Monthly Market Sivarai Report.

March 2026

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Monthly Highlights.

Underlying inflation slows to 2.2%

Despite headline inflation jumping above 4% in 2024, underlying inflation slowed to 2.2% during 2025 vs 4.6% (2024). Mainly due to Government subsidies on core goods.

Global LNG supplies tighten

February's global LNG price was trending down due to growing supply from the US, and slowing Chinese demand. However, in March, uncertainty around the Hormuz Strait issues boosted it.

Brent & WTI Oil power up

Both benchmarks are now on an upward trend, with global demand reported to be in a state of panic as energy security comes under the microscope.

The PGK/USD maintains its downward slope.

We anticipate it to be trading below 0.2300 by the end of Q1.

Monetary Policy.

MPC keeps policy stance unchanged

The Monetary Policy Committee (MPC) kept its policy stance unchanged at the **first meeting** of 2026.

The Cash Reserve Requirement (CRR) remains at 9%, with the 'crawling-peg' exchange rate policy reinforced for the foreseeable future.

PGK/USD will continue its downward correction at 0.5% per month, while the Kina Facility Rate (KFR) remains at 5%.

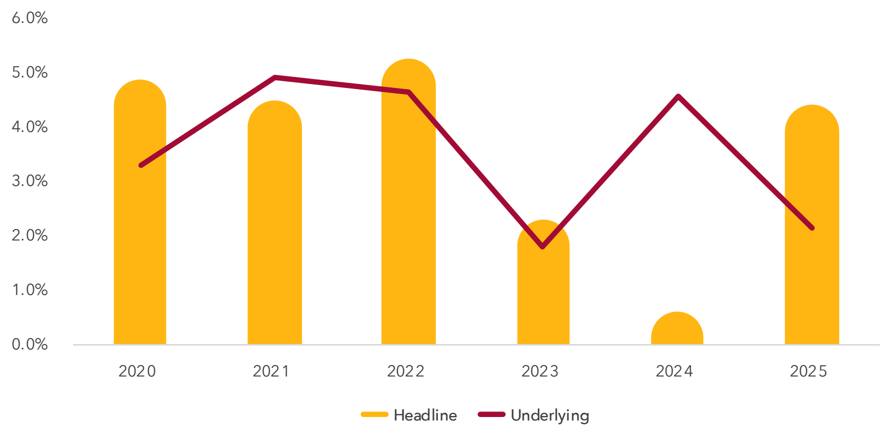
MPC member, Dr. Kavanamur, had differing views on the CRR and KFR – voting to reduce both rates based on a lower core inflation reading of 2.2% (2025) and a need to "consider other secondary objectives such as growth".

While there was consensus that the Kina is still over-valued, there were varying views on the way forward with regards to the allowance of further PGK depreciation.

Despite headline inflation jumping above 4% in 2024, underlying inflation slowed to 2.2% during 2025 vs 4.6% (2024). This was mainly due to Government subsidies on core goods.

Lower core inflation leading to easing bias

The slowdown was a cause for the MPC members to strike a neutral to easing bias during this meeting. The next meeting is scheduled for the 1st June 2026



Source: National Statistics Office

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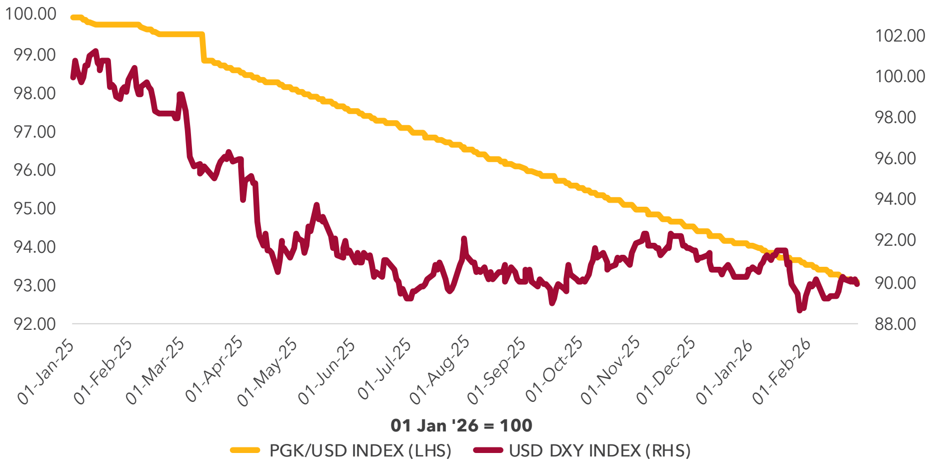
FX Market.

