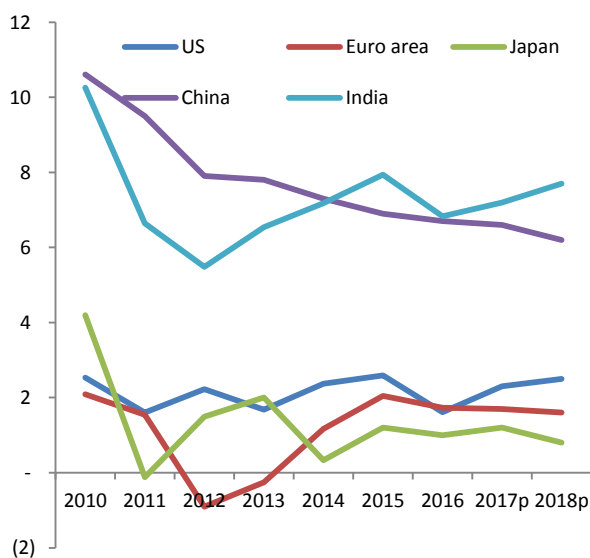


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Growth in the largest economies



Source: International Monetary Fund (IMF), BSP

Highlights

- Global growth has gained some momentum especially in advanced economies. The International Monetary Fund (IMF) has slightly upgraded its projections for 2017 and 2018 at 3.5% and 3.6% respectively. Concerns on the new US administration have abated with business confidence improving.
- Advanced economies are projected to grow by 2.0% in 2017 and 2018, from 1.7% in 2016. Growth in emerging and developing economies was maintained at 4.5% in 2017, compared to 4.1% in 2016. A weaker outlook in larger economies in Latin America and the Middle East was main reason for the downgrade.
- Commodity prices remain volatile with the March quarter witnessing a slight decline. However, there appears to be strong optimism supported by the recovering global activity and agreed restrictions on oil supply. Analysts expect OPEC to extend the current agreement to reduce supply given the rapid bounce in US shale drilling activity in the past 6 months in its meeting on 25 May.
- ADB has upgraded its outlook on the Pacific region in its Asian Development Outlook 2017 (ADO). It projects economic growth to improve to 2.9% in 2017 and 3.3% in 2018. This is hinged on mild recovery in PNG and commodity prices recovery.
- PNG's economic growth for 2016 was estimated to be 2.0%, which is projected to increase to 2 to 3% in 2017. Agriculture and non-mining sectors are expected to support modest growth. PNG Kina is expected to continue depreciating, given the continuing shortages of foreign currencies in the market. Standard and Poor's (S&P) maintained its sovereign rating of 'B+/B' with a negative outlook.
- On the fiscal front, PNG revenue was 10.5% lower at K10.5bn in 2016, compared to K11.7bn projected in the supplementary budget. Total expenditure was K13.6bn - K262m or 1.9% lower than the supplementary figures and K76m (0.6%) higher than the 2015 figures. Fiscal challenges will continue as the government prioritises 2017 National Election and 2018 APEC expenditures.

Global Economy

The momentum gained in the last quarter of 2016 is expected to continue with IMF upgrading its 2017 GDP projection to 3.5%, compared to 3.1% in 2016. This is expected to be boosted by fiscal initiatives in major economies and the resilience of the developing economies.

In the advanced economies, the US economy is projected to expand at a faster pace in 2017 and 2018, with growth forecast at 2.3% and 2.5% respectively. This is being driven by a cyclical recovery in inventory accumulation, solid consumption growth, and the assumption of a looser fiscal policy stance. The anticipated shift in the policy mix so far has buoyed financial markets and strengthened business confidence. In the euro area, recovery is evident but more fragile in light of the uncertain future of the economic union. In Japan, the recovery will continue but may lose some steam unless export growth maintains its new momentum.

Table 1: IMF World Economic Outlook, April 2017

	2016	2017p	2018p
World	3.1	3.5	3.6
Advanced Economics	1.7	2.0	2.0
US	1.6	2.3	2.5
Euro area	1.7	1.7	1.6
Germany	1.8	1.6	1.5
France	1.2	1.4	1.6
Japan	1.0	1.2	0.8
Emer. Mrkt and Dev. eco	4.1	4.5	4.8
China	6.7	6.6	6.2
India	6.8	7.2	7.7

Source: WEO, April 2017, BSP

The Chinese economy appeared to have strengthened over recent months, supported by accommodative financial conditions and increased public spending. China's leadership announced the country's economic growth target for 2017 at around 6.6%, a slight decline from 6.7%. Growth now relies more on internal demand and less on exports.

In India, growth is expected to edge up to 7.2% in 2017 and 7.7% in 2018. The decision to demonetize high-denomination banknotes in November 2016 quelled cash-intensive economic activity. In Australia, economic expansion is projected at 2.8% in 2017, the same rate as in 2016. At the April 2017 RBA board, it was noted that GDP was likely to have expanded at a moderate rate in the March quarter. New Zealand's economic growth is expected to reach 2.9% in 2017 from an estimated 2.8% in 2016.

