

# Monthly Report.

November 2025



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## Monthly Highlights.

### FX market activity slows in November after record month

November FX activity slowed to the 2025 monthly average of just above PGK5.5billion in turnover, while the BPNG continued its support - selling US\$60million to commercial banks to clear import orders.

### Cocoa prices remain subdued, while coffee edges up

Cocoa prices remained on their downward trend in 2025 as global supply growth continues to outpace demand forecasts. Coffee prices are on the rise with tightening supplies.

### City Pharmacy Limited (PNGX: CPL) pays special dividend

The CPL Board announced a special dividend of 5 toea for its shareholders. The CPL share price was trading at PGK0.45 per share when the announcement was made.

### T-Bill yields continue to compress

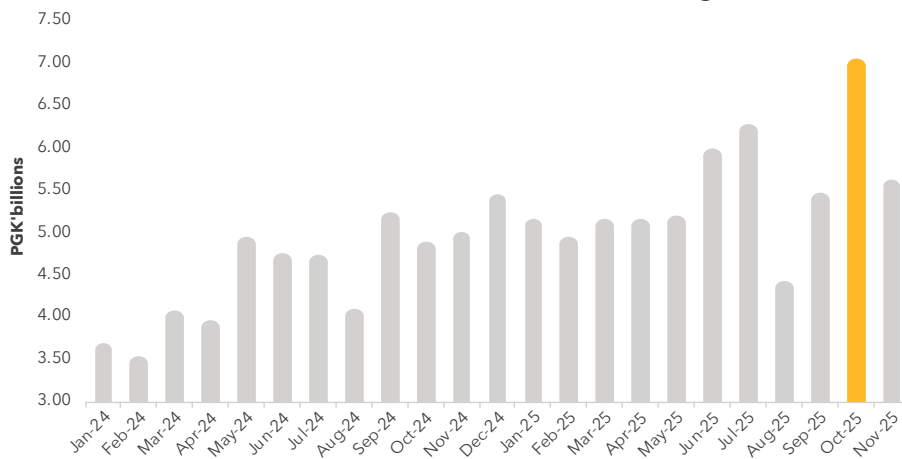
T-Bill yields continue to fall - with 1-year paper expected to be below 5% very soon.

## FX Market.

### November volumes soften after record month

FX activity (in terms of market turnover) was in line with the monthly average for 2025 (PGK5.5 billion per month). This was following October's peak, which was mostly due to resource sector inflows for major tax payments. Year-to-date, 2025 activity has been +24% higher than the prior corresponding period.

