Monthly Market Sivarai Report.

April 2026

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Monthly Highlights.

Global market reactions to conflict as impacted energy shock driving global markets

The conflict in the middle-east at the end of March saw global markets react swiftly and defensively, with investors moving towards safe-haven assets.

Shipping and insurance costs jumped

Disruptions in the Red Sea drove higher freight rates, reinforcing inflation risks and weighing on trade exposed sectors. The forecasted headline is expected to creep above 5% (previous 4.2%), as increased global fuel price and supply disruptions start to pass through to the local economy.

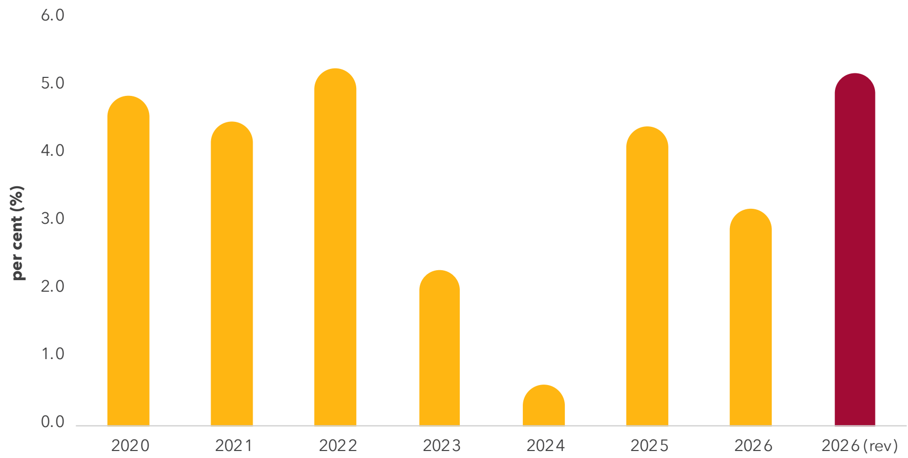
Energy prices surged

Brent crude and LNG prices spiked as markets priced in supply disruption risks from the Hormuz Strait and Red Sea chokepoints, even without a full closure.

Safe haven flows strengthened

Investors rotated into the US dollar, gold, and government bonds as geopolitical uncertainty intensified. The USD strengthened against most currencies with the PGK cross-rate holding against most of its traded currencies.

Headline inflation expected to increase



Source: National Statistics Office

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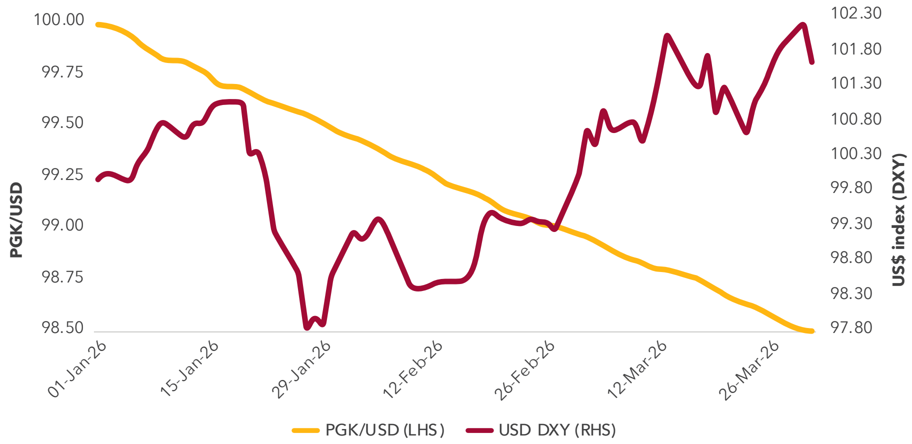
FX Market.

