

# Monthly Report.

March 2025



kinabank

Together it's possible

## Monthly Highlights.

### CONCLUSION OF THE 2024 FULL-YEAR EARNINGS SEASON

A final round of earnings in March marks the end of the 2024 full-year earnings season, with CCP, KAM, and NGP reporting strong bottom lines, while CPL recorded a loss due to a challenging business environment.

### K398.52 MILLION T-BILLS OVER-SUBSCRIPTION IN MARCH

Third month of oversubscription for Treasury bills (T-bills) while yields continue to remain relatively high, with the 1-year T-bill at 8.23%.

### STRONG STOCK DEMAND AMID EARNINGS SEASON

During March, stock brokers executed more trades on PNGX than they had over the past two months amid the 2024 full-year earnings season. A total of 155 trades were executed, with a volume of 1.8 million units. These numbers have consistently improved each month since January 2025.

### MPC PROVIDES FORWARD GUIDANCE ON PGK/USD

The new monetary policy committee provided some clear forward guidance to investors and businesses alike with the rate of the exchange rate, stating in its recent MPC minutes that the PGK/USD would continue adjusting downwards at a rate of 6% per annum through the first half of this year.

### GOLD PRICE TRADES ABOVE US\$3,000/OZ

Geopolitical and geo-economic uncertainties continue to drive the demand for gold, with the safe-haven asset trading above US\$3,000/oz during March. With current trade wars looming and possible rate cuts on the horizon, gold is set to remain elevated through the second quarter of 2025.

### MPC REDUCES CRR FROM 12% TO 11%

Given “moderating price pressures”, the new Monetary Policy Committee reduced the current Cash Reserve Ratio (CRR) from 12% to 11%. The MPC acknowledged that the increase in the CRR last year led to a spike in Treasury Bill rates. With total system deposits around PGK31billion, a 1% reduction in the CRR equates to PGK310million which would be ‘released into the market’.

## General Market Update.

### MPC Decision

Kina Facility Rate (KFR)	KFR will be held at 4%.
Cash Reserve Ratio (CRR)	Reduced from 12% to 11%.
Exchange Rate	Exchange rate “crawling peg” will continue downward adjustment at 6% per annum; and will be reviewed again by the end of the first half of this year.

### BPNG Monetary Policy Committee

The newly established Monetary Policy Committee (MPC) under the Central Bank had its first meeting during March. Key decision outcomes from the MPC's first meeting included (see table above).

The MPC noted that “inflationary pressures had moderated and current indicators do not justify a change to the policy rate at this time. However, the MPC remains vigilant regarding global

economic developments, especially potential inflationary impacts from external sources and the exchange rate depreciation on domestic prices.”

## General Market Update cont.

### New Income Tax Act

Parliament passed a new Income Tax Act 2025, marking a significant reform of PNG's tax framework regime. The new tax rules impacts on employment tax, intra-group transactions, non-residents tax rules, as well as the introduction of a defined Capital Gains Tax.

### Strong results from Superannuation Funds for members

The two major super funds, Nambawan Super Limited (+10.5%) and NASFUND (+11.8%) both posted double-digit member returns for the 2024 Financial Year. Comrade Trustee Services Limited, the fund for Defence Force Personnel also announced a healthy crediting return for its members (+10.5%). Superfunds form a major part of the overall economy, with recent BPNG data (December 2024) reporting that Superfunds account for almost a quarter (24%) of PNG's total financial system assets.

### PNG Power Tariff increases

PNG Power Limited (PPL) announced at the beginning of March that it was implementing a 5% 'partial tariff increase' which was approved by the energy regulator, National Energy Authority (NEA). In a public statement, PPL announced that this tariff increase "follows a 12-year freeze on electricity tariffs by the PNG Government". Between the end of 2014 to 2025, (the 'tariff freeze' period), general economic costs (headline inflation according to NSO) have increased by 53.5%. On the 24th March, the State-owned utility also announced the appointment of Paul Bayly as its new Chief Executive Officer.

### Newly established National Petroleum Authority

PNG's petroleum sector will now be overseen by a new authority, with Parliament enacting the National Petroleum Authority Bill 2025. The new law "provides an administrative

framework for the implementation and enforcement of laws and policies governing petroleum activities and matters". It also establishes the National Petroleum Authority (NPA), which will replace the Department of Petroleum and Energy. The NPA will now be the mandated body responsible for administering and enforcing the Oil & Gas Act 1998 and Unconventional Hydrocarbons Act 2015.

