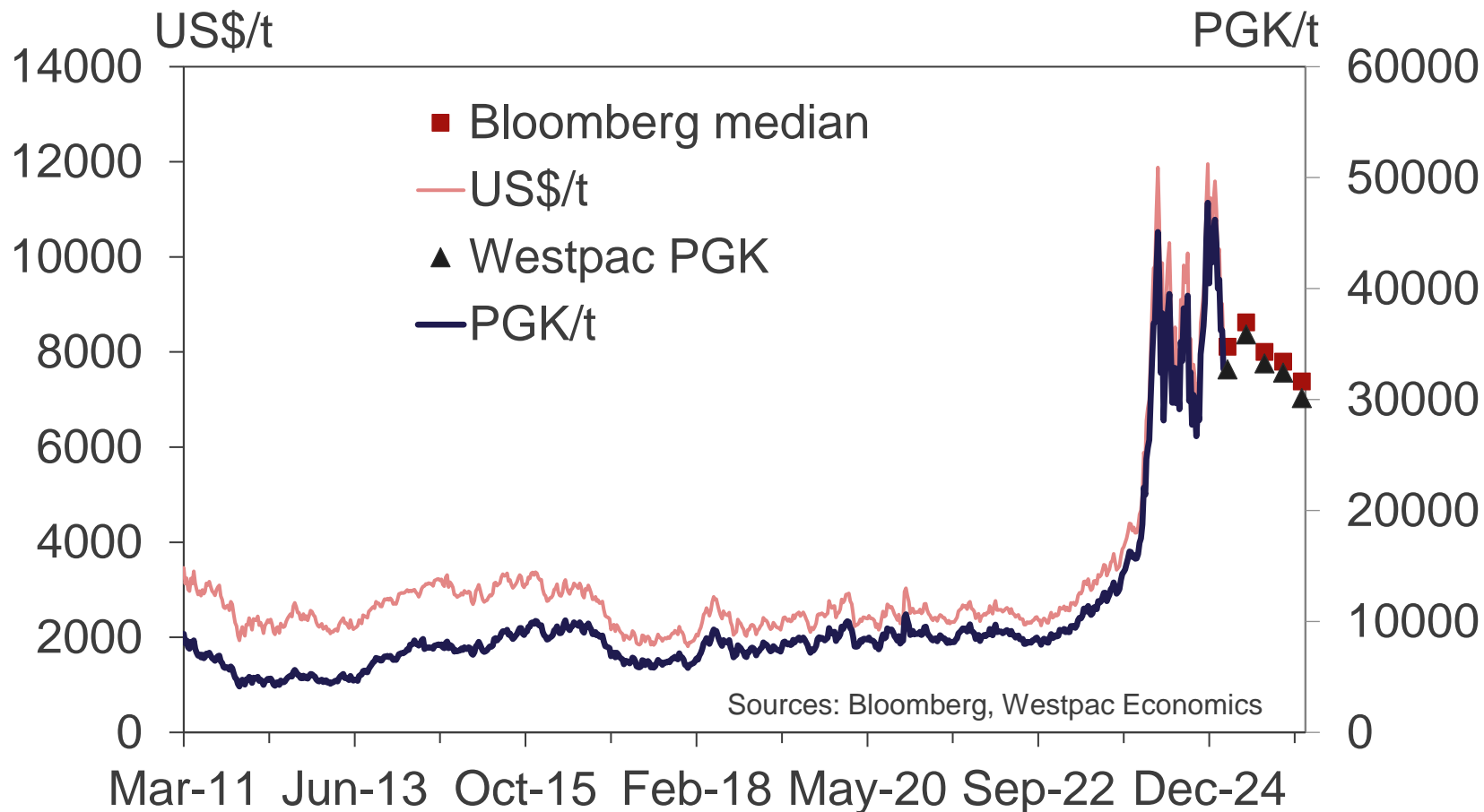


PNG coffee production declined around 8% in 2024, due to several factors, including aging coffee trees, pest management challenges, and varying market access.

- Prices accelerated in late 2024 when concerns over Brazil's production, amid adverse weather lowering the crop, gathered momentum.
- Before November's rally, coffee prices had generally been supported by developments in the robusta market as hot and dry weather in Vietnam sharply lowered production.
- Market still pricing in a modest correction, but a weaker kina will support returns for PNG coffee growers.

Cocoa prices have corrected

Prices may be off the high but still holding the high ground



Cocoa prices have been very volatile.