US Dollar strengthens as conflict continues

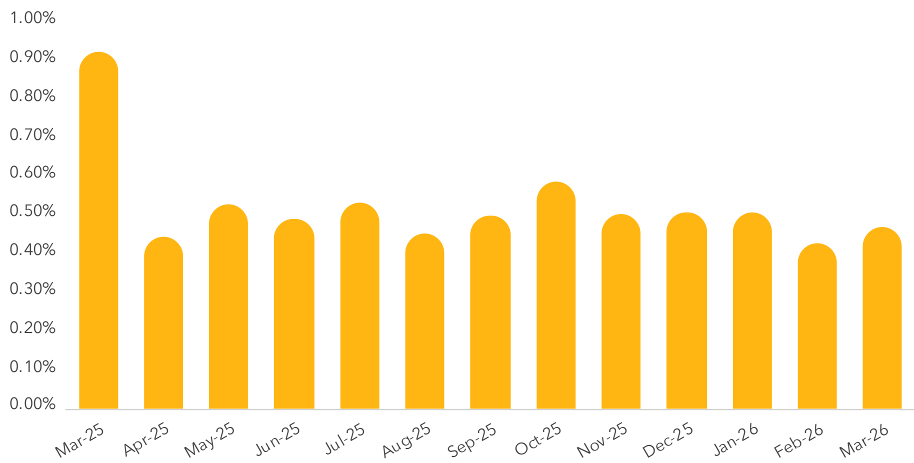
The USD Dollar strengthened against global currencies as investors opted for safety. The USD DXY, a weighted-average of the greenback against major trading currencies, moved broadly from 98.00 to settle at 101, signifying US$ strength.



Source: Bloomberg, Bank of PNG, KB Economics

PGK crawling-peg adjustment maintained

The crawling-peg movement of the PGK/USD remained relatively unchanged, dipping by 0.47% m/m. Average m/m movement in 2026 so far is 0.5%.



Source: Bank of PNG, KB Economics

March rounds out busy Q1

BPNG provided another US$60m worth of intervention to the market, following a large injection of US$150m during the previous month.

The first quarter has been one of the strongest quarters in terms of BPNG market support, averaging US$90m in Q1/2026, compared to US66m from the previous quarter.

In terms of total market activity, average monthly market turnover for Q1 was PGK5.8b, just slightly lower than the busier Q4/2026 (PGK6.6b monthly average).

However, against the previous Q1/2025, this year's first quarter was busier, recording a +14% increase y/y.

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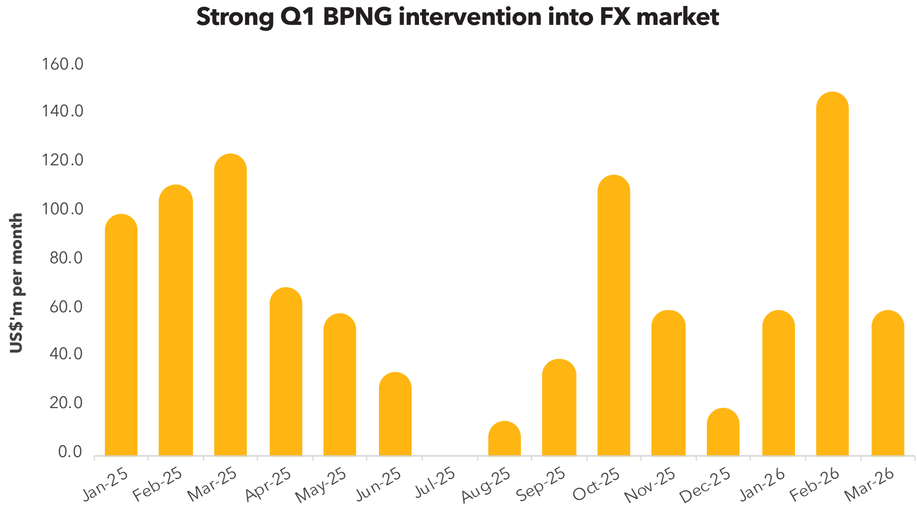
FX Market, cont.