### November slows down as festive season begins



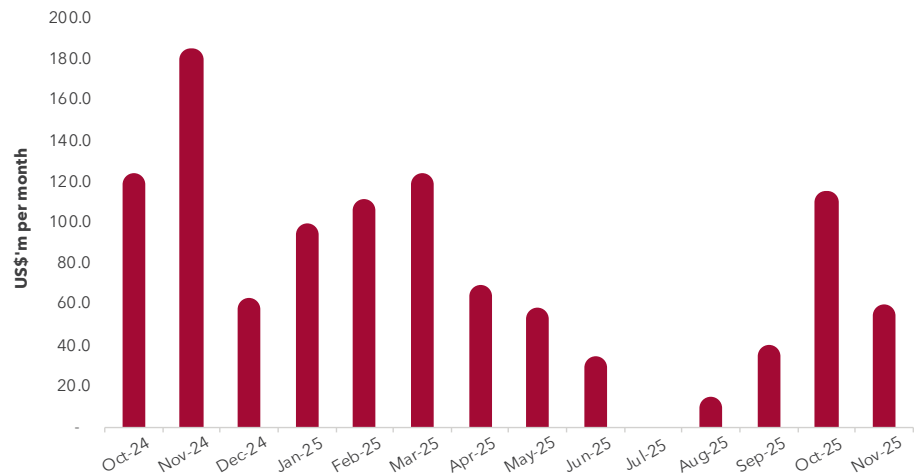
Source: Bank of PNG, KB Economics

## FX Market, cont.

### BPNG intervention continues, but down from November's record intervention

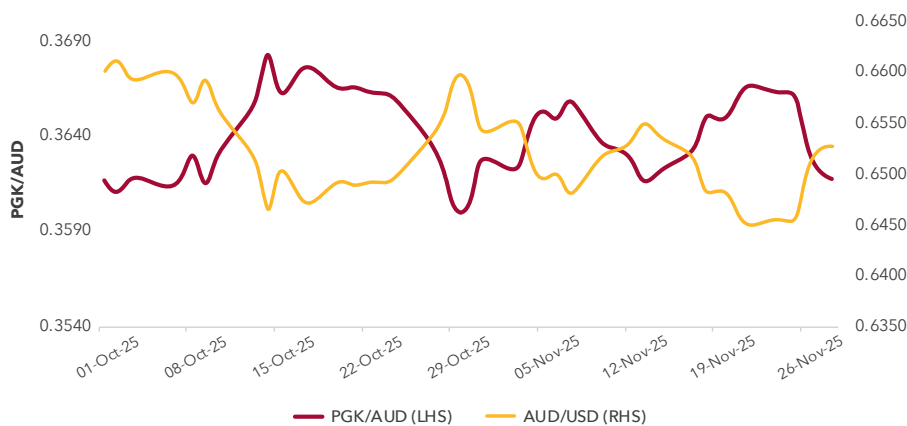
After October's record intervention, which was over US\$116 million, the Bank of PNG (BPNG) injected US\$60 million into the FX market during November to help clear import orders. Throughout this year, BPNG has been providing FX support at an average of US\$67 million per month. Following large interventions last year, 2025 has been relatively lower – lending to the great FX flows due to a falling exchange rate.

### BPNG provides US\$60m to support the market



Source: Bank of PNG, KB Economics

### US dollar weakness keeping AUD/USD elevated



Source: Bank of PNG, KB Economics

### US dollar weakness keeping AUD/USD elevated

The Aussie dollar (AUD/USD) trading range narrowed to between 0.6452 - 0.6558 as a possible US Fed interest rate cut led to US dollar weakness. Furthermore, domestic Australian data on CPI suggests that the Reserve Bank of Australia (RBA) will not cut interest rates until the second half of 2026. This is forecasted to maintain AUD/USD levels to firm above 0.6500 heading into H1/2026.

## Outlook.

On the PGK/AUD cross-rate, the continued movement of the PGK/USD exchange-rate crawl of 5.5% annualised, coupled with the RBA's current policy stance on interest rates means we anticipate the PGK/USD to trade between 0.2286 - 0.2360 during H1/2026, while the PGK/AUD will be trading below 0.3500 by the second half of 2026.

PGK/AUD/USD Exchange Rate			
	PGK/USD	AUD/USD	PGK/AUD
Dec 25	0.2360	0.6550	0.3603
Mar 26	0.2323	0.6650	0.3493
Jun 26	0.2286	0.6650	0.3438

Source: Bank of PNG, KB Economics

## PNG Equities.

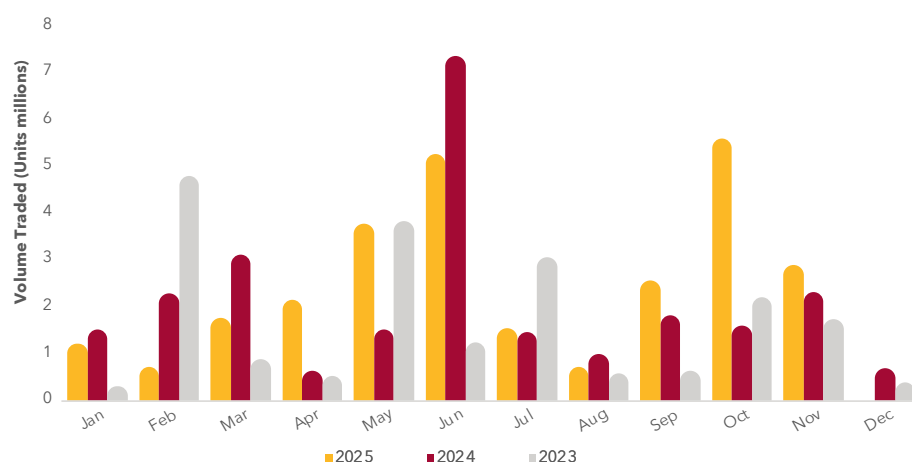
### Market Activity slows down in November

During November, the level of market activity on PNGX slowed down with market volumes totaling 2.9 million units, which is 48% lower compared to the previous month. Year to date, the total volume traded was 28.2 million units, valued at PGK252.8 million. Compared to this time last year, this is 26% higher.

