



July 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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Fundamentals continue to improve

Growth Forecast Adjustment

Base effects have led us to revise our 2025 growth forecast for the PNG economy from 5.0% to 4.7%. However, this still represents a strong pace of expansion—comparable to China’s projected 5.0% growth and significantly ahead of Australia and the US (both at 1.6%), the Eurozone (1.2%), and Japan (0.8%). [By comparison, Westpac is forecasting Fiji to grow 2.7% in 2025.](#) Overall, Westpac expects the global economy to grow by 3.0% in 2025, providing a solid backdrop for PNG’s resource and agricultural exports.

Strong Start to the Year

The year began positively, highlighted by encouraging results from the Westpac Business Advantage CEO100 Survey. Since then, the agricultural sector has benefited from elevated commodity prices—particularly for cocoa, coffee, and vanilla. Meanwhile, surging gold prices and the reopening of the Porgera mine have resulted in unexpected growth in the resources sector.

Improving FX Liquidity

Foreign exchange market liquidity has improved notably. In some cases, FX orders for essential goods are now being

processed and filled on the same day, under current guidelines. This reflects robust domestic demand, which is being met by rising imports. The Westpac Import Pulse Indicator is currently tracking at an annual pace of around 4%.

Global Trade and Geopolitical Risks

Global markets have stabilised somewhat following initial concerns over US trade policies post-Liberation Day. While uncertainty remains—especially with the July 9 expiration of the reciprocal tariff pause—the risk of extreme tariff scenarios has diminished. This shift has even inspired a new acronym: TACO trade – Trump Always Chickens Out – referencing the pattern of policy walkbacks.

Geopolitical tensions also flared with conflict between Iran and Israel, briefly pushing up oil prices. However, a ceasefire and a resilient crude supply outlook helped prices normalize quickly.

Our central case remains a material slowdown in global growth, concentrated in the US. China is still on track for 5% growth in 2025, though its recovery remains heavily reliant on trade and investment. A broader rebound in consumer spending and housing would

be more sustainable. For more information please check out [Westpac's Market Outlook](#) publication.

Domestic Inflation Risks Remain

Inflation remains a concern. While underlying inflation has moderated from 5.4% to 3.1%, pressures persist due to kina depreciation and strong demand. Headline inflation has been volatile, influenced by betel nut prices and the rollout of free education. On the positive side, the expansion of telecommunications and rising competition in the sector is helping to contain overall price increases.

FX Liquidity and Domestic Investment

The improvement in FX liquidity is a welcome development. Previously, a surplus of kina and a shortage of foreign exchange constrained importers and dampened domestic demand. While this imbalance may have encouraged local investment of the excess kina (note the investment announcements in the Local Business Conditions section of this report), it also acted as a brake on broader

economic activity.

Commodity Outlook

We remain optimistic about the commodity outlook. While crude and LNG prices may ease into 2026, they are expected to remain robust. Cocoa and coffee prices should stay elevated through 2025, with only modest declines expected in 2026. Gold, despite pulling back from record highs, is unlikely to see a major correction. With expectations of a weaker US dollar and continued central bank gold accumulation, PNG’s gold industry is likely to remain well-supported into 2026.

PNG Continues to Grow on Domestic Fundamentals

We are noting an improving sentiment among our clients. So while a continued reliance on donor funding to balance the government budget suggest there is still a lot of work to do, the fact PNG can grow at a pace comparable to China, without a major resources project, suggest the country has the fundamentals to build its self-sufficiency.

“...as fundamentals improve, PNG continues to grow...”

PNG's 2024 FBO Declining debt-to-GDP Amid Challenges

Papua New Guinea's 2024 Final Budget Outcome (FBO) report reveals a modest fiscal improvement despite ongoing revenue and expenditure challenges. Total revenue and grants rose by 5.1% to K20.83 billion, driven by stronger non-tax revenue and donor grants. However, collections still fell short of projections due to weaker dividend receipts and delayed disbursements.

Expenditure reached K24.76 billion, a modest 0.6% increase, resulting in a reduced budget deficit of K3.93 billion (3.2% of GDP)—down from 4.3% in 2023. This reflects continued adherence to the Government's 13-Year Budget Repair Plan.