Global currencies advance against a slipping USD

The USD Dollar Index (DXY) persists its destabilizing trend as global currencies appreciate against the weaker dollar. The recent US/Israel attacks on Iran will push up risk sentiment, and see the US strengthen.

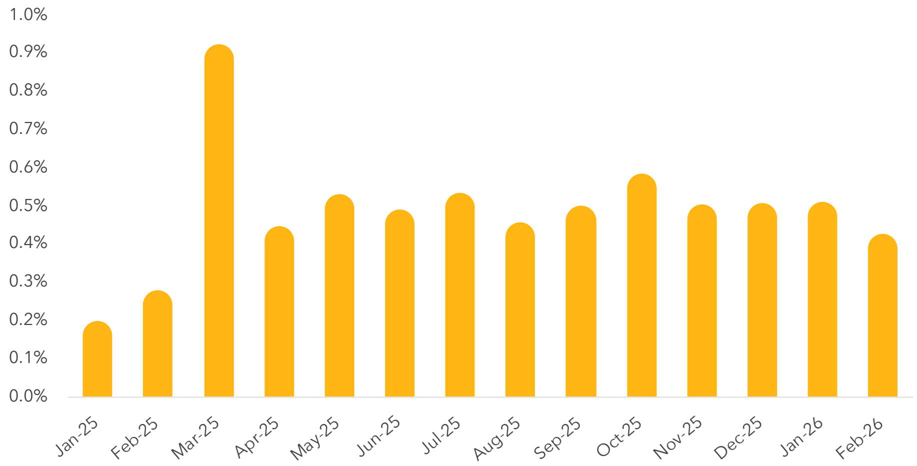
The PGK/USD maintains its downward slope. We anticipate it to be trading below 0.2300 by the end of Q1.



Source: Bloomberg, Bank of PNG, KB Economics

PGK crawling-peg adjustment maintained

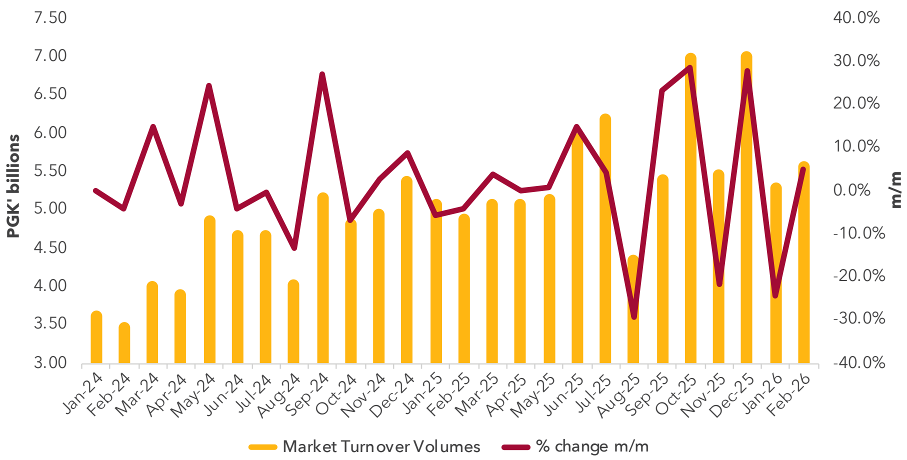
The crawling-peg movement of the PGK/USD remained relatively unchanged, dipping by 0.1%, still maintaining its yearly average of a 5% depreciation.



Source: Bank of PNG, KB Economics

FX Turnover up 5% m/m

Amidst the announcement of a grey-listing, market turnover volumes for February increased by 5% m/m. This signals strong FX inflows through robust market intervention by the Central Bank.



