

PERSPECTIVE ON THE VALUE OF PNG MARKET / ECONOMY

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How the PNG Market/Economy is Valued



VALUE

A shared idea/belief/perception about how something (an item or service) is Ranked in terms of Desirability, Worth or Goodness at a particular time

Whilst there are many ways to value the market, Economists continue to rely heavily on a single monetary value (GDP) to do this

How the PNG Market/Economy is Valued

GDP

Gross Domestic Product

Total market value of goods/services produced by the PNG market in a specified period (usually a year)

NNP

Net National Product

Takes the GNP/GNI and subtracts the value of how much physical capital is depreciated in a year

GNI

Gross National Income (formerly GNP)

Include values of all goods/services produced by PNG citizens - whether in PNG or not.

How the PNG Market/Economy is Valued?

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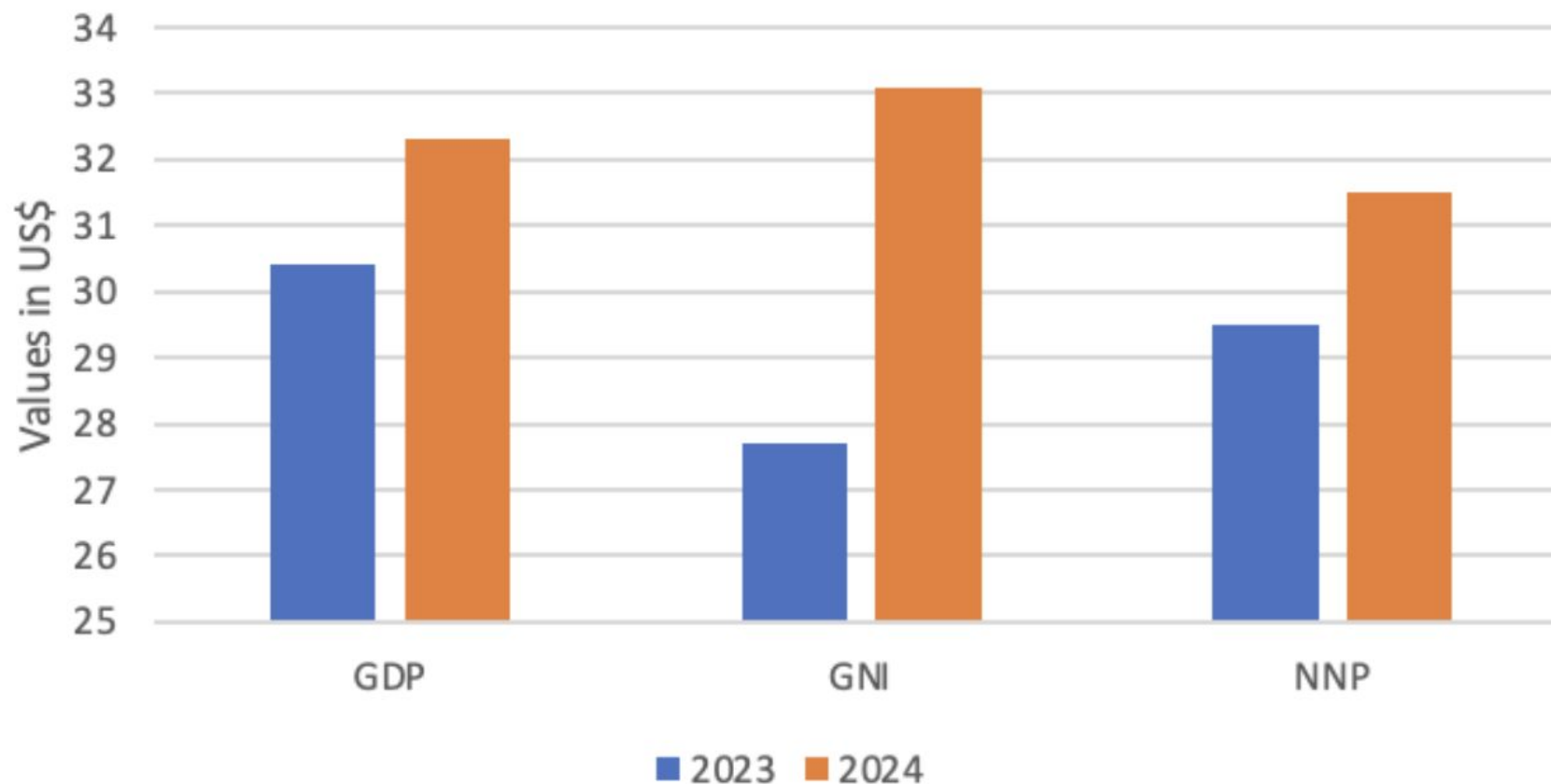
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Open Market Value of the PNG Market in 2023/2024 by various Methods
 (in Billions of US\$/PGK)