Tax revenue remained the dominant source, totalling K18.45 billion, with personal income and mining taxes outperforming expectations. However, company tax and GST underperformed, impacted by disruptions such as the January unrest and fuel shortages. While donor grants were below target, support from Australia, the Asian Development Bank (ADB), and the International Monetary Fund (IMF) helped ease liquidity constraints.

On the expenditure side, Compensation of Employees totalled K7.2 billion, exceeding the budget due to significant

salary increases—32% for teachers and 26% for health workers. This was partially offset by underspending in capital investment and trust accounts. Operational discipline was largely maintained across most recurrent spending areas.

Capital investment performance was mixed. Service improvement programs achieved over 95% execution, while major infrastructure projects—such as Connect PNG—faced delays. Only 54% of donor-funded capital projects were executed, reflecting underutilisation or reporting lags. Nonetheless, key investments in roads, schools, and hospitals continued, supported by K3.46 billion in reallocations under Sections 6 and 7.

PNG maintains debt sustainability amid fiscal reforms. Papua New Guinea's public debt stood at K60.48 billion, or 49.4% of GDP in 2024—slightly below forecast and in line with targets set in the medium-term debt strategy. The debt portfolio continues to shift toward concessional external borrowing, which now accounts for more than half of total debt, supported by low-cost loans from multilateral partners.

Debt servicing costs rose modestly, driven by exchange rate fluctuations and higher external interest rates.

However, the declining debt-to-GDP ratio reflects ongoing fiscal restraint and prudent debt management.

The Government's commitment to deficit reduction is reinforced by structural reforms, including:

- Dividend rationalisation
- Payroll cleansing, and
- Implementation of the OSPEAC framework.

Looking ahead, the report highlights continued efforts to balance fiscal discipline with effective service delivery, amid global inflationary pressures and domestic constraints. Key reforms underway include:

- Changes to income tax policy,
- Payroll verification,
- Trust fund drawdowns, and
- Transition to a Single Treasury Account to improve budget transparency and

cash management.

Overall, the 2024 Final Budget Outcome presents a cautiously optimistic outlook for PNG's public finances, reflecting steady progress in fiscal consolidation, service delivery, and growth-oriented investment.

[Economic Update from the Treasurer](#)

“...cautiously optimistic outlook for public finances...”

Exports and investment

KCH sponsors PNG SEZ Summit as Ok Tedi revenue continues to grow. Kumul Consolidated Holdings (KCH) committed K200,000 sponsorship for the 2nd Papua New Guinea SEZ Summit, reinforcing its support for national development. KCH is also progressing its partnership on the Madang Integrated SEZ and a K160 million tuna cannery, launching July 7, 2025. It is part of a wider objective to process all domestic fish onshore, create over 100,000 jobs, and boost national revenue.

Prime Minister Marape also praised Ok Tedi Mining Ltd (OTML) for its record K1.85 billion revenue and K681 million net profit in Q1 2025, calling it a model of resource nationalism. He highlighted the plan to extend mine operations to 2050 generating over K40 billion in benefits and funding infrastructure, education, and healthcare.

Marape reaffirmed environmental and social safeguards, outlined plans to diversify the Tabubil-Kiunga corridor and strengthen domestic mining expertise through the Connect PNG initiative. [PNG Business News](#)

Prime Minister Marape announced the partial privatisation of PNG Power Ltd (PNGPL). While the state will retain

ownership, Marape is inviting private investors to contribute. The aim is to improve efficiency and service delivery.

Marape also emphasized the strategic importance of energy infrastructure outlining broader reforms including licensing independent providers to expand generation and distribution—a critical objective with 70% of the population currently without electricity. He also urged investors to consider PNG's vast potential for clean energy in hydro, wind, solar, and thermal with the potential for exports to regional partners like Indonesia and Australia. [PNG Business News](#)

Prime Minister Marape called on PNG's farmers and agribusinesses to seize a historic opportunity as global coffee and cocoa prices surge while a depreciating kina boosts export earnings. He positioned agriculture as a key driver of rural economic transformation.

Marape hailed the first air shipment of specialty Morobe coffee to Dubai as a landmark for PNG's agriculture, symbolising rural empowerment, export growth, and national pride. Driven by AFIA PNG, the export aligns with the government's National Agriculture Sector Plan to commercialise

farming, raise rural incomes, and connect provinces to global markets through better infrastructure and logistics.