### Cabinet re-shuffle

Prime Minister Marape announced the following Ministerial appointments (see table below).

Portfolio	Appointment
Mining	Hon. Rainbo Paita
Finance & Transport	Hon. Miki Kaeok
Civil Aviation	Hon. Wake Goi

## FX Market.

### Market activity continues to steadily increase

When adjusting for BPNG's FX intervention, market turnover volumes increased by +4.1% m/m during March. Average monthly turnover during Q1/2025 was PGK5.1 billion, compared to the monthly average of PGK3.8 billion during Q1/2024.

Market turnover has steadily increased over the past 12 months, averaging well over PGK5 billion a month in the last two quarters. This has been coupled with shorter order turnaround times. The regulator is still placing restrictions on capital account transactions (what

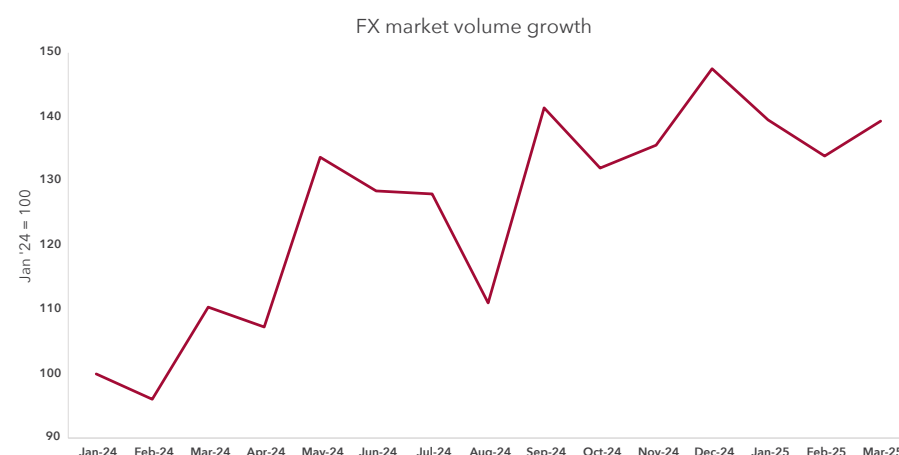


Figure: A1, Source: Bank of PNG, KB Economics

the regulator terms as 'non-essential orders'), while trade-related orders

(current account transactions) were all mostly cleared out during March.

## FX Market cont.

### PNG intervention dollars increased during March

BPNG provided another US\$125 million to the market in March. Monthly FX interventions have steadily increased during the first quarter, with BPNG intervening with US dollars at an average of US\$112 million a month.

During March, BPNG intervened on a weekly basis. BPNG sold US\$ to the market at US\$31.25 million at a weighted exchange rate of 0.24516.

### PGK/USD rate of depreciation resumes

BPNG provided another US\$125 million to the market in March. Monthly FX interventions have been steadily increasing during the first quarter, with BPNG intervening with US dollars at an average of US\$112 million a month.

During March, BPNG intervened on a weekly basis. BPNG sold US\$ to the market at US\$31.25 million at a weighted exchange rate of 0.24516.

### Trump tariff's causing volatile AUD

The PGK/AUD cross-rate traded between the ranges of 133 basis points throughout March, peaking at 0.4008 following US dollar strength at start of the month after comments from US Fed Chair Powell pushed the US to strengthen and see the AUD/USD touch 0.6205.

Later during the month, escalating trade war tensions and weaker-than-expected US data sent the AUD up to 0.6373, before easing off towards the back end of March following a disappointing Australian jobs report and more tariff announcements which lead to the Aussie dollar depreciating.