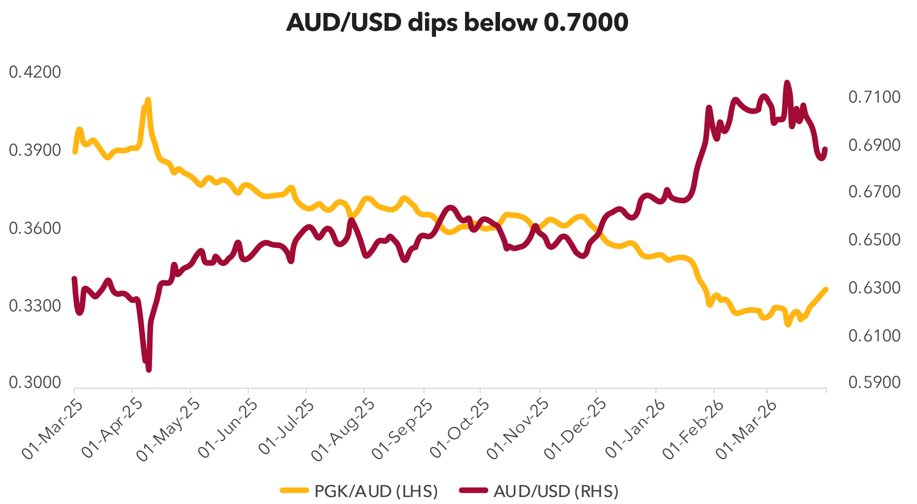
Source: Bloomberg, Bank of PNG, KB Economics

PGK/AUD may hold above 0.3000 given volatility

We revised our AUD/USD on the current risk-off sentiment with the Aussie dollar dipping below 0.7000. There is still an expectation that the RBA may hike rates later this year is inflation starts to creep up, so we maintain Aussie strength at 0.7000 to hold, leading to a 0.3233 cross by Q3/2026.

	PGK/USD	AUD/USD	PGK/AUD
Mar 26	0.2316	0.6900	0.3357
Jun 26	0.2294	0.7000	0.3277
Sep 26	0.2263	0.7000	0.3233
Dec 26	0.2229	0.7000	0.3184

Source: Bloomberg, KB Economics



Source: Bank of PNG, KB Economics

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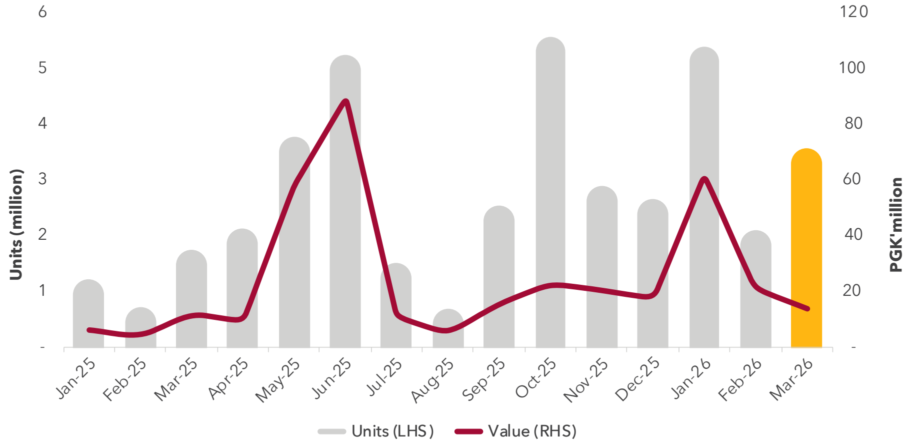
PNG Equities.



Source: PNGX, KB Economics

PNGX: Market Activity Remains Strong

Total volume exchanged on PNGX was 3.6m units, valued at PGK14.1m.

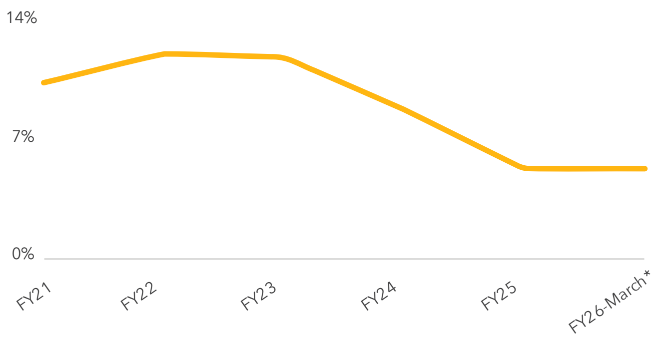
Total volume traded increased by 69.4%m/m, supported by the release of FY25 financial results from KAM, CCP and CPL. Total volume was 103.8% y/y higher.

The announcement regarding KSL's proposal to issue unsecured subordinated debt securities also supported increase market activity.

Of the total volume traded, KSL accounted for 75%, followed by CCP at 11% and CPL at 10%.

Kina Securities Index settled nearly 9%m/m higher in March, driven by broader-based gains in share prices.