Marape said this model will extend to other key commodities—such as vanilla, cocoa, and oil palm—supported by investments in transport, ICT, and energy. He reaffirmed PNG's readiness to compete globally with traceable, ethically sourced products and pledged to reinvest export earnings into local development and currency stability. [PNG Business News](#)

Highlighting PNG's edge in high-quality, organically grown crops, Marape unveiled a suite of government-backed initiatives—including the PACD infrastructure project, agriculture credit schemes, improved export access, and premium branding strategies—to help farmers tap into favourable market conditions.

He urged citizens to embrace commercial farming. With sustained investment and coordinated action, PNG has the potential to evolve from a subsistence economy into a global supplier of value-added, ethically sourced produce. [PNG Business News](#)

K92 Mining significantly increased its contributions to PNG BY 134%, paying US\$62.6 million in taxes and royalties while supporting nearly 1,800 local jobs and spending over US\$96 million on procurement with PNG businesses.

K92's community initiatives include agricultural programs, education scholarships, and skills development. The company also maintained a strong safety record, with over 643 days without a lost-time injury as of March 2025. [PNG Business News](#)

Interest Rates

- KFR held steady at 4% throughout May, reflecting a strong economic outlook and ongoing inflation risks, while the Fixed Rate Full Allotment 7-day rate adjusted accordingly.
- The Bank of Papua New Guinea's (BPNG) Treasury Bill auction on 21 May was oversubscribed, with total bids reaching K327.36 million against an offer of K327.13 million. The 364-day T-Bill dominated the auction, receiving K288.49 million in bids, with K268.49 million accepted at a weighted average yield of 8.25%. Shorter-term bills (91, 182, and 273 days) saw minimal demand, highlighting investor preference for longer maturities amid yield-seeking behaviour.
- The Government Inscribed Stock (GIS) auction held on 27 May 2025 for a total offer of K50 million saw full subscription, but with mixed tenor performance. The 2-year and 5-year bonds received no bids, indicating weak investor appetite at their respective coupon rates of 8.60% and 9.00%. In contrast, the 7-year bond was fully taken up at a yield of 9.22%, and the 9-year bond was heavily oversubscribed—attracting K40 million in bids for a K20 million offer—settling at a weighted average rate of 9.46%. Overall, the auction achieved its funding target, but investor interest clearly favored longer maturities.
- In the 29 May FRFA C-Bill auction, the BPNG received and fully allotted K845 million in bids for the 7-day tenor at a weighted average yield of 4.00%, despite having officially offered no funds across all terms. No bids were received for the 14- to 91-day maturities, suggesting a targeted liquidity injection aligned with very short-term market demand.

Foreign Exchange

- In May, the PGK/AUD exchange rate was volatile, trading within a range of 0.3744 to 0.3885 and averaging 0.3822. Total market turnover declined to K5.431 billion, down from K5.949 billion in April, indicating a moderation in trading activity.
- Currency markets experienced heightened volatility, particularly with the AUD, which was influenced by U.S. tariff-related announcements. Although the AUD initially weakened, it rebounded and ended the month stronger for a second consecutive month. The AUD/USD exchange rate ranged from 0.6357 to 0.6537.
- The PGK/USD exchange rate had a controlled depreciation through the month, easing from 0.2452 to 0.2438. This is consistent with the BPNG managed exchange rate regime to ensure macroeconomic stability while allowing for incremental adjustments.
- To support trade-related FX requirements, BPNG conducted four auctions in May, offering a cumulative total of K165.324 million (US\$40 million). These operations underscore BPNG's ongoing efforts to prioritise essential import and trade financing while maintaining FX stability.
- FX market liquidity continues to improve. Increased inflows and increased market intervention from BPNG has led to a gradual increase in market turnover (see included graph), but that is only part of the story.
- Other reasons include inflationary pressures on depreciating PGK as well as a softer retail/wholesale sector reducing demand, as well as a reduction in supply, of imported products. As a result, orders books not being replenished to the same levels seen during the backlog.
- Conversely, growth in the agriculture sector has certainly been a big driver, on the back of both high commodity prices and favourable climate conditions, which are expected to continue well into 2026.
- Given the significant improvement in liquidity, the FX market for essential goods has improved to the point of some orders being filled the same day they are received and vetted under current guidelines.