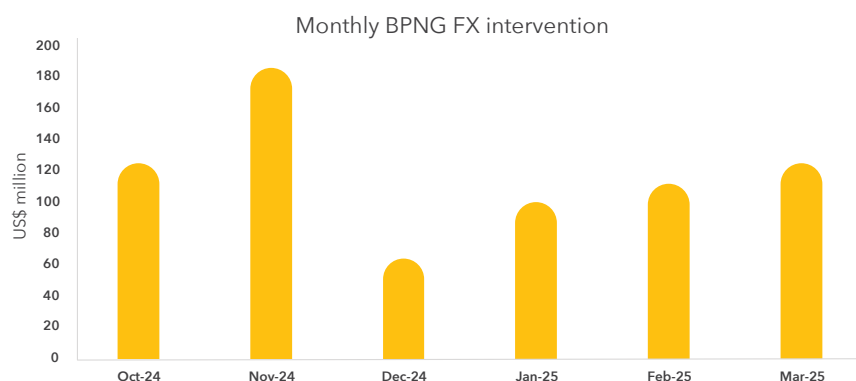


Figure: A2, Source: Bank of PNG, KB Economics

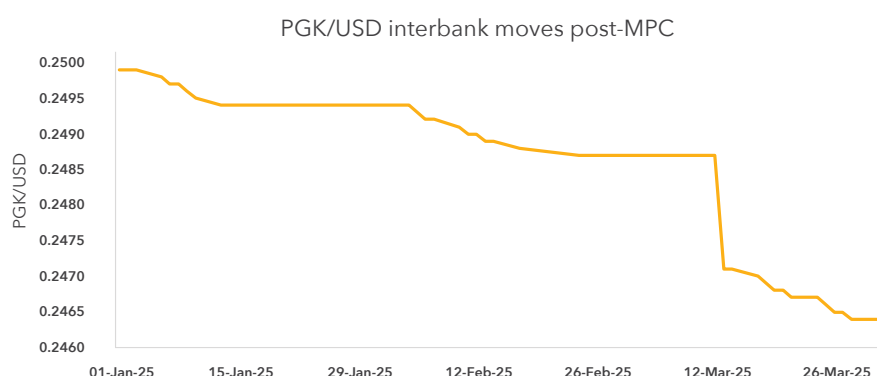


Figure: A3, Source: Bank of PNG, KB Economics

Term Days	Mar-25		Year-to-Date	
	PGK/AUD	AUD/USD	PGK/AUD	AUD/USD
Open	0.3911	0.6359	0.4022	0.6214
Close	0.3922	0.6283	0.3922	0.6283
Low	0.3875	0.6205	0.3875	0.6123
High	0.4008	0.6373	0.4074	0.6390
Range	0.0133	0.0168	0.0199	0.0267

Table: A4, Source: Bank of PNG, Bloomberg

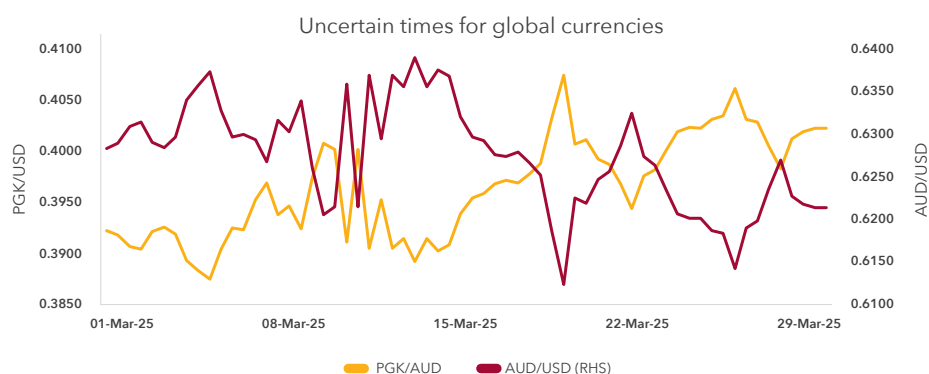


Figure: A5, Source: Bank of PNG, Bloomberg, KB Economics

# PNG Equities.

## PNGX Market Performance

The 2024 full-year earnings season continued into March, supporting a buying mood for stocks on the PNG stock exchange (PNGX) as investors queued up to gain a share of the returns declared during the earnings season. Data from the PNGX showed that stock brokers executed 155 trades in March, compared to an average of 116 trades over the first two months of 2025. Additionally, during the month, stock brokers traded about 1.8 million units of stocks (about PGK12.2 million), which is 81.3% higher than the average of the last two months.

The Kina Securities Index (KSi), a market capitalization measure of the nine actively trading companies on PNGX, closed the month 3.22% lower than the previous month, as losses in Santos (3.4%) and Newmont (4.5%) offset gains posted by BSP (2.4%), Credit Corporation (20.6%), and NGIP Agmark (2.5%).