The total value exchanged during the month was PGK20.5 million, compared to PGK22.7 million recorded in October. This year, there has been an average of PGK23 million traded in value per month, compared to the monthly average of PGK9.4 million last year.

The lower November volumes is typical for this time of the year when the market gradually quietens down towards the festive season.

### Monthly Trade Volumes: 2023 - 2025



Source: PNGX, KB Economics

We are expecting a further slowdown in the level of activity on PNGX during December, with a shorter trading month to the upcoming festive holidays.

This should pick up in the New Year, as there has been an average of 47% rebound in market activity between the final quarter of the year and Q1 of the new year.

## PNG Equities, cont.

### Kina Securities index falls 4.1% during November

The Kina Securities Index (KSi), a market capitalization-weighted measure of stocks listed on the PNG Stock Exchange (PNGX), dipped by 4% m/m in November, as losses posted by the heavily weighted Santos Limited (7.6%)

and Credit Corporation (0.7%) offset gains by BSP Financial Group (0.8%) and Kina Asset Management Limited (1.1%).

The decline in the KSi resulted in a PGK4.8 billion loss in equity market

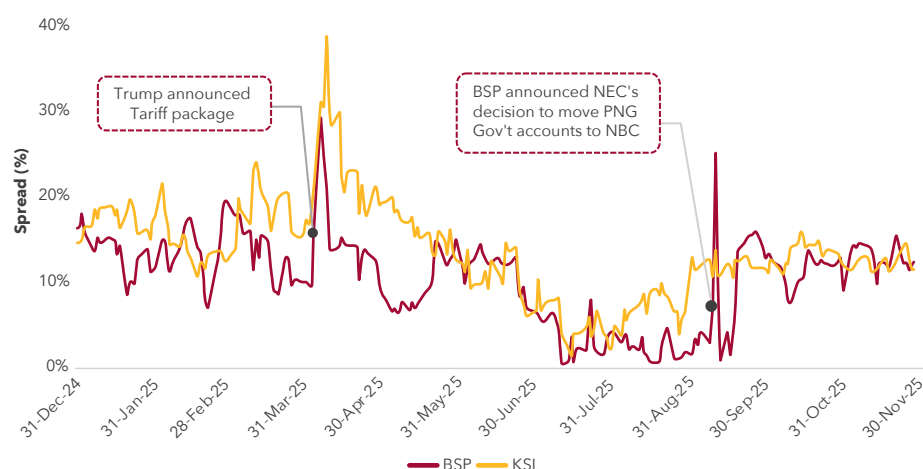
value to PGK111.6 billion\* in November, compared to the previous month.

\*Calculated using shares Outstanding as of 31st December 2024 and Closing share price as of 28th November 2025.

### Dual-Listed Banking Stocks

The arbitrage spread (%) between PNGX and ASX prices for the dual-listed banking stocks (BSP and KSL) oscillated between the 10% - 15% range during November, compared to October's 7% - 16% range. This indicates that the spread remains large while volatility eased in the share prices across both markets. The arbitrage spread remains large, suggesting an opportunity for Arbitrageurs to profit from the price gap.

### Banks: Arbitrage Opportunity



Source: Bank of PNG, KB Economics

## Market Announcements.

### CPL pays 5 toea special dividend

A special dividend of 5 toea was declared for payout to shareholders by the Board of City Pharmacy Limited (PNGX: CPL). The CPL Board scheduled the payout for the 5th January 2025.