CCP: Dividend Yield



Source: PNGX, KB Economics

	FY21	FY22	FY23	FY24	FY25
Interim	0.050	0.100	0.110	0.120	0.120
Special	-	-	0.130	0.050	0.049
Final	0.130	0.120	-	0.070	0.081
Total Dividend	0.180	0.220	0.240	0.240	0.250

Source: PNGX, KB Economics

PNG Equities, cont.

FY25 Earning Season Concludes

The earnings season concluded, with KAM, CCP, and CPL releasing their financial results for the year.

KAM reported a NPAT of PGK 24.90m, an increase of 50%y/y. This performance was supported by an investment return of 25.3% from funds under management.

CCP's gross revenue grew by nearly 22%y/y to PGK 248.80m. However, CCP reported a NPAT of PGK190.8 million, a 27.7% lower y/y due to increased costs.

The Board declared a final dividend 8.1 toea per share, plus a special dividend of 4.9 toea per share.
The dividends are scheduled for payment in April 17 2026.

CPL recorded a NPAT of PGK10.70m, a significant turnaround from the loss reported in the previous year. This improved result reflects the management's effective cost control measures and the gains realized from the sale of the Stop & Shop assets.

KSL Proposal to Issue Corporate Bond

A proposal by Kina Securities Limited (PNGX/ASX: KSL) to issue PGK253 million in unsecured subordinated debt securities to the market is expected to have a positive impact on KSL: Some of the key impacts are listed below:

Capital Base

KSL's capital adequacy ratio has declined from 22.9% to 17.7% over the past 5 years, primarily due to strong loan book growth (CAGR:11.1%), which has outpaced deposit growth (8.9%). The growth in the loan book increases risk-weighted assets, placing downward pressure on capital adequacy ratio.

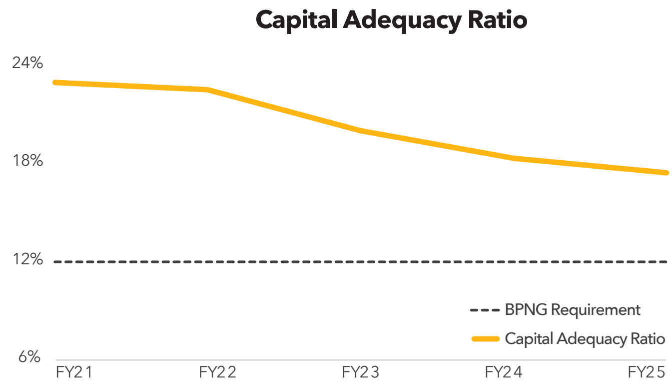
Capital Structure

KSL is currently 100% equity funded, and equity funding is generally more expensive than debt. The bond issuance will diversify KSL's capital structure, which is expected to lower the overall cost of capital.

Shareholder Values

The increase in total capital will enable KSL to expand its lending capacity in the future. Higher lending capacity should result in high interest income, translating into increased profitability for the Group. This is expected to improve shareholder value through higher earnings per share and improved return on equity.

Impact on Total Capital



Source: PNGX, KB Economics

Pre - Bond Issuance	FY25A (PGK'000)	Ratio (%)
Tier 1	419,337	12.9
Tier 2	155,101	4.8
Total Capital	574,438	17.7
Post - Bond Issuance	**PGK'000**	**%**
Tier 1	419,337	12.9
Adjusted Tier 2	390,101	12.1
Adjusted Total Capital	809,438	25.0
Risk Weighted	3,236,553	

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PNG Government Securities.

March 2026 GIS Auction Results

Term (Years)	3	5	7	10	15	Total (PGK'm)
Coupon Rate	5.75%	6.00%	6.25%	6.50%	6.75%	
Weighted Average Rate (W.A.R)	6.48%	6.80%	6.95%	7.14%	7.48%	
Amount Offered	30.00	40.00	50.00	50.00	30.00	**200.00**
Bids Received	33.45	65.00	68.00	72.00	42.00	**280.45**
Successful Bids	23.45	55.00	68.00	42.00	12.00	**200.45**
Over/Under subscription	3.45	25.00	18.00	22.00	12.00	**80.45**
Subscription Rate	12%	63%	36%	44%	40%	40%
Success Rate	70%	85%	100%	58%	29%	71%

Source: Bank of PNG, KB Economics

GIS Remains Key Source of Budget Deficit Financing

40% Subscription Rate

Strong investor demand for GIS in March. Investors bidding for more than the amount offered. This also showed elevated level of liquidity in the system.