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

Government Bond Auction

Series	Amount on offer K'million	Bid received K'million	Successful bids K'million	Successful yields K'million	Weighted average rate K'million	Coupon Rate	Overall Auction
4281 (2 years)	10.000	0.000	0.000	0.00-0.00	0.00	8.60	-K10.000
4282 (5 years)	10.000	0.000	0.000	0.00-0.00	0.00	9.00	-K10.000
4283 (7 years)	10.000	10.000	10.000	9.22-9.22	9.22	9.20	K0.00
4284 (9 years)	20.000	40.000	40.000	9.42-9.47	9.46	9.40	K20.000
TOTAL	50.000	50.000	50.000				K0.000

27-MAY-2025/GOB/Government Bond. Settlement date 30-May-25. Amount on Offer: K50.000million

Government Treasury Auctions

Terms	Issue ID 2025/4057 91	Issue ID 2025/4055 182	Issue ID 2025/4059 273	Issue ID 2025/4061 364	Total
Weighted average yield	4.55%	7.50%	8.25%	8.26%	
Amount on offer K million	10.000	20.000	20.000	345.700	K395.700
Bids received K million	7.000	1.000	13.900	294.200	K316.100
Successful bids K million	7.000	1.000	13.900	254.200	K276.100
Overall auction over subscribed	-3.000	-19.000	-6.100	-51.500	-K79.600

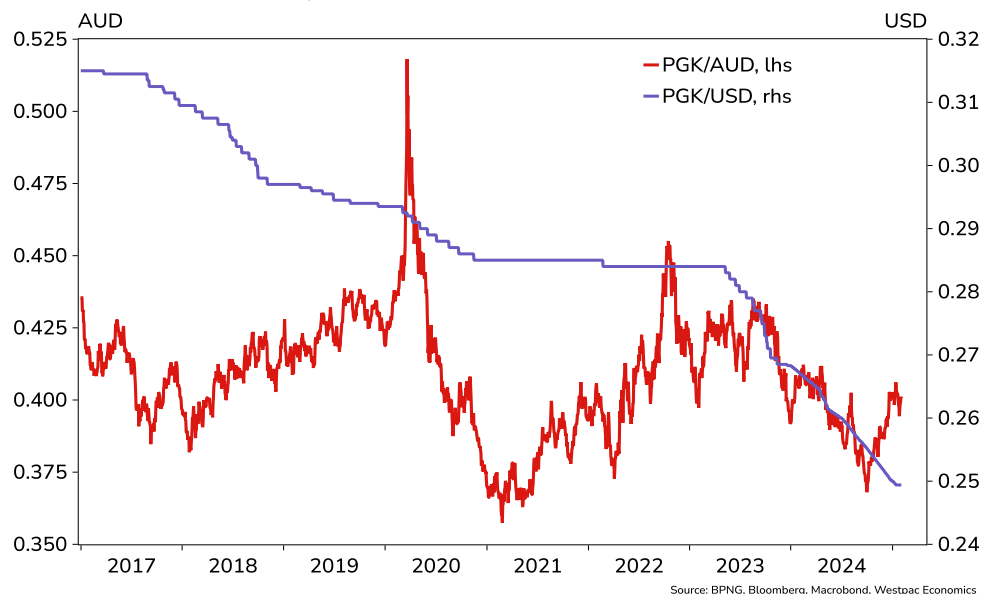
Auction Number 28-May-25/GIO/Government Treasury Bill. Settlement Date 30 May 2025. Amount on offer: K395.00 million.

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Gradual kina depreciation continues