### PNG Air releases 2024 Annual Report

The 2024 annual report release marks the completion of the company's outstanding audited financial statements between 2019 to 2024. This is positive news for the company's shareholders, as its stock has been suspended from trading on PNGX since January 2019, due to the company's failure to lodge the audited annual reports for previous years.

### KSL acquires 17% stake in NuiPay

Kina Securities Limited (PNGX/ASX: KSL) has made a strategic investment in NiuPay Pacific Pty Ltd, a company at the forefront of digital transformation in the South Pacific's public sector. KSL acquired a 17% stake in NiuPay at a post-money valuation of US\$29.4 million. The total investment is US\$5 million, comprising US\$2.5 million in cash and US\$2.5 million in KSL shares-representing 0.9% of KSL's total issued shares. This investment by KSL is also in line with the company's focus on being PNG's leading digital bank, plus also broadening its revenue base from interest income to non-interest income by investing in strategic digital projects.

# PNG Domestic Debt Market.

## Demand persists, as GIS auctions see largest oversubscription for 2025 to date

Term (years)	2	4	5	6	7	8	9	10	15	TOTAL (PGK'm)
Coupon Rate	8.40%	8.70%	8.80%	8.90%	9.00%	9.10%	9.20%	9.30%	9.60%	
Weighted Average Rate (W.A.R)	7.89%	8.12%	8.15%	8.19%	8.23%	8.27%	8.36%	8.43%	8.87%	
Amount Offered	10.00	10.00	10.00	10.00	10.00	30.00	40.00	49.84	40.00	209.84
Bids Received	43.00	34.00	21.00	23.00	25.07	72.00	88.00	120.07	88.74	514.88
Successful Bids	10.00	10.00	10.00	10.00	10.00	30.00	40.00	49.84	40.00	209.84
Over/Under subscription	33.00	24.00	11.00	13.00	15.07	42.00	48.00	70.23	48.74	305.04

Source: Bank of PNG, KB Economics

Government Inscribed Stock (GIS) auctions for November showed significant market activity, with PGK209.8 million offered—representing a substantial 162% increase over October's PGK80 million offering. This surge reflects the Government's efforts to align with financing targets established in the 2025 March Issuance plan.

The auction featured nine bond issuances with maturities ranging from 2 to 15 years, offering coupon rates between 8.40% and 9.60%. Market response was robust, with oversubscription reaching PGK305.0 million, the largest oversubscription for 2025 to date, resulting in complete allocation for all tenors.

While investor interest was relatively balanced across all maturity periods,

shorter-term securities (2-7 years) attracted marginally stronger demand. However, this interest still fell short of the market's preference for Treasury Bills. Regardless, the market still reflects strong investor demand for all Government securities, while the Government continues its debt restructuring exercise, with concentrated borrowing efforts aimed at improving financial efficiency.

## It's a race to the bottom - Yields drop further

T-BILLS CONTINUE TO ATTRACT STRONG DEMAND DESPITE FALLING YIELDS				
TERM (DAYS)	182 DAYS	273 DAYS	364 DAYS	TOTAL (PGK)
Weighted Average Yield	6.03%	6.02%	6.24%	
Amount Offered (PGK'm)	70.0	170.0	1,059.3	1,299.3
Bids Received (PGK'm)	247.3	351.2	1,976.5	2,575.1
Successful Bids (PGK'm)	93.8	74.0	1,304.5	1,472.3
Over/Undersubscription (PGK'm)	177.34	181.24	917.15	1,275.7
Over/Undersubscription Rate	253%	107%	87%	98%
Success Rate	38%	21%	66%	57%