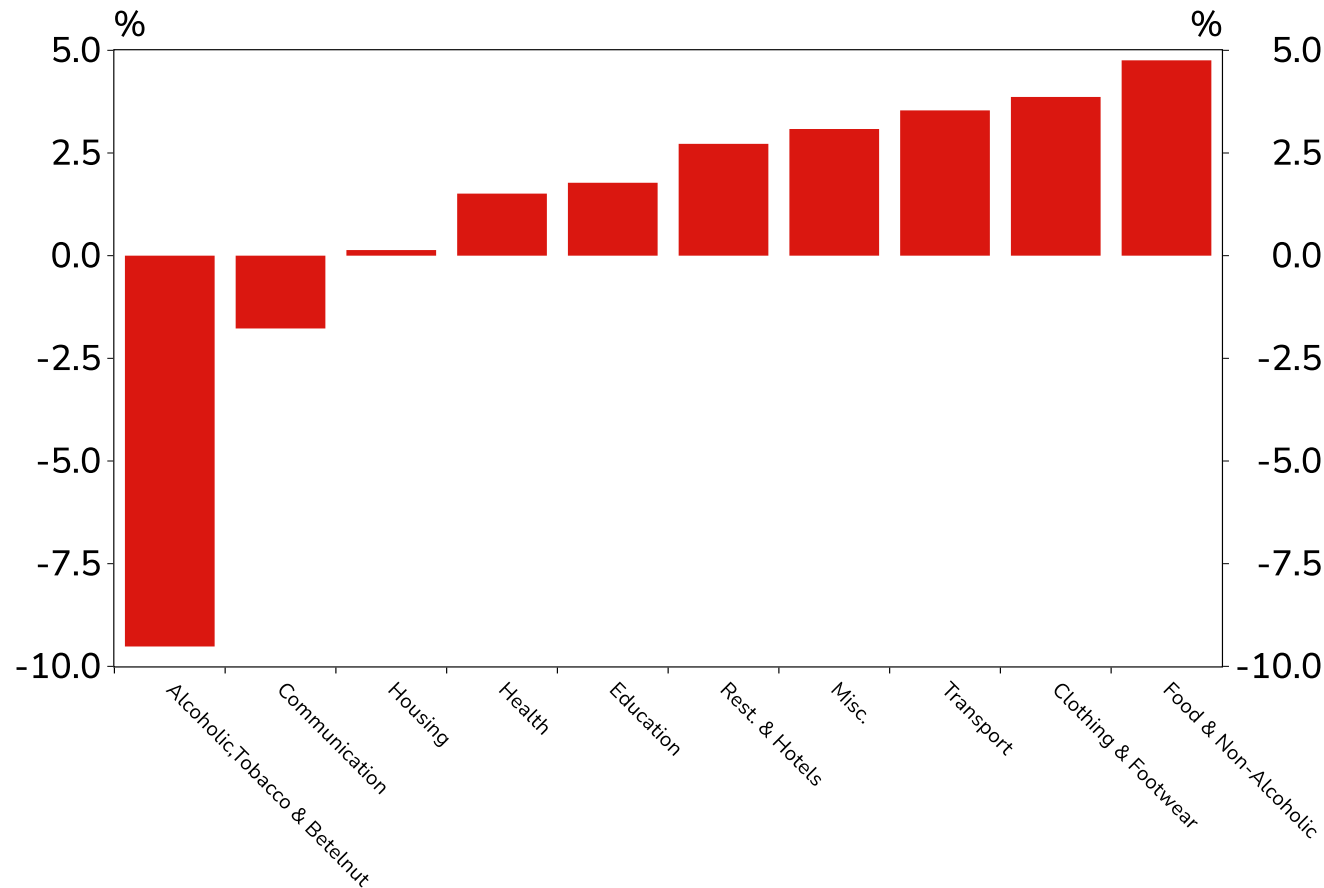
PGK prices based on Bloomberg medians and Westpac's kina forecasts.

- Price have been very volatile dropping 40% from the December high due to easing concerns over adverse weather in top producers like Ivory Coast and Ghana.
- Despite hopes for a better crop in the 2024/25, prices are expected to remain much higher than average high due to persistent supply-side constraints and strong demand.
- As such we expect prices to remain well supported through 2025 while following a volatile trend.

Inflation moderated but can it be sustained?