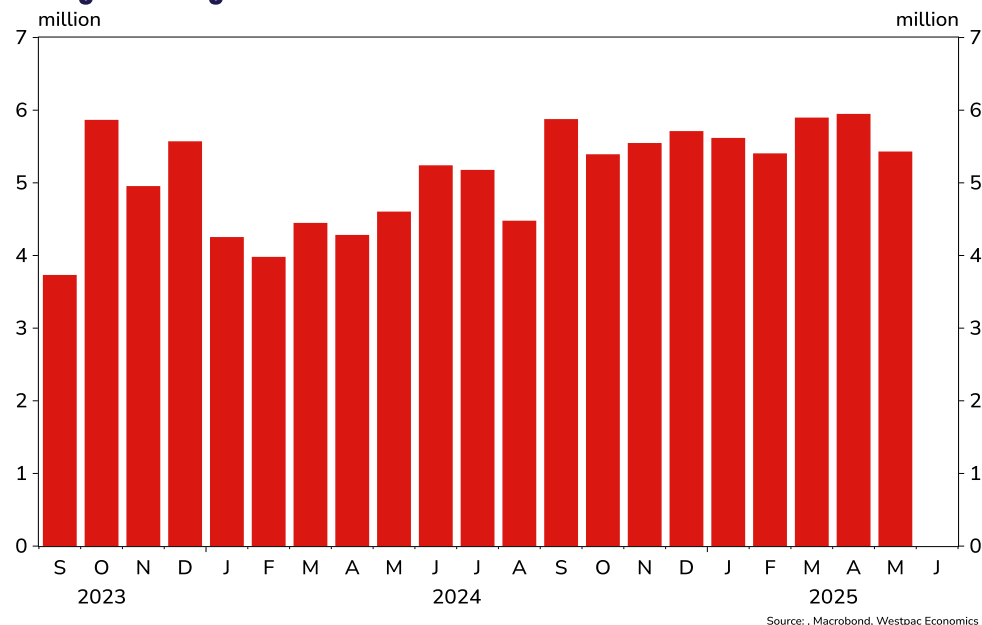
Kina Foreign Exchange Rate

BPNG focuses on the USD/PGK rate



- BPNG has managed a gradual depreciation of the kina via an increase in intervention while minimising currency volatility.
- With high commodity prices for coffee, cocoa, gold and coppers has also been an increase inflow if USD from PNG exporters looking to convert exports sales receipts into kina.
- The BPNG focuses on the PGK/USD rate allowing the PGK/AUD to move with any volatility in the AUD/USD rate.

Foreign Exchange Market Turnover



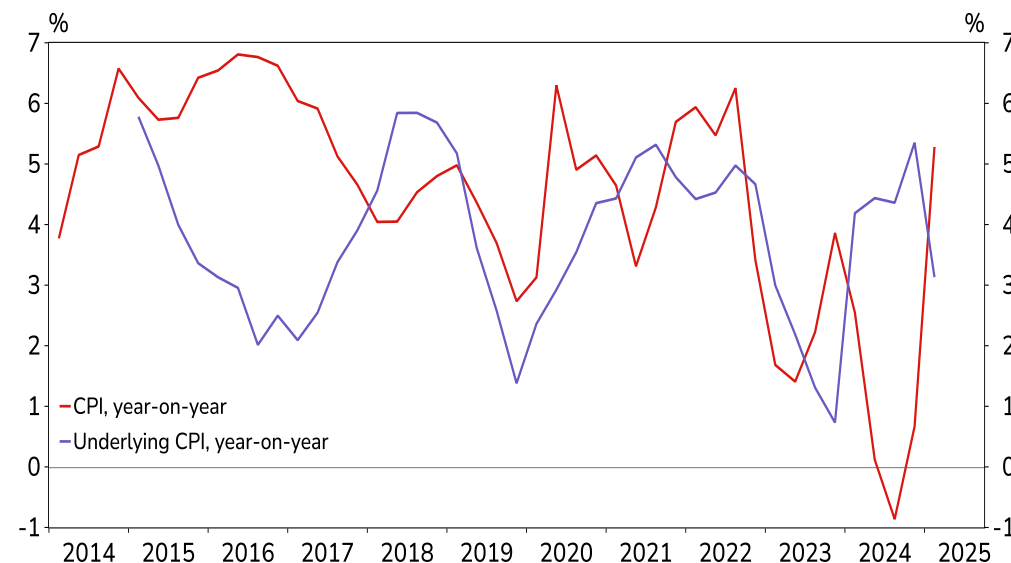
- Given the significant reduction in order backlog, for essential goods some orders are being filled the same day they are received and vetted under exchange control guidelines.
- Westpac is forecasting a further depreciation to in the PGK/USD rate to 0.2402 at September quarter 2025. We expect that any recovery, or appreciation, will be delayed until we are in 2026.