Source: Bank of PNG, KB Economics

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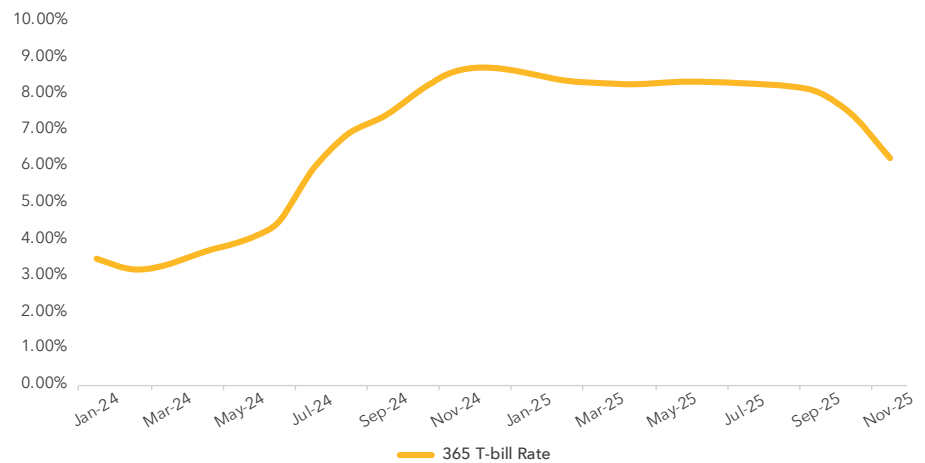
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## PNG Domestic Debt Market, cont.

November's Treasury Bill (T-Bill) auctions posted the second-highest oversubscription of 2025, reaching PGK1.275 billion and surpassing October's previously second-ranked performance. The Government offered PGK1.299 billion across 182-day, 273-day, and 364-day instruments, while investors submitted PGK2.575 billion in bids. All weekly auctions attracted excess bids, with total bid volume increasing by 5.5% from October's level. This consistent oversubscription demonstrates robust investor demand for Government debt securities, particularly T-Bills.

T-bill rates since Jan-2024



Source: Bank of PNG, KB Economics

The prevailing narrative in the market continues to be the significant downward trajectory in yields, characterized by what can be described as a "race to the bottom." We have observed substantial declines across all T-Bill maturities:

- 182-day yields declined 132 basis points to 6.03%
- 273-day yields fell 141 basis points to 6.02%
- 364-day yields dropped 116 basis points to 6.24%

This average decline of approximately 130 basis points across all T-Bills represents one of the most significant yield compressions observed in 2025. Amongst other factors, aggressive investor bidding continues to exert downward pressure on yields throughout the market.

**Investor Behaviour:** The 364-day T-bill remains the most popular debt security based on transaction volume. However, we've observed a continuation of robust demand for the much shorter-term T-bills, with the 182-day and

273-day bills achieving subscription rates of 253% and 107%, respectively. This trend aligns with our ongoing analysis of strategic investor behaviour, as market participants continue to distribute capital across various maturity points while prioritizing access to liquidity.

## 2026 National Budget Highlights.

The below is the expectation or forecast for T-Bill & GIS rates outlined in the 2026 National Budget. Our analysis indicates that interest rates are likely to decline more rapidly than the projection suggests.

The current downward trajectory of yields is evidenced by the 364-day Treasury Bill rate, which registered 6.24% in November 2025 – which is well below the Government's Q1 2026 forecast of 6.50%.

Hence, we assume that T-Bill rates could fall below 5% by Q1 2026, representing a more aggressive decline than the 2026 Budget suggests.

### 2026 Proposed Quarterly Domestic Issuance Indicative Expectations

	Q1 (PGK'm)	Q2 (PGK'm)	Q3 (PGK'm)	Q4 (PGK'm)	Total (PGK'm)
Treasury Bills	4,310.00	3,500.00	2,900.00	2,658.00	13,368.00
Indicative 364-day T-bill rate	6.50%	6.10%	5.70%	5.60%	
Treasury Bonds/GIS	720.00	780.00	780.00	790.00	3,070.00
Indicative 10-year rate	7.90%	7.50%	7.10%	7.00%	

Source: PNG Treasury, 2026 National Budget documents

### 2026 Debt Financing Requirements

PNG's 2026 National Budget requires **total net financing of PGK1.61 billion**, down from PGK2.949 billion in 2025 – reflecting the Government's commitment to debt sustainability.

The Government will prioritize concessional financing from multilateral and bilateral partners while also utilizing domestic borrowing through Treasury Bills and Bonds.