Alcoholic beverages, tobacco & betel nut plus communications holding down the pace of inflation

PNG's inflation categories December 2024



Source: NSO, Macrobond, Westpac Economics

CPI inflation stood at 0.7%yr in the December quarter 2024

1. Consumer Price Index

- Rose by 2.7% in the December quarter.
- The annual pace lifted a touch from -0.9%yr to 0.7%yr.

2. Betel Nut Prices

- Are known for extreme swings due to supply variations.
- Fell 25.2% in the year but gained 23.8% in the quarter.

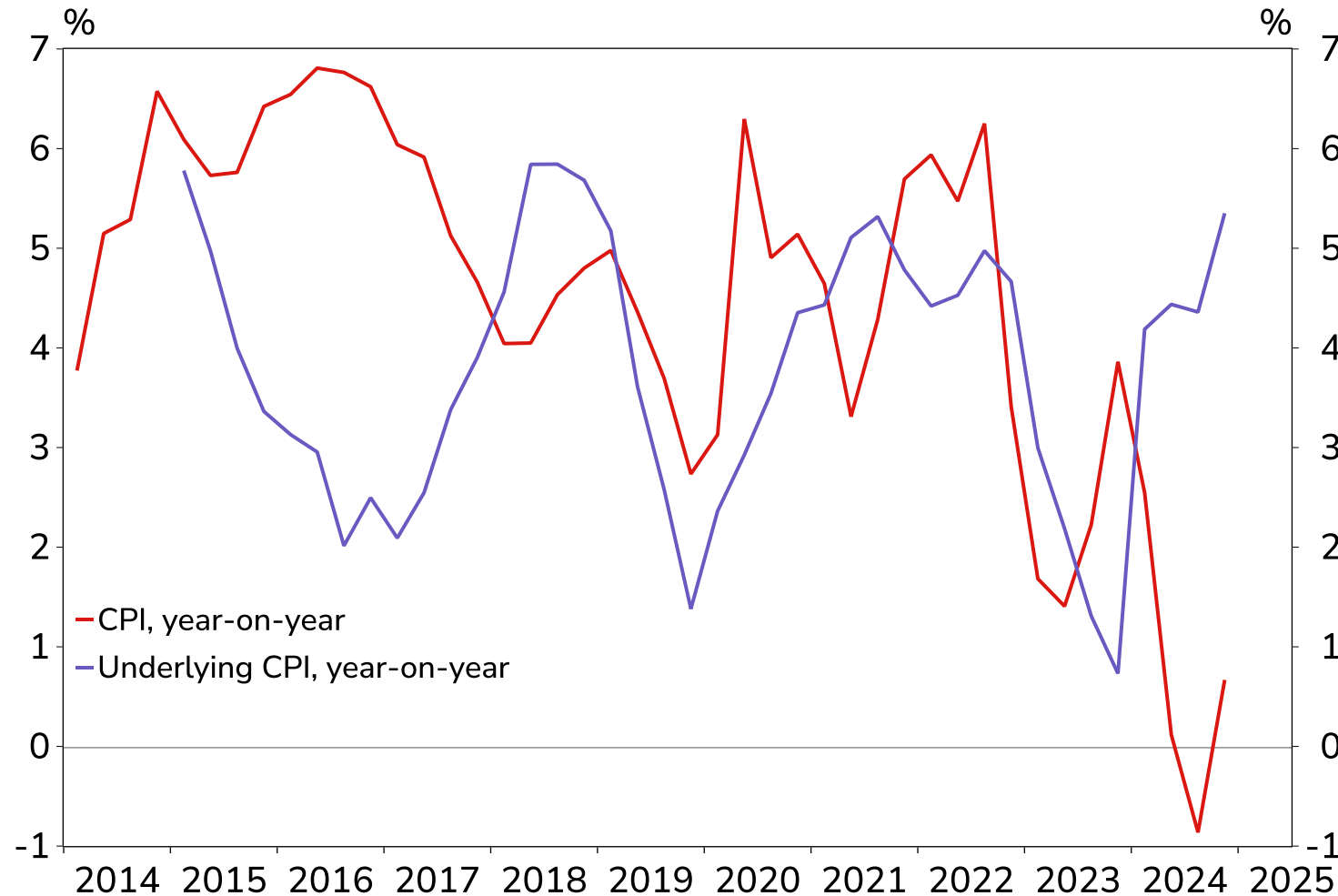
3. Communications

- Fallen consistently for the last seven quarters.
- Down 13.0% since late 2022.
- Fell 1.8% in the year to December 2024 but lifted 1.6% in the quarter.