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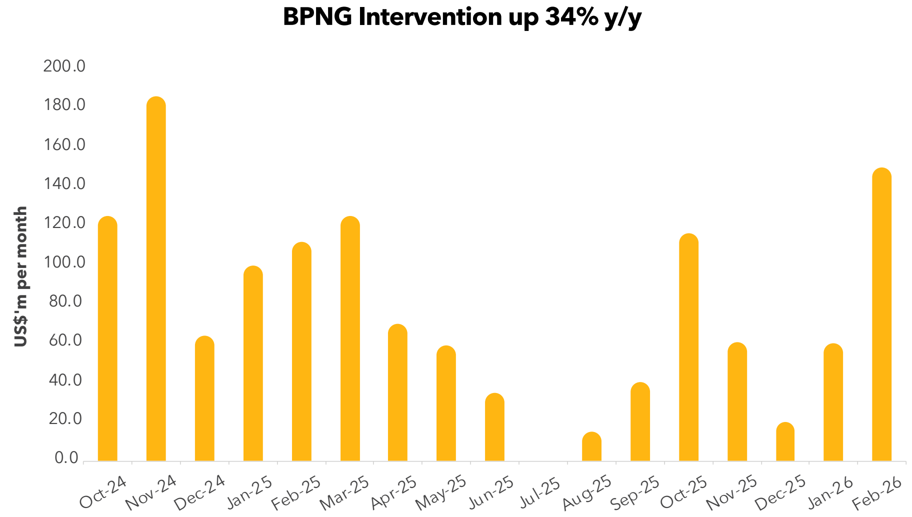
FX Market, cont.



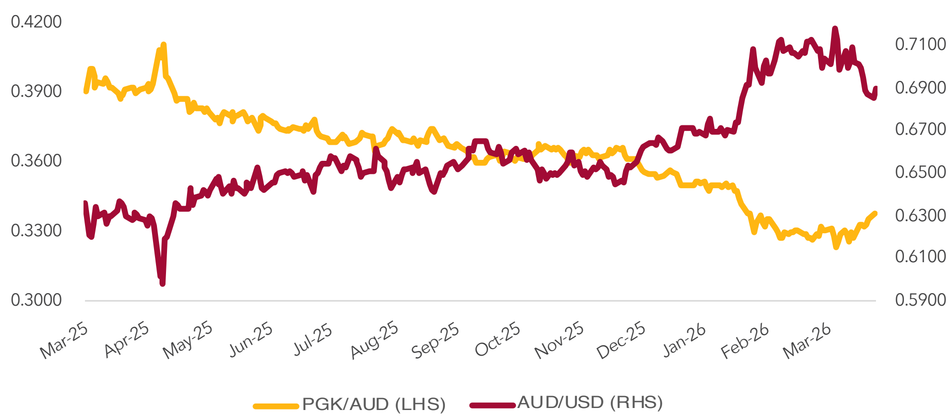
Source: Bloomberg, Bank of PNG, KB Economics

AUD reinforced with strong economic conditions

The PGK/USD maintained its 0.5% average monthly depreciation two months into the new year. The bullish AUD movement based on strong domestic conditions is being balanced with the risk sentiment from geo-political tensions.

	PGK/USD	AUD/USD	PGK/AUD
Jan 26	0.2338	0.7000	0.3340
Feb 26	0.2327	0.7100	0.3277
Mar 26	0.2316	0.7100	0.3262
Jun 26	0.2294	0.7100	0.3231
Sep 26	0.2263	0.7100	0.3187
Dec 26	0.2229	0.7100	0.3139