Entity	*Closing Price	Gain/Loss (%)	Trade Count	Volume	Value (PGK)
Credit Corporation PNG	PGK3.70	20.6	4	3,630	13,226.66
Kina Asset Management	PGK1.75	-	7	55,584	97,272.00
NGIP Agmark Limited	PGK0.82	2.5	7	47,303	38,670.12
BSP Financial Group Limited	PGK21.50	2.4	31	73,663	1,567,914.53
Kina Securities Limited	PGK3.35	-	63	1,263,506	4,238,770.25
Newmont Corporation	PGK145.00	(3.4)	2	49	7,105.00
Santos Limited	PGK19.50	(4.5)	41	318,082	6,272,846.20
			<b>155</b>	<b>1,761,817</b>	<b>12,235,804.12</b>

Figure B1, source: PNGX, KB Economics

## PNGX Market Announcements.

### Final Round of the 2024 Full Year Corporate Earning Season

This month concluded the 2024 corporate earnings season, with Credit Corporation (PNGX: CCP), Kina Asset Management (PNGX: KAM), and NGP Agmark Limited (PNGX: NGP) reporting strong bottom lines, while City Pharmacy Limited (PNGX: CPL) recorded a loss on the back of a very challenging operational and financial year, starting from the January 10 riots.

*The following are some of the key highlights from the respective company announcements:*

**CCP:** Declared a significant growth of 95.7% in NPAT in 2024, compared to the previous corresponding period (pcp), reflecting an increase in the valuation of

the Group's investment portfolio. CCP Board announced a final dividend of 7.4 toea per share, plus a special dividend of 4.7 toea per share. This brings the total dividend for the year to 24.1 toea per share, including an interim dividend of 12 toea per share.

**KAM:** Reported a 29.9% growth in NPAT, reaching PGK16.6 million from pcp. This performance was driven by KAM's investment return of 22.2%, which was broadly boosted by domestic investments (BSP Financial Group Limited, Kina Securities

Entity	Net Profit after Tax (NPAT)	Change (%)	**Dividend Yield (%)
CCP	PGK263.9 million	95.7	6.5
KAM	PGK16.6 million	29.9	11.4
NGP	PGK16.6 million	504	19.5
CPL	PGK8.3 million	239	-

Figure B2, Source: 2024 Annual Report, KB Economics

## PNGX Market Announcements cont.

Limited, and Credit Corporation PNG) and international investments such as Vanguard, BlackRock, Westpac, ResMed, Suncorp, and ANZ.

**NGP:** Announced a whopping 504% growth in NPAT to PGK31.1 million, from pcp. This outstanding performance was largely driven by a more than 400% rise in cocoa prices during the year, following a sharp decline in global cocoa production from West Africa

due to climate conditions and crop diseases. The NGP Board declared a final dividend of 12 toea per share to be paid out to its shareholders, bringing the total dividend for the year to 16 toea per share.

**CPL:** The January 2024 riots were the start of a very challenging operational and financial year for City Pharmacy Limited (PNGX: CPL), ultimately resulting in the CPL Group announcing

a profit after tax loss of PGK8.4 million for FY2024. Despite the difficult period, the Group was still able to open 2 new smaller shops, and has commenced a strategic review of its various business division to identify profit growth and sustainability options. The review is expected to be completed and implemented in mid-2025.

\*As of 31st March 2025

\*\*Calculated based on the closing share price as of 31st March 2025

## Domestic Debt Market.

### Changes to 2025 Debt Financing Plan

The Department of Treasury made some adjustments to the 2025 Debt Financing Plan.

#### Key Changes include;

- Additional financing of K1,000 million given the shortfalls from last year's market disruption.
- About K1,761 million from net domestic borrowing through Treasury Bonds and Treasury Bills.
- K2,189 million from net external budget support loans.
- Technical support & assistance from the IMF and others international stakeholders is underway to help deal with the bullet payment of \$US500 million due in August 2028 for the PNG Sovereign Bond.

Do note that the issuance plan is a 'tentative issuance schedule' and is subject to change based on investor demand and cash flow requirements.