External financing comprises 33.1% from existing concessional loans and 66.9% from budget support loans. External financing sources include budget support loans from:

- Asian Development Bank (ADB): USD \$150 million (PGK632.1 million)
- Asian Infrastructure Investment Bank (AIIB): USD \$100.0 million (PGK421.4 million)
- International Monetary Fund (IMF): USD \$337.9 million (PGK1.424 billion)

Domestic financing will total PGK67.4 million net, including net repayment of PGK977.5 million in Treasury Bills, net issuance of K634.0 million in Treasury Bonds, and PGK410.9 million in domestic loans.

PGK600 million in commercial financing is allocated for Connect PNG Road projects.

The projected total Government debt will be PGK66.216 billion (45.5% of Nominal GDP) by end of 2026, a 2.8% reduction in the Debt-to-GDP ratio compared to 2025, and below the 55.0% threshold in the PNG's Fiscal Responsibility Act.

The Government aims to achieve a budget surplus by 2027, potentially allowing complete repayment of sovereign debt by 2034 for increased investment alternatives.



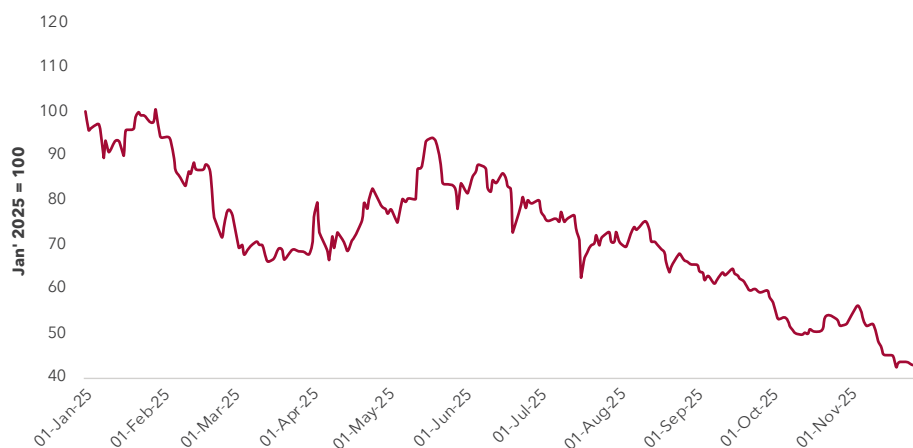
# Commodities.

	Price (USD)		MoM		YoY		YTD
<b>Agriculture</b>							
Coffee (US cents/lb)	413.00	↑	5.21%	↑	25.00%	↓	-4.31%
Cocoa (US\$/mt)	5,404.00	↓	-12.95%	↓	-53.42%	↓	-77.03%
Palm Oil (RM/tn)	4,099.00	↓	-2.08%	↓	-24.52%	↓	-17.05%
<b>Energy</b>							
Brent Crude (US\$/bbl)	63.20	↓	-2.92%	↓	-14.33%	↓	-16.64%
LNG (US\$/mmBtu)	11.09	↑	0.81%	↓	-29.70%	↓	-25.00%
Light Crude WTI Futures (US\$/bbl)	58.55	↓	-4.07%	↓	-14.96%	↓	-20.29%
<b>Precious Metals</b>							
Gold (US\$/oz)	4,254.90	↑	6.27%	↑	46.19%	↑	47.69%
Silver (US\$/oz)	17.14	↑	17.14%	↑	60.84%	↑	67.03%
<b>Base Metals</b>							
Copper (US\$/lb)	5.27	↑	3.53%	↑	24.17%	↑	26.95%
Iron Ore (US\$/mt)	101.60	↓	-0.51%	↑	5.71%	↑	8.62%

Source: Bloomberg

Agriculture commodities continue to remain flat or trend down, with cocoa prices especially continuing their 2025 decline, a 12.95% price drop in ICCO prices during November. This being driven by bullish expectations on cocoa supply with a large crop expected in West Africa in the coming months, which in turn is keeping prices from picking up again. Global production levels in 2026 are expected to increase in the Ivory Coast (+5%) and Ghana (+34%).