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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, rising 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

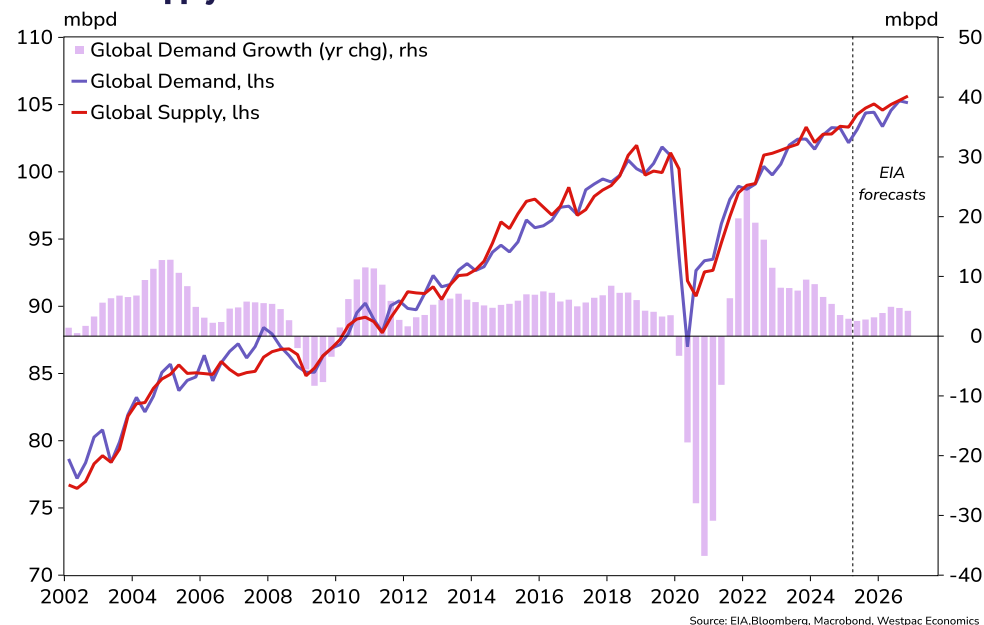


“...consumer price surges across all categories and regions”

Supply set to weigh on crude oil

- The tensions in Iran have left questions on the whereabouts of over 400kg of highly enriched uranium. Obviously, we have to wait for full intelligence reports, but until this 'known unknown' becomes 'known', risks that we see further near-term upside.
- For the fifth week the EIA reported falling US crude inventory down to the lowest seasonal level since 2014. This is supportive of crude holding round near term range of \$65 to \$70 range.
- However, we have to remember that OPEC+ is likely to increase production by another 411kbpd in August. Russia has confirmed it is "open" to another OPEC+ output hike suggesting another 411k is likely taking us to 1.8mbpd that OPEC+ is set to return to the market while noting the ramp up has been slow to date. Assuming this continues OPEC+ is likely to return pretty much all of the 2.2mb by September.
- By the third quarter of the year we will be through the US driving season meaning that summer demand will be waning just as supply is set to surge.
- Therefore, we see it increasingly likely as we move into Q3, for downside risks to build and we expect to see crude test the lower end of the 'old' \$60-\$65 range.
- An important offset is that the EIA cut its 2026 forecast for US crude production despite the Trump administration's "Drill Baby Drill" mantra. The EIA is now forecasting a contraction versus 2025. We have long argued that prices are more important for US production than government policies and so are not surprised to see the US rig count has declined to the lowest level since October 2021.
- All combined, global crude production is forecast to rise just 0.79mbpd in 2026 while global demand is set to rise by 1.05mbpd. Hence, we see crude prices firming in 2026.
- Nevertheless, we continue to expect crude to dip back to ~US\$60/bbl if current tensions in the Middle East subside.