Underlying inflation remain elevated

CPI just above zero, trimmed mean far more robust



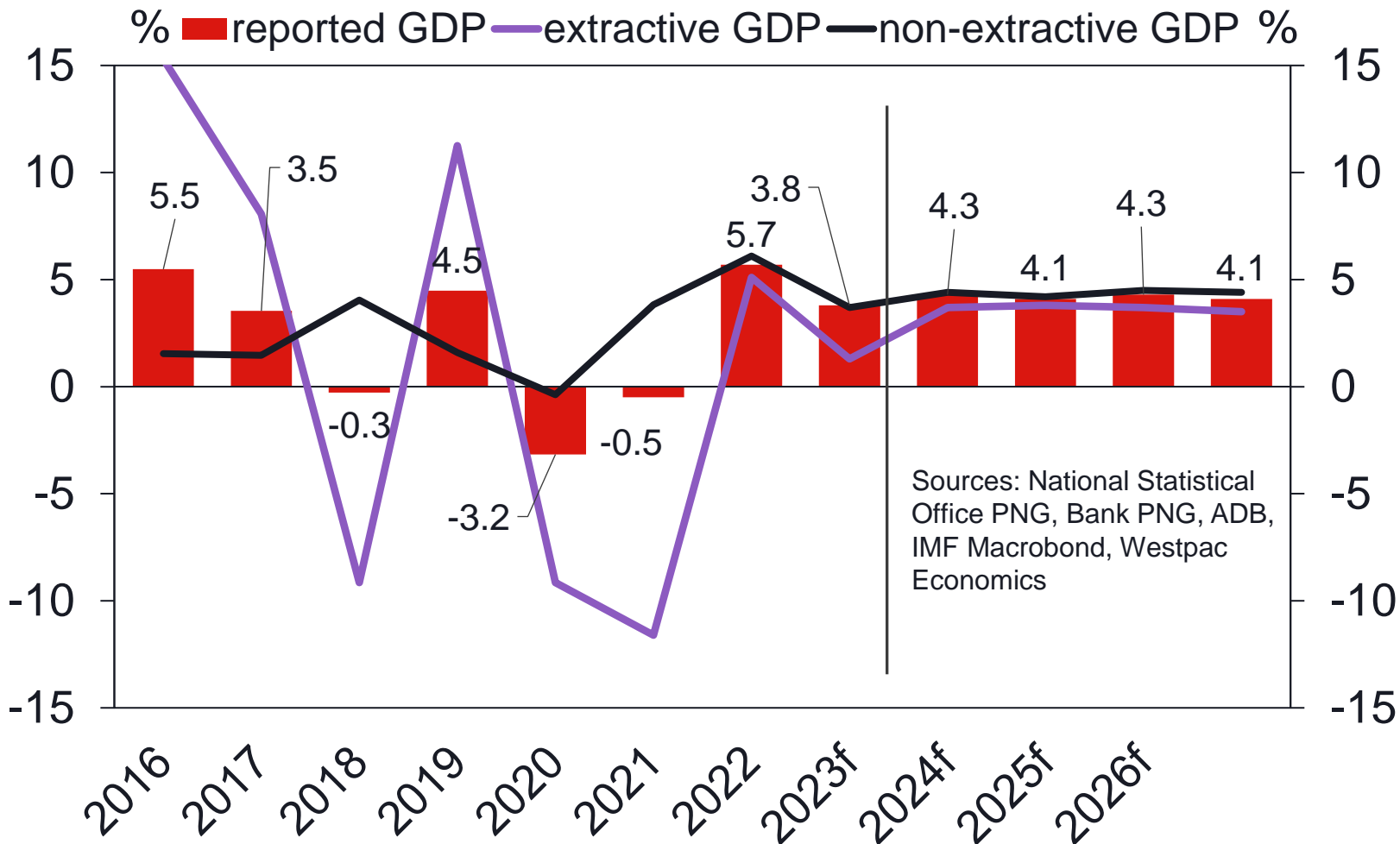
Source: NSO, Macrobond, Westpac Economics

Underlying inflation stood at 4.4%/yr in Dec 2024 quarter.