## Cocoa prices continue downwards trend

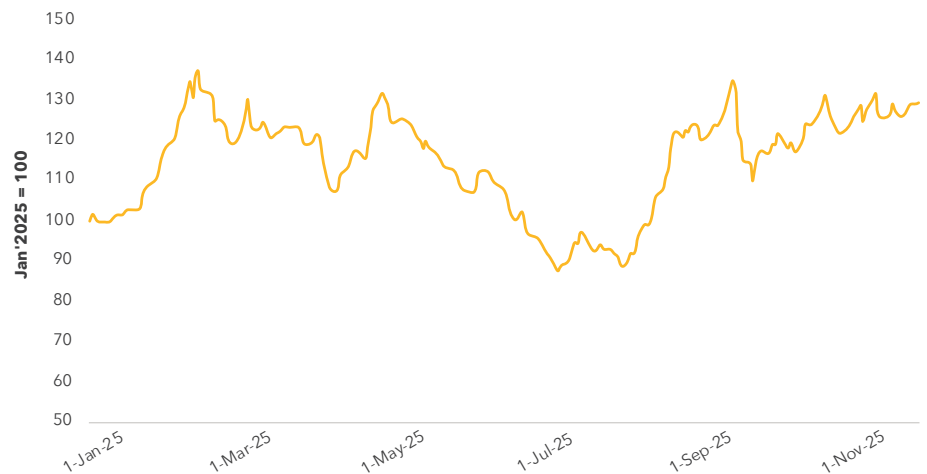


Source: Bloomberg, KB Economics

## Commodities, cont.

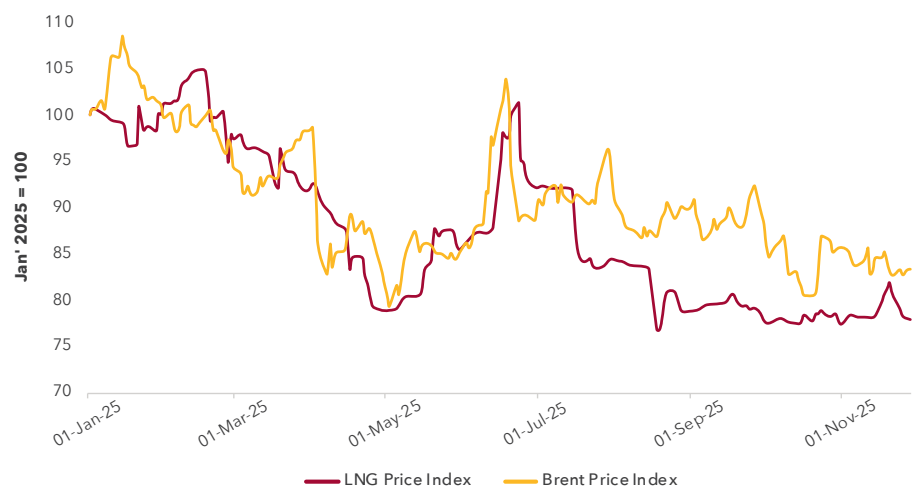
Coffee prices remained high in November despite a dip in July this year. After falling in Q3/2025 amidst tariff restrictions and improved supply prospects, prices edged up slightly in November as global supplies tightened again. Global coffee production is projected to reach 175.4 million bags during the 2024-25 season and is expected to rise to about 179 million bags in 2025-26, according to the International Coffee Office (ICO). These forecasts remain subject to considerable risks, particularly weather-related supply shocks in Brazil, the world's largest coffee producer, and the impact of U.S. tariffs on coffee imports from Brazil.

**Coffee Price, 2025 YTD**



Source: Bloomberg, KB Economics

**LNG and Oil benchmark prices YTD**



Source: Bloomberg, KB Economics

Oil price benchmarks continued their overall downward easing in prices during November due to over-supply, the International Energy Agency (IEA) announced that the global oil market faces an even bigger surplus in 2026 as major producers (OPEC+) and rivals continue to lift their outputs against slowing demand growth. With demand lagging supply, Brent crude prices are projected to average USD \$68 per bbl this year – and to fall further to around USD \$60 per bbl in 2026.

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