Crude oil supply & demand

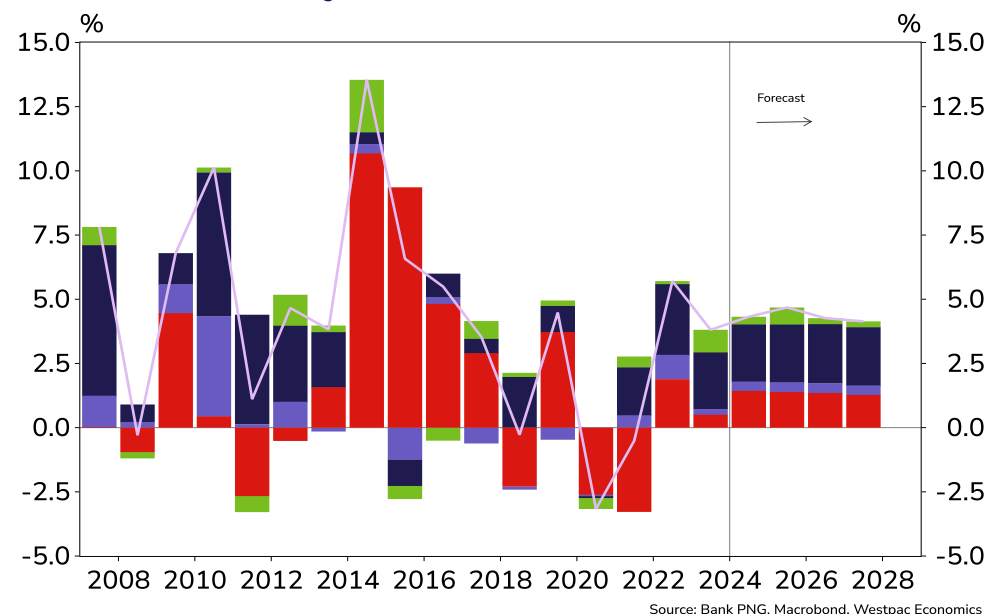


“...robust growth in crude supply set to push prices down in the second half of 2025...”

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 based on better-than-expected performance in key sectors plus the data we have for the first three quarters of the year suggest PNG's economy grew by 4.3% in 2024, up from our previous estimate of 3.7%.
- However, our 2025 growth forecast was revised down from 5.1% to 4.7% due to the base effect of a stronger 2024.0
- 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 performance. Given gold prices continue to hit record highs, and we can see no reason to expect a near term correction, we expect this momentum to persist through 2025.
- We see an upside risk to our growth outlook for PNG this year as import growth continues to exceed expectations and improving liquidity in the FX market allows importers to cater to rising domestic demand.

Resource sector key but services remain critical

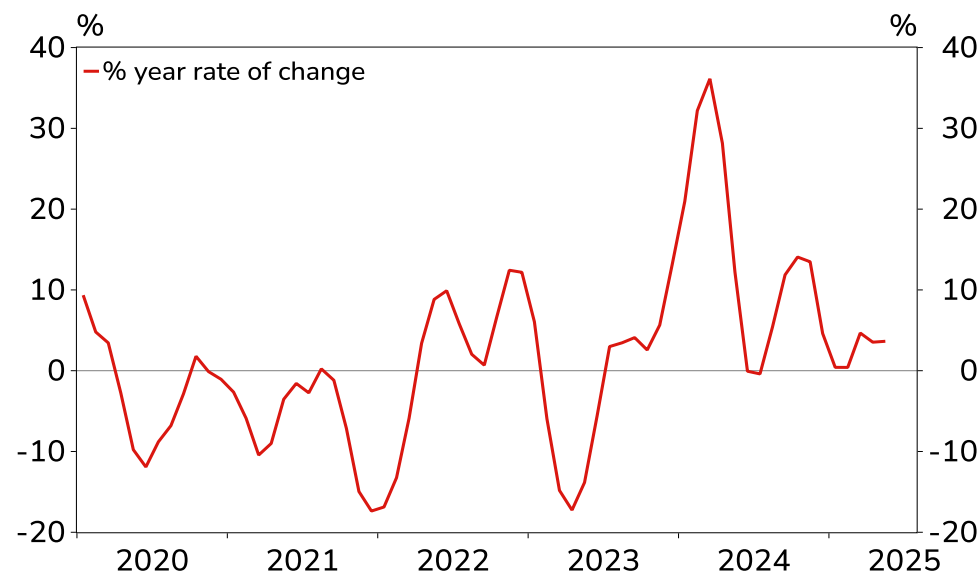


“...gold production and exports increased significantly in 2024, boosting the resource extraction sector and enhancing growth performance”

PNG Imports Indicator based on IMF Port Data.