Revised Issuance Plan			
Financing Source	2025 Projected Repayment	2025 Projected Borrowing (PGK' m)	2025 Net Change (PGK' m)
Treasury Bills	13,399	14,399	1,000
Treasury Bonds/GIS	1,966	2,963	997
Loans	236	0	-236
<b>Domestic Debt</b>	<b>15,601</b>	<b>17,362</b>	<b>1,761</b>
Concessional Loans	833	1,226	393
Commercial Loans	46	100	55
Extraordinary Loans	976	2,717	1,741
<b>External Debt</b>	<b>1,855</b>	<b>4,043</b>	<b>2,189</b>
<b>TOTAL</b>	<b>17,456</b>	<b>21,405</b>	<b>3,950</b>

Figure C1, Source: Department of Treasury

## Domestic Debt Market cont.

March 2025 GIS Auction Results						
Auction Dates	Amount Offered	Bids Received	Successful Bids	Over/ undersubscribe	Over/ undersubscription rate	Success Rate
Tuesday, 4 March 2025	100.00	56.30	56.30	- 43.70	-43.70%	100.00%
Tuesday, 11 March 2025	50.00	23.80	18.80	-26.20	-52.40%	79%
Tuesday, 18 March 2025	50.00	40.00	40.00	-10.00	-20.00%	100%
Tuesday, 25 March 2025	50.00	40.00	40.00	-10.00	-2.00%	100%
<b>TOTAL</b>	<b>250.00</b>	<b>171.10</b>	<b>166.10</b>	<b>-78.90</b>	<b>-31.56%</b>	<b>97.08%</b>

Figure C2, Source: Bank of PNG, KB Economics

### GIS Auctions - first undersubscription for 2025

The month of March witnessed the second round of GIS auctions, marked by the year's inaugural undersubscription

amounting to K78.90 million. The total funds raised stood at K166.10 million, a substantial 72% decrease from the previous month's figures. However, this sum exceeded the revised issuance

plan's target for March by approximately 33%, with an aim of raising K125 million. Consequently, the overall results for the month can be deemed a success despite the initial undersubscription.

March 2025 - Treasury Bill Auction Results						
Term Days	63 Days	91 Days	182 Days	273 Days	364 Days	Total
<b>Weighted Average Yield</b>	<b>0.00%</b>	<b>3.97%</b>	<b>5.85%</b>	<b>8.00%</b>	<b>8.23%</b>	
Amount Offered	0.00	40.00	40.00	80.00	852.68	<b>PGK 1,012.68</b>
Bids Received	0.00	7.50	9.12	91.31	1,303.27	<b>PGK1,411.20</b>
Successful Bids	0.00	7.50	9.12	91.31	972.97	<b>PGK 1,080.90</b>
<b>Over/Undersubscription</b>	<b>0.00</b>	<b>-32.50</b>	<b>-30.88</b>	<b>11.31</b>	<b>450.59</b>	<b>PGK 398.52</b>
<b>Over/Undersubscription Rate</b>	<b>-</b>	<b>-81.25%</b>	<b>-77.20%</b>	<b>14.14%</b>	<b>52.84%</b>	<b>39.35%</b>
<b>Success Rate</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>74.66%</b>	<b>76.59%</b>

Figure C3, Source: Bank of PNG, KB Economics

### T-bills: Oversubscribed but lower than Feb

The Treasury bill (T-bill) auctions in March saw a mixed picture, with undersubscription persisting for shorter tenors but oversubscription emerging for longer maturities. While the 91-day T-bill yield remained unchanged at 3.97%, it witnessed undersubscription for the second consecutive month, with an 81.25% undersubscription rate. The 182-day T-bill, despite yields being above the 5.80% mark, faced undersubscription across all auctions,

resulting in a 77.20% undersubscription rate and a 90% month-on-month drop in successful bids raised.

In contrast, the 273-day T-bill yield surged by 117 basis points to 8.00%, the highest rate to date, and saw an oversubscription rate of 14.14%, indicating robust demand. The 364-day T-bill yield settled at 8.23% by month-end, a 3-basis-point decrease from the previous month, yet was the most sought-after tenor, with a 52.84% oversubscription rate.

Overall, March's T-bill auction figures were lower than February's, with a 27.22% decline in the amount offered, a 36.25% drop in bids received, and a 34.57% decrease in successful bids month-on-month. The market sentiment suggests that investors may be holding off or seeking slightly higher rates. Given the government's cash flow needs in the first half of the year and the delay in concessional loan disbursements until the second half, rates may remain elevated in the next quarter.