1. The headline CPI was running at 0.7%yr pace in December, led by 4.8%yr rise in food & non-alcoholic beverages and smaller decline in alcoholic beverages, tobacco & betel nut of -9.5%yr, compared to -16.8%yr pace of decline in September.
2. Underlying inflation remains solidly above the Bank of PNG's target range.
3. Headline CPI excluding seasonal items was running at 5.3%yr pace in December.
4. Excluding seasonal items, customs excise and price controls it was even faster at 6.4%yr.

PNG real economic growth

Resources a swing factor but domestic demand matters



- The National Statistical Office (NSO) revised up 2023 growth to 3.8% from 3.0% at November due to an underestimation of crude petroleum & natural gas production. Initially reported as declining by 3.0%, this sector grew by 1.2% in 2023.
- The higher base for 2023, better-than-expected performance in key sectors and data for the first three quarters of the year points to 4.3% growth in 2024, up from our earlier estimate of 3.7%.
- Due to the base effect of a stronger 2024, 2025 has been revised down to 4.1% from 5.1%.
- Santos completed the Angore project, boosting gas reserves and maintaining export momentum. Gold production and exports significantly increased in 2024.

PNG Trading Partner Growth Forecasts

Global & Trading Partner Growth Forecasts

	2021	2022	2023	2024	2025	2026	2027
World Economy	6.5	3.5	3.2	3.3	3.3	3.2	3.1
US	5.8	1.9	2.5	2.8	2.6	2.0	1.8
Eurozone	5.9	3.4	0.4	0.7	0.9	1.0	1.2
Australia	5.5	3.9	2.1	1.1	2.0	2.2	3.2
New Zealand	5.6	2.4	1.8	-0.5	0.8	2.8	3.1
Japan	2.6	1.0	1.9	-0.1	1.2	1.0	0.8
China	8.4	3.0	5.2	5.0	4.8	4.5	4.4
India	9.7	7.0	7.8	6.6	6.6	6.5	6.3
Sources: Macrobond, Westpac Economics.							

PNG Economic Forecasts

PNG Economic Statistics

	2019	2020	2021	2022	2023	2024e	2025f
Money supply (% year)	4.4	7.0	13.4	14.8	9.9	7.3	7.5
Private Sector Credit (% year)	4.0	4.2	2.5	6.9	19.0	11.5	12.3
Current Account (K millions)	18,522	17,281	12,222	23,797	18,121	21,664	26,064
Gross International Reserves (K millions)	7,880	9,437	11,369	14,226	14,425	13,285	15,969
Total Imports Cover (months)	5.0	7.4	5.4	5.9	6.7	7.3	6.5
Non-mineral imports cover (months)	8.2	11.8	8.4	8.1	13.0	13.3	10.4
Headline inflation (% year)	2.7	5.1	5.7	3.4	3.9	5.0	4.5
Fiscal Surplus/Deficit (K millions)	−4,172	−6,501	−6,270	−5,852	−4,935	−3,984	−2,654
Deficit as % of GDP	−5.0	−8.0	−6.7	−5.4	−4.4	−3.3	−2.0

Sources: Macrobond, Bank PNG, International Monetary Fund, National Statistics Office, Westpac Economics.



Disclaimer

Email & PDF disclaimer/Westpac IQ bottom of page disclaimer

© 2024 Westpac Institutional Bank is a division of Westpac Banking Corporation ABN 33 007 457 141, AFSL233714 ('Westpac'). References to the "Westpac Group" are to Westpac and its subsidiaries and includes the directors, employees and representatives of Westpac and its subsidiaries.

Disclaimer

This information has been prepared by the Westpac Institutional Bank and is intended for information purposes only. It is not intended to reflect any recommendation or financial advice and investment decisions should not be based on it. This information does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter into a legally binding contract. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision. This information may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure this information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of this information, or otherwise endorses it in any way. Except where contrary to law, Westpac Group intend by this notice to exclude liability for this information. This information is subject to change without notice and none of Westpac or its related entities is under any obligation to update this information or correct any inaccuracy which may become apparent at a later date. This information may contain or incorporate by reference forward-looking statements. The words "believe", "anticipate", "expect", "intend", "plan", "predict", "continue", "assume", "positioned", "may", "will", "should", "shall", "risk" and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. Past performance is not a reliable indicator of future performance, nor are forecasts of future performance. Whilst every effort has been taken to ensure that the assumptions on which any forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from any forecasts.