Source: Bloomberg, Bank of PNG, KB Economics



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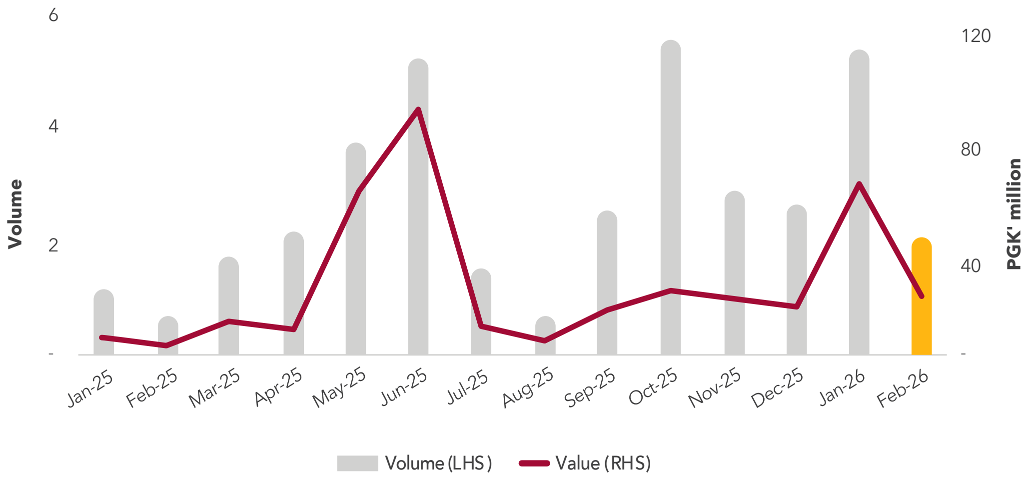
PNG Equities.

PNGX market volume & value



Source: PNGX, KB Economics

PNGX: Liquidity Levels Improve

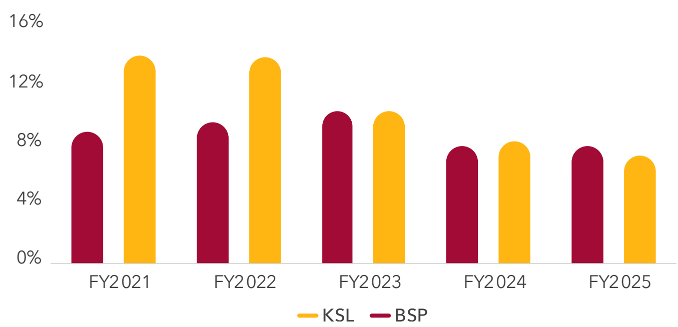
In February, the total value traded on PNG's stock exchange (PNGX) was PGK10.5 million, which was 65% lower than the previous month but 143% higher year on year. The market recorded a total volume of 1.1 million units, compared with 2.7 million units traded in January. However, trading volumes were 46% higher on a year on year basis.

The data suggests that liquidity levels were lower compared with the previous month but remained higher on a year on year basis. Lower liquidity in February is typical each year, but the year on year increase indicates investors' expectations of strong FY2025 earnings season, particularly from the top two banks.

The Kina Securities Index (KSi) closed nearly 5% higher month on month and almost 7% higher year on year. The increase in the KSi was mainly driven by gains in the share prices of BSP (3.3%), KSL (3.1%), and Santos (8.4%).

Strong First-Round Earnings from PNGX's Dual-Listed

Dividend Yield



Source: PNGX, KB Economics

	FY2021	FY2022	FY2023	FY2024	FY2025
BSP	1.7300	1.7400	1.4300	1.6600	1.8800
KSL	0.2650	0.2630	0.2600	0.2610	0.3190

Source: PNGX, KB Economics

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PNG Equities, cont.

FY25 Earning: BSP & KSL

The first round of full-year 2025 earnings results from BSP Financial Group Limited (PNGX: BSP | ASX: BFL) and Kina Securities Limited (PNGX/ASX: KSL) shows strong performances.

BSP reported a statutory net profit after tax (NPAT) of PGK1.2 billion, an increase of nearly 13% year-on-year, while KSL recorded 20% year-on-year growth in statutory NPAT to PGK120.7 million.

The strong financial performances enabled the respective bank boards to declare substantial dividend payouts:

- BSP: ~PGK644.8 million or PGK1.38 per share
- KSL: ~PGK56.5 million or PGK0.19 per share

Both banks have confirmed their dividend distribution timelines: BSP will pay dividends on March 27, while KSL is scheduled to distribute its dividend on April 15.

The final round of FY2025 earnings results is anticipated in March, with several PNGX-listed companies including Credit Corporation (PNGX: CCP), Kina Asset Management Limited (PNGX: KAM), NGIP Agmark Limited (PNGX: NGP), and City Pharmacy Limited (PNGX: CPL) are expected to release their preliminary financial results.