# Commodities.

## Cocoa prices ease off as global supply deficits slowly subside

International cocoa prices fell by 13.2% during March. After a year of unprecedented price growth in 2024, cocoa prices have fell by over 35% in 2025 due to weakening demand, as prices have risen substantially over production costs. According to the International Cocoa Organization (ICCO), the global market is experiencing a shift. The ICCO is forecasting a surplus of 142,000 metric tons for the 2024/25 season—marking the first oversupply in four years. According to ICCO projections, global cocoa production is expected to surge nearly 8% year-over-year, reaching 4.84 million metric tons. While the cocoa market is currently navigating a surplus outlook and shifting demand patterns, price volatility remains a key theme as traders and producers assess the balance between supply strength and consumer sentiment.

## LNG prices fall amidst soft Asian demand during Q1/2025

Asian spot liquefied natural gas (LNG) prices were at their lowest level in nearly six months amid muted demand in China and Japan due to high stocks after a mild winter, but are expected to get support from stronger European demand.

Stronger domestic production, pipeline imports, renewable generation and weak industrial demand have kept Chinese demand muted, leaving only Taiwan and South Korea as the main spot buyers during March. Spot LNG prices were down 5.76% in March, and already are down 8.54% year-to-date.

	PRICE (USD)		MONTH		YOY		YTD
<b>Agriculture</b>							
Coffee (US cents/lb)	379.75	↑	0.18%	↑	69.86%	↑	17.20%
Cocoa (US\$/mt)	7,902.00	↓	-13.17%	↓	-21.18%	↓	-39.03%
Palm Oil (RM/tn)	4,762.00	↑	0.70%	↑	11.23%	↓	-2.06%
<b>Energy</b>							
Brent Crude (US\$/bbl)	74.74	↑	2.11%	↓	-15.74%	↑	0.13%
LNG (US\$/mmBtu)	13.08	↓	-5.76%	↑	31.57%	↓	-8.54%
Light Crude WTI Futures (US\$/bbl)	71.48	↑	2.44%	↓	-15.15%	↓	-0.34%
<b>Precious Metals</b>							
Gold (US\$/oz)	3,150.30	↑	10.07%	↑	34.17%	↑	17.63%
Silver (US\$/oz)	34.61	↑	9.43%	↑	32.87%	↑	16.86%
<b>Base Metals</b>							
Copper (US\$/lb)	5.03	↑	10.15%	↑	22.82%	↑	22.33%
Iron Ore (US\$/mt)	96.86	↓	-2.30%	↓	-33.52%	↑	3.84%