- Activity bounced as COVID restrictions were lifted resulting in a surge in imports which peaked in early 2023.
- Following a correction in the first half of 2023 port activity surge through the first half of 2024 before stalling through the second half of the year.
- FX shortages, limiting importers' ability to fund imports, as well as soft domestic demand and civil unrest early in the year are likely to be key factors in the stalling in reported import activity at ports.
- Port activity stalled again around mid 2024 before recovering in the second half of the year only to again stall early in 2025.
- So far in 2025 we have again seen an improvement in imports through PNG ports. with the annual growth pace at around 4%yr, suggest we are again seeing a recovery in demand for imports.
- The ongoing improvement of liquidity in FX markets has allowed importers to place and clear larger orders for imports.
- Just as important is that importers see an underlying demand for an increase in imports suggesting confidence in the domestic economy.
- This is all before we see the implementation of a major resources project which would lead to a significant increase in imports.

PNG Imports Indicator



Source: IMF, Macrobond, Westpac Economics

“...improvements in FX market liquidity would be a strong positive for import growth...”

Financial forecasts

Interest rate forecasts

	Latest (27 June)	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
Australia									
Cash	3.85	3.60	3.35	3.10	2.85	2.85	2.85	2.85	2.85
10 Year Bond	4.14	4.30	4.35	4.45	4.50	4.55	4.60	4.70	4.80
US									
Fed Funds	4.375	4.375	4.125	3.875	3.875	3.875	3.875	3.875	3.875
US 10 Year Bond	4.35	4.30	4.35	4.40	4.45	4.45	4.60	4.65	4.70
New Zealand									
Cash	3.25	3.00	3.00	3.00	3.00	3.00	3.25	3.50	3.75
10 Year Bond	4.26	4.50	4.55	4.60	4.65	4.70	4.75	4.80	4.85

Exchange rate forecasts

	Latest (1 July)	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27
PGK/USD	0.2470	0.2405	0.2405	0.2450	0.2500	0.2550	0.2600	0.2650	0.2650
PGK/AUD	0.3758	0.3644	0.3537	0.3551	0.3571	0.3592	0.3662	0.3681	0.3681
PGK/NZD	0.4055	0.4008	0.3956	0.4003	0.4045	0.4100	0.4180	0.4193	0.4193
PGK/EUR	0.2093	0.2091	0.2073	0.2094	0.2119	0.2161	0.2203	0.2246	0.2246
PGK/GBP	0.1797	0.1768	0.1768	0.1795	0.1832	0.1868	0.1905	0.1920	0.1920
PGK/JPY	35.46	34.39	33.91	34.06	34.25	34.68	35.10	35.51	35.51
PGK/SGD	0.3137	0.3102	0.3102	0.3136	0.3200	0.3264	0.3328	0.3392	0.3392

Sources: Bloomberg, Westpac Economics.

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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	3.0	3.0	3.2
US	-2.2	6.1	2.5	2.9	2.8	1.6	0.9	1.5
Eurozone	-6.0	6.3	3.5	0.4	0.9	1.2	1.3	1.6
Australia	-2.0	5.4	4.1	2.1	1.0	1.6	2.1	2.4
New Zealand	-1.3	5.7	2.9	1.8	-0.5	1.4	3.0	2.7
Japan	-4.2	2.7	0.9	1.5	0.1	0.8	0.9	0.8
China	2.3	8.4	3.1	5.4	5.0	5.0	4.6	4.5
India	-5.8	9.7	7.6	9.2	6.5	6.1	6.2	6.2

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%
GDP growth	Westpac	3.9%	0.7%	4.7%
	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

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 (months)	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

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

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

Market Outlook June 2025

End of period	Latest (16 June)	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
LNG in Japan US\$mmbtu	12.09	11.5	10.8	9.8	9.2	9.2	9.5	9.7	9.9	10.0
gold (US\$/oz)	3,397	3,400	3,400	3,370	3,320	3,280	3,260	3,230	3,210	3,180
copper (US\$/t)	9,745	9,780	9,670	9,470	9,300	9,250	9,470	9,910	10,180	10,350
aluminium (US\$/t)	2,808	2,830	2,830	2,830	2,800	2,750	2,820	2,940	2,970	3,010
nickel (US\$/t)	15,065	14,900	14,600	14,200	14,100	14,500	14,900	15,300	15,600	15,800
zinc (US\$/t)	2,631	2,610	2,600	2,600	2,610	2,650	2,700	2,760	2,800	2,820
lead (US\$/t)	1,977	1,940	1,890	1,860	1,850	1,890	1,940	1,990	2,030	2,050

Source: Westpac Economics Market Outlook June 2025

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