FY25 Earnings: Newmont & Steamships

Newmont Corporation (PNGX/ASX: NEM) reported a net income of US$7.2 billion, an increase of 111.8% year on year. This performance was supported by higher average realised gold prices and a net gain from the sale of six (6) non core assets from its portfolio. The NEM Board declared a dividend of US$0.26 per share, payable on March 26, 2026. For 2026, gold production is estimated at 5.3 million ounces, a 5% year on year increase. The Group also forecast higher gold prices, as well as increases in other metal and commodity prices in 2026.

Steamships Trading Company Limited (PNGX/ASX: SST) also reported strong earnings in 2025, with an NPAT of PGK67.1 million, representing year on year growth of 46.3%. Broad-based income across its hospitality, property, logistics, and commercial businesses supported the growth. The Group has proposed a final dividend payout of 65 toea per share, subject to board approval.

Final-Round of FY25 Earnings

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The table below shows the NPAT for companies (CCP, KAM. NGP, CPL) announced in FY24.

Ticker	2024 NPAT	Year-on-Year Growth
CCP	**PGK263.9m**	**96%**
KAM	PGK16.6m	29.9%
NGP	PGK30.9m	144.7%
CPL	(PGK8.8m)	-246%

Source: Bank of PNG, KB Economics

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PNG Government Securities.

GIS offers recover in February 2026

February's Government Inscribed Stock (GIS) auctions had a total of PGK380m offered to the market: a significant increase of 171% from January's offer (PGK140m), and 81% up from November 2025 (PGK206m) – reflecting investors preference for longer term Government debt.

The offering was consistent with the issuance plan released in January. **Click here**

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)	6.37%	6.72%	6.76%	7.05%	7.46%	
Amount Offered	60.00	90.00	70.00	100.00	60.00	**380.00**
Bids Received	118.00	210.00	148.00	195.80	122.00	**793.80**
Successful Bids	58.00	110.00	78.00	95.80	52.00	**393.80**
Over/Under subscription	58.00	120.00	78.00	95.80	62.00	**413.80**
Subscription Rate	97%	113%	111%	96%	103%	109%
Success Rate	49%	52%	53%	49%	43%	50%

Source: Bank of PNG, KB Economics

Investor preference for GIS

Investor Sentiment

February auctions were oversubscribed by PGK413.8m, more than 10 times the oversubscription seen in January's auction (PGK35m), further reinforcing strong investor demand for GIS across all tenors.

Yield Movements

Yields remained stable in February, with only marginal shifts across the 3, 7 and 10-year bonds.

Bond Performance

The 5-year bond saw the highest demand, with an oversubscription rate of 133%, while investor interest was relatively balanced across the other long-dated tenors.

The 7-year bond was the most successful compared to the others, with a success rate close to 53%. This meant that more bids were successful in proportion to the amount that was offered by investors in the market.

Strong demand for T-bills

Treasury Bill (T-Bill) auctions for February saw PGK1.491b in successful bids raised, with an oversubscription of PGK1.189b, a huge increase from the month prior.

Term (Days)	182 Days	273 Days	364 Days	Total (PGK)
Weighted Average Yield	**5.37%**	**5.49%**	**5.61%**	
Amount Offered *(PGK'm)*	110.00	260.00	950.00	**1,320.00**
Bids Received *(PGK'm)*	171.61	341.55	1,996.23	**2,509.39**
Successful Bids *(PGK'm)*	151.21	341.55	999.23	**1,491.99**
Over/Undersubscription *(PGK'm)*	**61.61**	**81.55**	**1,046.23**	**1,189.39**
Over/Undersubscription Rate	56%	31%	110%	90%
Success Rate	88%	100%	50%	59%

Source: Bank of PNG, KB Economics

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PNG Government Securities, cont.

1-year (364-days) T-Bill closes up 14 bps to 5.61%

Auction Results

The Government offered PGK1.32b across the three main debt instruments (182-days, 273-days, and 364-days), while investors submitted bids amounting to around PGK2.5b.

The auctions resulted in a total monthly oversubscription of PGK1.189b, a 70.5% (m/m) increase from January 2026.