Figure D1, Source: Bloomberg, KB Economics

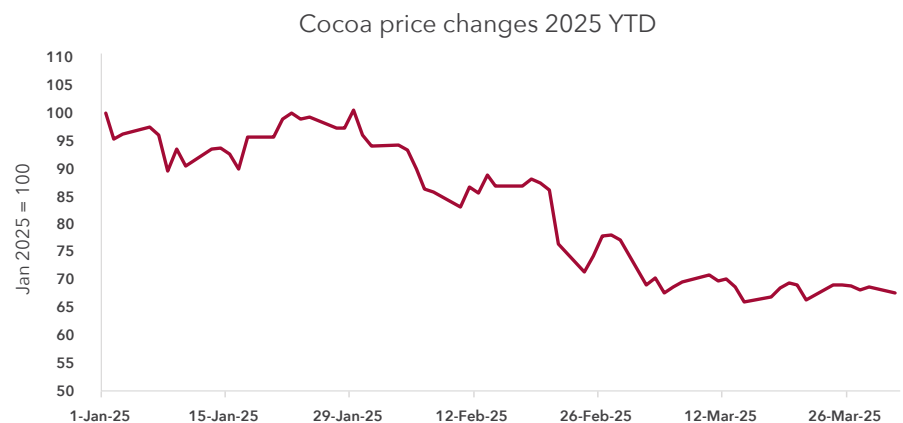


Figure D2, Source: Bloomberg, ICCO, KB Economics

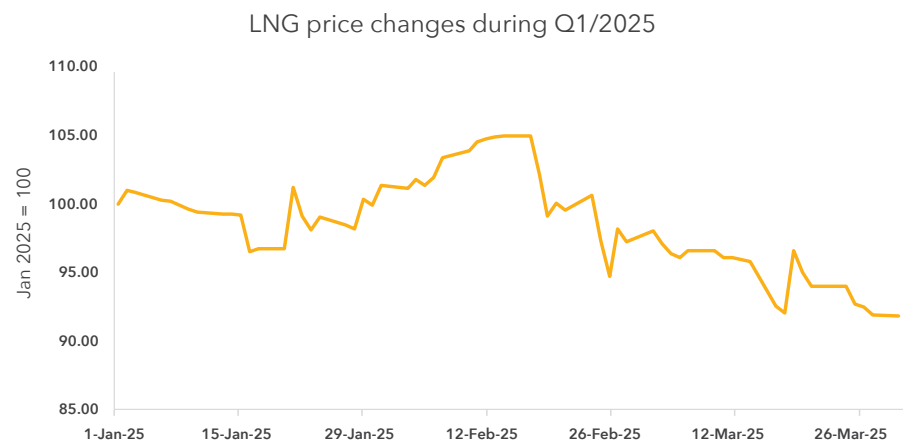


Figure D3, Source: Bloomberg, KB Economics



## Commodities cont.

### Gold breaks the US\$3,000/oz threshold for first time

Gold prices traded above US\$3,000/oz in intraday trading during mid-March for the first time in history. The speed at which gold has been able to rise from US\$2,500 to over US\$3,000 over the past 8 months tends to global fundamentals that are driving the demand for the safe-haven asset.

A combination of geopolitical tensions, geo-economic uncertainty, underlying inflationary pressures remaining persistent, Central Bank easing, together with a weakening US dollar are keeping gold prices on an elevated trend.

Gold price during Q1/2025 goes to historic high



Figure D4, Source: Bloomberg, KB Economics

# Kina Bank Wealth Management.

## EGM | Wealth Management & Corporate Advisory

---

Deepak Gupta  
**deepak.gupta@kinabank.com.pg**

## Head of Investments

---

Michael Rook  
**michael.rook@kinabank.com.pg**

## Manager | Research & Analysis

---

Gareth Rus  
**gareth.rus@kinabank.com.pg**

## Senior Economist

---

Moses David  
**moses.david@kinabank.com.pg**

## Head of Wholesale Business Development

---

Willie Konga  
**willie.konga@kinabank.com.pg**

## Senior Investment Analyst

---

Eunice Nogua  
**eunice.nogua@kinabank.com.pg**

## Team Leader | Client Portfolio Services

---

Mareta Kokiva  
**mareta.kokiva@kinabank.com.pg**

## Senior Client Portfolio Services officer

---

Kimberly Melegepa  
**kimberly.melegepa@kinabank.com.pg**

## Client Portfolio Services officer

---

Fatima Ai'io  
**fatima.ai'io@kinabank.com.pg**

## Economics

---

Karo Tuva  
**karo.tuva@kinabank.com.pg**

Joshua Sialis  
**Joshua.Sialis@kinabank.com.pg**

## Shares

---

Vera Saisagu  
Linah Leka  
**wealth@kinabank.com.pg**

## Administration Coordinator

---

Dagu Hebore  
**dagu.hebore@kinabank.com.pg**

# Disclaimer.

## General Disclosure

This report is for our clients only. All information contained herein is obtained by Kina Funds Management Limited (KFM) and/or Kina Group of Companies (Kina Group) from sources believed by it to be accurate and reliable. Whilst every care has been taken in the compilation of this Report and all information is believed to be accurate, No liability is accepted by KFM and/or Kina Group or its subsidiaries, or any of their officers, employees or agents for any errors or omissions in this Report. All information is provided "as is" without warranty of any kind and KFM and/or Kina Group, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, or fitness for any particular purpose of any such information. Opinions and recommendations are subject to change without notice and cannot be relied on without independent confirmation. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur.

Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. This document is confidential and intended only for authorised clients of KFM and/or Kina Group.

## Conflict Disclosure

KFM and/or Kina Group, its Directors, officers, employees or agents may own shares in the Companies stated in this Report, but under no circumstances shall KFM and/or Kina Group have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstances or contingency within or outside the control of KFM and/or Kina Group or any of its Directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication,

publication, or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory, or incidental damages whatsoever (including without limitation, lost profits), even if KFM and/or Kina Group is advised in advance of the possibility of such damages, resulting from the use of or inability to use any such information. Past performance of Companies reviewed herein are not, and should not be held as indicators of the of the entities future performance. The information contained herein is, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. KFM and/or Kina Group may seek to do business with companies mentioned in research reports. Accordingly, KFM and/or Kina Group employees and/or directors may have a conflict of interest. Investors should be aware of this potential for conflicts of interest, and should consider KFM and/or Kina Group research reports as just one aspect of their investment decisions.