Data Sources: ADB, WBG, IMF, BPNG, CJ Valuers Ltd Economic database. *Figures are rounded and indicative for illustrative purposes only



How this value is influenced by IMF's \$918m (K3.5 B) loan?

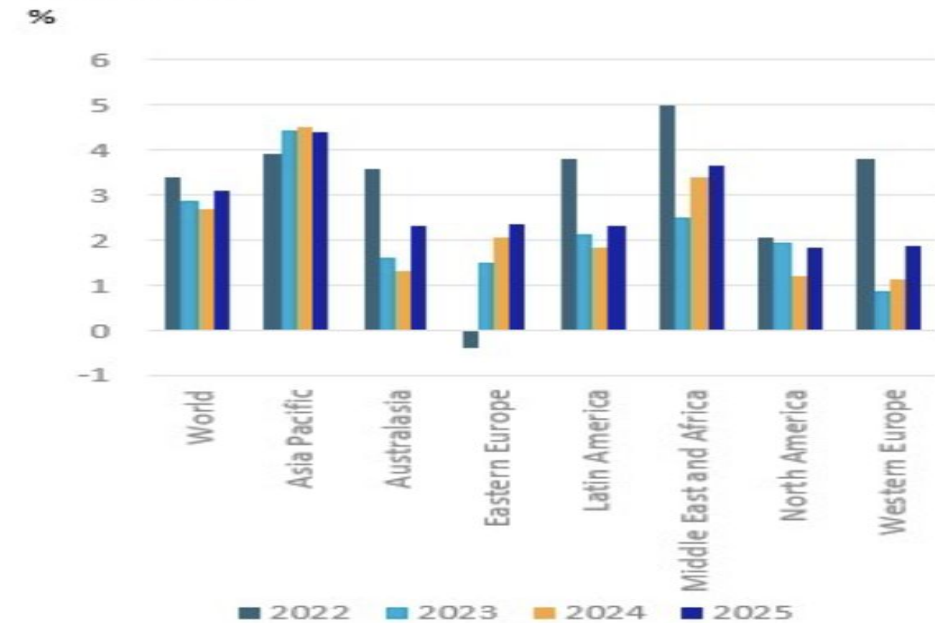
Areas of Focus

Envisaged Benefits

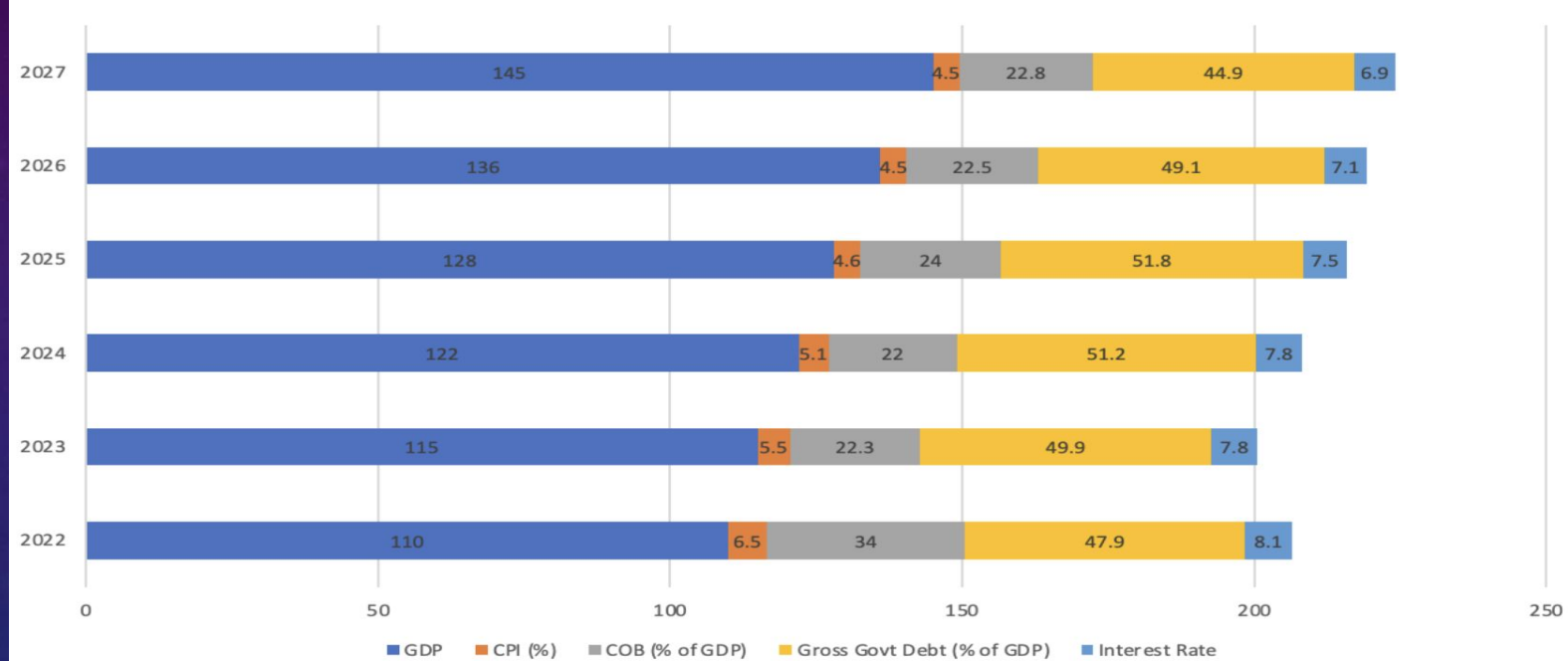
1. Strengthening debt sustainability	<ul style="list-style-type: none">○ Financing the budget, thereby supporting govt's ambitious fiscal consolidation plans while avoiding a disruptive adjustment.○ Play a big role with other DPS.○ Reform measures streamlined, sequenced○ Capacity development and advice from the IMF
2. Vulnerable and foster inclusive growth	<ul style="list-style-type: none">○ Debt vulnerabilities will be addressed by sustaining ongoing fiscal consolidation efforts while creating space to tackle development needs and preserve social spending
3. Alleviating FX shortages	<ul style="list-style-type: none">○ Address bop needs and rebuild buffers needed to facilitate a gradual and orderly return to greater exchange rate flexibility○ Reduce foreign exchange shortages○ Strengthen BPNG operations and moving gradually to a market-clearing exchange rate
4. Enhancing governance	<ul style="list-style-type: none">○ Foster greater transparency and accountability and strengthen the investment climate
5. Operationalizing the anti-corruption framework	<ul style="list-style-type: none">○ Build on recent improvements to the anti-corruption and governance frameworks and make them effective

2024 Outlook of Selected Economic Indicators

Real GDP Growth by Region 2022-2025



Outlook of Selected Indicators, 2023-2027



- Global GDP showing recovery
- Asia-Pacific posing strong rebound
- Overall, steady growth, though lower than historical levels

- GDP remains robust on the back of investments in extractive sector and higher commodity prices for the AFF
- CPI though steadfast, will decline, as private sector spending picks up
- Interest Rate projected at current rate for most part of 2024



1

Inflation declining could get the BPNG to reduce interest rates



2

Fiscal consolidation, may affect priority financing of MTDP-IV



3

IMF package may accelerate reforms and prop FX



4

New projects envisaged to bolster investor confidence

PNG Market in 2024