Weighted Average Yields (W.A.Y):

- 182-days T-bill rose by 17 bps (m/m) to end at 5.37%
- 273-days T-bill gained 20 bps (m/m) to close at 5.49
- 1-year T-bill added 14 bps (m/m) to close at 5.61%

Investor Sentiment

Investors continue to favour the 1-year T-bill for the shorter-dated paper, with its oversubscription rate reaching 110%, a 68% (m/m) increase from January.

Commodities.

Gold demand rises on geopolitical uncertainties

Global gold prices dropped to US$4,653/oz on the 2nd of Feb, the lowest of the month, after Trump nominated former Governor of Federal Reserves to succeed Powell as Chair, giving a hawkish signal on interest rates

However, the safe-haven later recovered closing the month off above US$5,200/oz, driven by the US/Israel attacks on Iran

Despite high volatility in the gold market, the global price still remains well above the PNG Government's projected US$3,540/oz price in this year's fiscal budget.

Gold price peaks above US$5,000

Source: Bloomberg, KB Economics

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Commodities, cont.

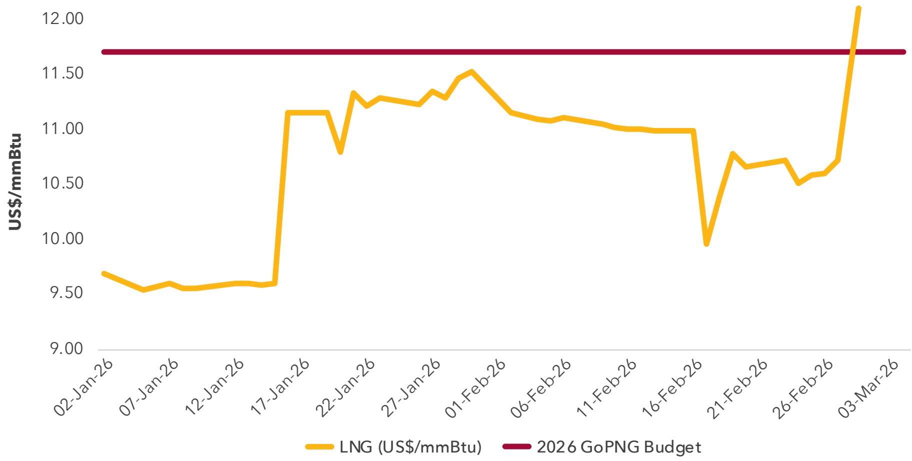
Global LNG supplies tighten

Global LNG prices increased heading into February as cold weather increased the demand for heating in Europe. Reduced production, leading to a record storage withdrawal during the Winter Storm Fern in the US.

However, prices were in a down trend further into the month, due to the robust growth of supply especially in the U.S. and reports of slowing demand from China - the world's largest LNG buyer.

The impacts from the Hormuz Strait conflict due to US/Israel attacks on Iran saw an increase in global prices as global demand rises.

Asian LNG prices trending below 2026 National Budget



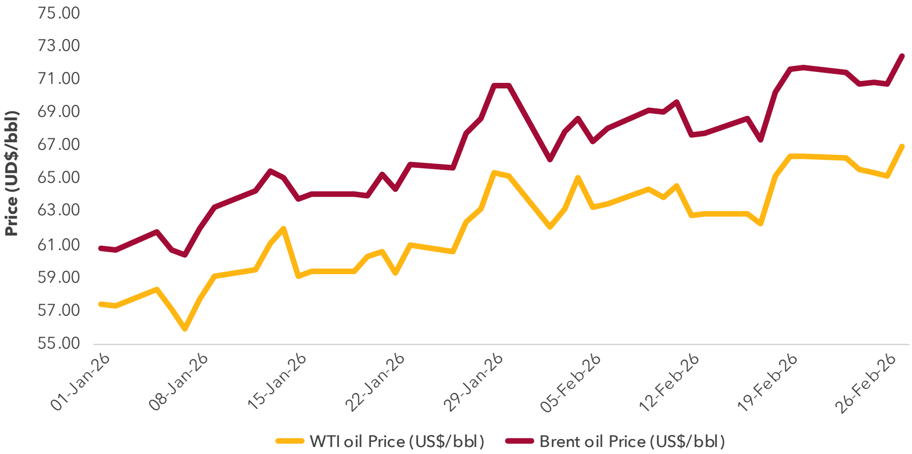
Source: Bloomberg, KB Economics

Brent & WTI Oil

Oil trading was averaging around US$63.44/bbl (WTI) and US$68.12/bbl (Brent) respectively at the beginning of February.