Yield Movement

The 10-Year bond yield climbed 9bps higher m/m at 7.14%, while the 3-Year bond settled at 6.48%, up from 6.37%.

Bond Performance

The 5-Year bond was most attractive to investors than any other tenors, with a 63% subscription rate.

The 7-Year bond saw a 100% success rate – the Government accepted all the bids received during the auction.

The Government continues to fund its deficit budget from cash raised via GIS auctions over the past three months, apart from external financing.

T-Bills Auction Results for March 2026

Term (Days)	182 Days	273 Days	364 Days	Total (PGK)
Weighted Average Yield	**5.43%**	**5.61%**	**5.63%**	
Amount Offered *(PGK'm)*	110.00	260.00	950.00	**1,320.00**
Bids Received *(PGK'm)*	301.38	407.83	1,911.02	**2,620.23**
Successful Bids *(PGK'm)*	138.88	304.83	928.02	**1,371.73**
Over/Undersubscription *(PGK'm)*	**191.38**	**147.83**	**961.02**	**1,300.23**
Over/Undersubscription Rate	174%	57%	101%	99%
Success Rate	46%	75%	49%	52%

Source: Bank of PNG, KB Economics

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PNG Government Securities, cont.

Gov't Raised Additional Cash via T-bill

Auction Results

The Government raised **PGK1,372 million, from planned issuance of PGK1,320 million. Overall auction was oversubscribed by PGK1,300 million.**

Yield Performance

Treasury bill yields closed higher, with the 1-Year Treasury yield rising 2bps to close the month at 5.63%.

Investor Sentiment

Demand for T-bills remains strong, with oversubscription rate of 99%.

The Government shifted toward raising additional cash through T bill auctions after two months of refinancing - aiming to reduce its outstanding short term debt securities.

Commodities.

Gold peaks at US$5,500

Gold retreated in early–mid April, falling roughly 5–6% over the month to around US$4,700–4,750/oz, after peaking above US$5,500 in January and rebounding briefly on ceasefire headlines.

The pullback followed choppy swings around U.S.–Iran ceasefire news and renewed tension, with each headline alternately lifting and pressuring bullion.

Gold remained elevated historically, but traded defensively until either rate expectations ease or geopolitical risk clearly escalates.

Gold price eases after peaking

Source: Bloomberg, KB Economics

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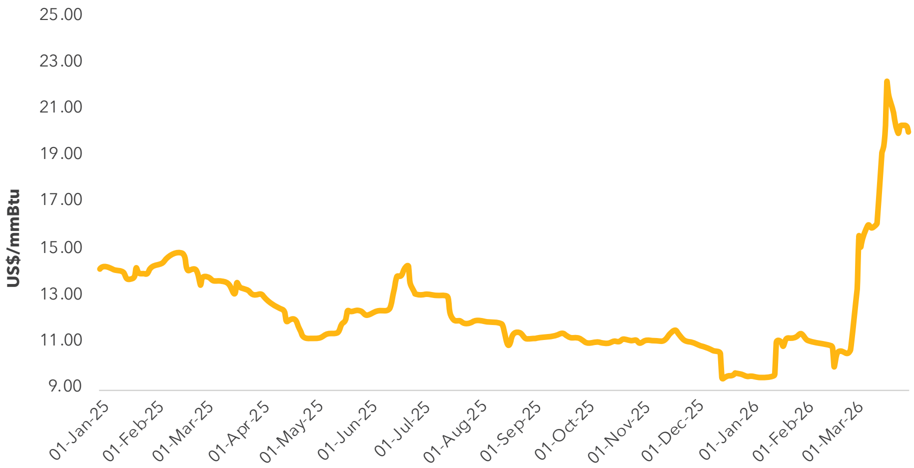
Commodities, cont.

Acute March spike, followed by April pull-back

Asian spot LNG (JKM) fell from >US$20/MMBtu to the high US$17–19/MMBtu range in early April, reflecting the resumption of Australian LNG output after cyclone disruptions, milder shoulder season demand, and brief hopes of Middle East de escalation.