Conflicts of Interest: In the normal course of offering banking products and services to its clients, the Westpac Group may act in several capacities (including issuer, market maker, underwriter, distributor, swap counterparty and calculation agent) simultaneously with respect to a financial instrument, giving rise to potential conflicts of interest which may impact the performance of a financial instrument. The Westpac Group may at any time transact or hold a position (including hedging and trading positions) for its own account or the account of a client in any financial instrument which may impact the performance of that financial instrument.

Author(s) disclaimer and declaration: The author(s) confirms that no part of his/her compensation was, is, or will be, directly or indirectly, related to any views or (if applicable) recommendations expressed in this material. The author(s) also confirms that this material accurately reflects his/her personal views about the financial products, companies or issuers (if applicable) and is based on sources reasonably believed to be reliable and accurate.

Additional country disclosures:

Australia: Westpac holds an Australian Financial Services Licence (No. 233714).

Note: Luci Ellis is a member of the Australian Statistics Advisory Council (ASAC) which is a key advisory body to the Minister and the Australian Bureau of Statistics on statistical services. Luci does not have access to sensitive data/reports in her capacity as a member of ASAC.

New Zealand: In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac (NZ division) or Westpac New Zealand Limited (company number 1763882), the New Zealand incorporated subsidiary of Westpac ("WNZL"). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. WNZL is not an authorised deposit-taking institution for the purposes of Australian prudential standards. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at the internet address www.westpac.co.nz.

Singapore: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients of this material in Singapore should contact Westpac Singapore Branch in respect of any matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore.



Disclaimer

U.S.: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. The services and products referenced above are not insured by the Federal Deposit Insurance Corporation ("FDIC"). Westpac Capital Markets, LLC ('WCM'), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 ('the Exchange Act') and member of the Financial Industry Regulatory Authority ('FINRA'). This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. Transactions by U.S. customers of any securities referenced herein should be effected through WCM. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person of WCM or any other U.S. broker-dealer under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.

UK and EU: The London branch of Westpac is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA (Financial Services Register number: 124586). The London branch of Westpac is registered at Companies House as a branch established in the United Kingdom (Branch No. BR000106). Details about the extent of the regulation of Westpac's London branch by the PRA are available from us on request.

Westpac Europe GmbH ("WEG") is authorised in Germany by the Federal Financial Supervision Authority ('BaFin') and subject to its regulation. WEG's supervisory authorities are BaFin and the German Federal Bank ('Deutsche Bundesbank'). WEG is registered with the commercial register ('Handelsregister') of the local court of Frankfurt am Main under registration number HRB 118483. In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WEG other than as provided for in certain legal agreements (a risk transfer, sub-participation and collateral agreement) between Westpac and WEG and obligations of WEG do not represent liabilities of Westpac.

This communication is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. This communication is not being made to or distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, this communication is being made only to and is directed at (a) those persons falling within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) those persons falling within the definition of high net worth companies, unincorporated associations etc. (set out in Article 49(2) of the Order); (c) other persons to whom it may lawfully be communicated in accordance with the Order or (d) any persons to whom it may otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". Westpac expressly prohibits you from passing on the information in this communication to any third party.

This communication contains general commentary, research, and market colour. The communication does not constitute investment advice. The material may contain an 'investment recommendation' and/or 'information recommending or suggesting an investment', both as defined in Regulation (EU) No 596/2014 (including as applicable in the United Kingdom) ("MAR"). In accordance with the relevant provisions of MAR, reasonable care has been taken to ensure that the material has been objectively presented and that interests or conflicts of interest of the sender concerning the financial instruments to which that information relates have been disclosed.

Investment recommendations must be read alongside the specific disclosure which accompanies them and the general disclosure which can be found here: <https://www.westpaciq.com.au/terms-and-conditions/investment-recommendation-disclosure>. Such disclosure fulfils certain additional information requirements of MAR and associated delegated legislation and by accepting this communication you acknowledge that you are aware of the existence of such additional disclosure and its contents.

To the extent this communication comprises an investment recommendation it is classified as non-independent research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and therefore constitutes a marketing communication. Further, this communication is not subject to any prohibition on dealing ahead of the dissemination of investment research.



Contact

PNG



Patrick Wright, Treasurer, Westpac PNG



+675 7190 8623



patrick.wright@westpac.com.au



Contact Australia



Justin Smirk, Director/Senior Economist



+675 7190 8623



jsmirk@westpac.com.au