This was caused by greater than expected increases in U.S. crude oil inventories, and signs of retreating fears of conflict in the Middle East.

However, towards the end of February, when the US/Israel strikes eventuated, this triggered a rally in the price of both Brent and WTI. Both benchmarks are now on an upward trend, with global demand reported to be in a state of panic as energy security comes under the microscope.



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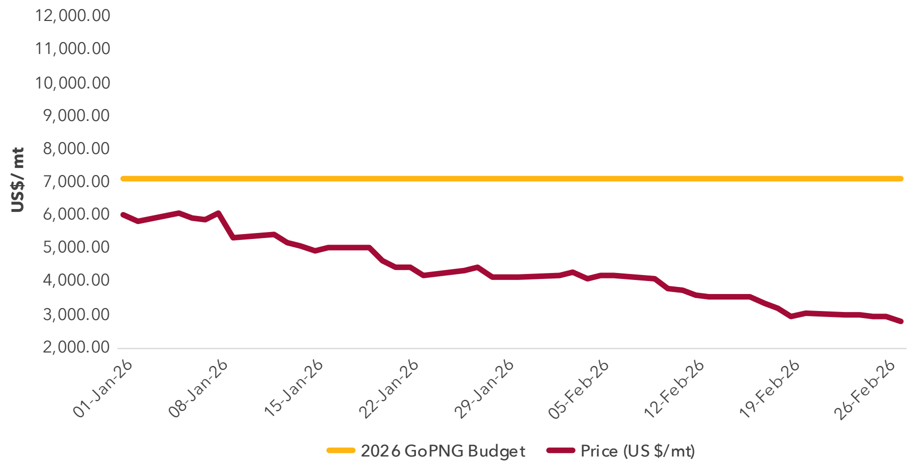
Commodities, cont.

Global demand/supply is re-balancing

Cocoa prices continued its down trend as supply increased due to favourable weather leading to bigger and healthier crops. According to Reuters, global cocoa market is set to record a surplus of around 300,000–400,000 tons this harvest season.

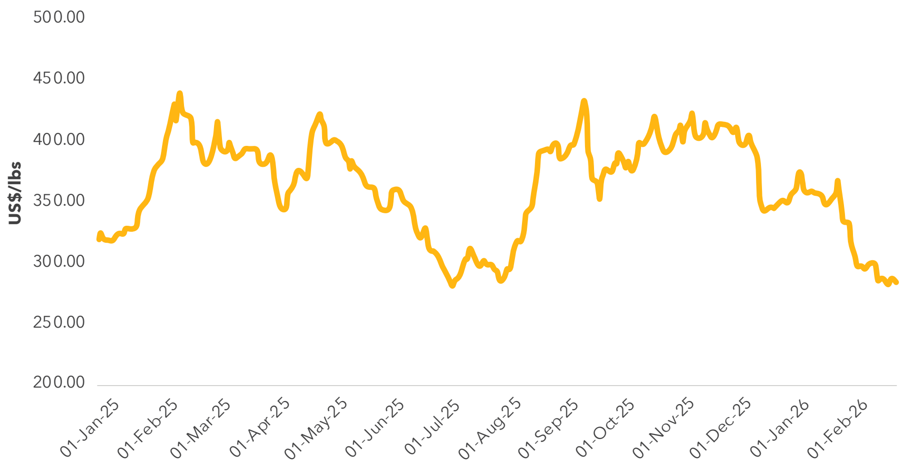
Cocoa prices continue to trend lower



Source: Bloomberg, 2026 PNG National Budget, KB Economics

Coffee: Global supplies keeping prices down

Coffee prices fell as the world's largest suppliers of Arabica and Robusta coffee, Brazil's CONAB, forecasted that harvest would exceed 66 million bags this season, a +23.2% increase y/y, and Vietnam's National Statistics office reported that exports reached 198,000 metric tonnes, a 38.3% increase y/y.



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