JKM is likely to trade range bound but jumpy, driven by headlines on Middle East shipping, Asian weather (early cooling demand), and cargo availability. Any renewed disruption around Hormuz or Qatari supply would quickly re price Asia higher, while sustained calm could allow a gradual drift lower—but still above pre conflict norms due to a lingering risk premium.

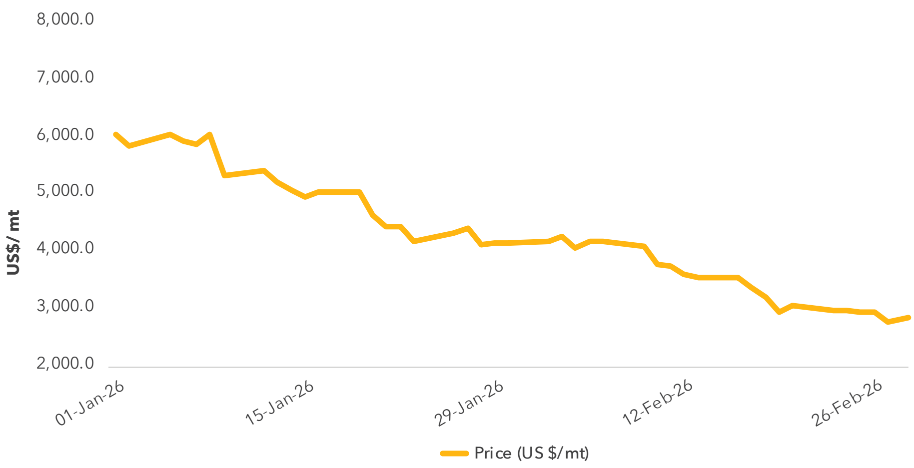
Asian LNG Prices



Source: Bloomberg, KB Economics

Cocoa: Global demand recovery still weak

The ICCO daily cocoa price averaged ~US$3,200–3,350/tonne in early April 2026, down sharply from late 2025 peaks as the market moved from multi year deficits into a small surplus (~75,000 tonnes in 2024/25) and stocks rebuilt. The demand recovery remains weak, with grindings still constrained after 2024–25 price. Shock.



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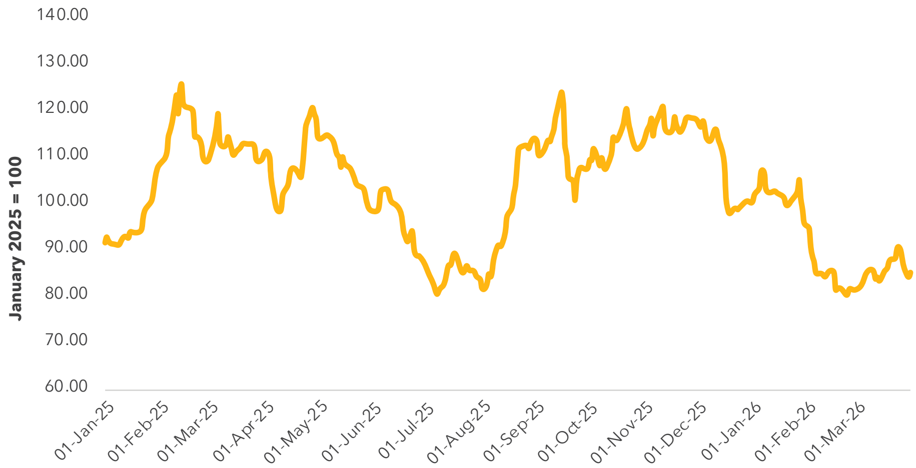
Commodities, cont.

Coffee: Global prices to remain soft

Q1 2026 was a turning point for global coffee markets. Prices fell sharply from late 2025 highs as expectations of a record Brazilian 2026/27 harvest and a return to a global surplus dominated sentiment. By March, markets settled into a bearish but volatile pattern, with supply optimism outweighing short term tightness and keeping prices under pressure. Global coffee prices are expected to stay soft to range bound, with downside bias. Markets will increasingly price in the Brazilian harvest (robusta from April, arabica from May/June) and a widening global surplus, keeping pressure on both arabica and robusta.



Source: Bloomberg, 2026 PNG National Budget, KB Economics

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