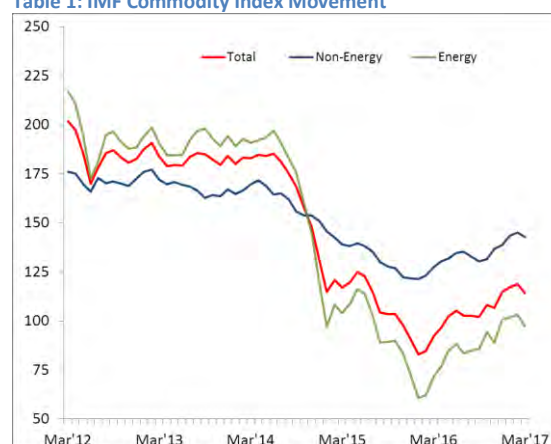
Disconnection between financial markets and fundamentals, potential market volatility, financial vulnerabilities and policy uncertainties could, however, derail the modest recovery.

Commodities

Stronger activity and expectations of more robust global demand, coupled with agreed restrictions on oil supply, have helped commodity prices recover from their troughs in early 2016. Over the 12-months to March 2017, it has risen by 23.7%. However, commodity prices have declined slightly as indicated by a 0.5% decrease in the *IMF Commodity Price Index* over the March quarter. The slight decrease was due to the fall in energy prices (-3.2%) which more than offset a 2.9% increase in non-energy prices (Table 1). Agricultural raw material, food and beverage prices also increased.

The increase in metal prices was largely driven by uranium, which surged 28.2% over the March quarter. Except for tin and nickel, which fell by 6.3% and 7.0% respectively, base metals saw modest increases.

Table 1: IMF Commodity Index Movement



Source: International Monetary Fund, BSP.

Energy prices fell 3.2% over the quarter, due to crude oil price decline. Brent Crude oil price closed lower at \$51.97 compared to \$54.07 ending December. According to IMF, supply has been consistent over the quarter, as US production is strong and crude inventories accumulating, which is likely to put downward pressures on prices. On the demand side, the International Energy Agency (IEA) forecast demand growth to slow further to 1.4 mbd in 2017 and 1.3mbd in 2018, with all the growth accounted for by non-OECD countries.

Analyst expects OPEC members to extend the current agreement to reduce supply. The rapid bounce in US shale drilling activity in the past 6 months might require them to extend and deepen the supply curtailment. OPEC's next will be held on 25 May. According to the World Bank¹, Energy and non-energy commodity price indexes are projected to increase in 2017 by 26% and 3%, respectively. Though commodity prices will increase on a year-on-year basis, prices will still remain below pre-2014 levels.

¹ <http://www.worldbank.org/en/research/commodity-markets>

Pacific Overview

According to ADB outlook, the “rising commodity prices are taking some pressure off a fiscal crunch in PNG. With Fiji and Vanuatu recovering from natural disasters suffered in 2015, the Pacific subregion as a whole will grow by 2.9% in 2017 and 3.3% in 2018.” The ADB report further stated that, increased mining and agriculture output is forecast to spur a mild recovery in PNG, which will translate into a modest rebound for the subregion.

The World Bank East Asia and Pacific report indicates that, the region’s smaller economies will generally benefit from the continued vitality of their larger neighbors, and some will also benefit from higher commodity prices. It highlighted fiscal prudence to be a focus for smaller countries that depend on commodity prices. The World Bank is upbeat on growth in PNG as indicated in Table 2.

Table 2: World Bank GDP Projections.

	2016	2017F	2018F
Developing EAP	6.4	6.2	6.1
Dev. EAP excl.China	4.9	5.0	5.1
Fiji	2.0	3.7	3.5
PNG	2.4	3.0	3.2
Solomon Islands	3.0	3.3	3.0
Timor-Leste	5.1	4.0	5.0

Source: World Bank, BSP

Although inflation eased in most economies in 2016, the aggregate inflation rate rose by 0.6% to 4.6%, driven by rising consumer prices in PNG. Rising oil and food prices will push inflation higher in most of the economies this year. Inflation in the Pacific region is expected to be 5.2% in 2017 and 5.4% in 2018.

The current US Administration withdrew from the Trans-Pacific Partnership (TPP). The TPP was signed by 12 countries (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, NZ, Peru, Singapore and the US) in February 2016 and aimed to deepen economic ties between these nations, slashing tariffs and fostering trade to boost growth. The agreement was designed so that it could eventually create a new single market, something like that of the EU. Though there are a series of independent studies predicting that America will reap the biggest gains in dollar terms, the US President revoked it.

Papua New Guinea

The 2017 National General Election and 2018 APEC preparations at the backdrop of fiscal challenges has been the talk of the quarter. According to Bank of PNG projections, growth is expected to recover to 2.8% in 2017, compared to 2.0% in 2016. According to IMF report, lower real GDP growth rates in 2016 and 2017 reflect base effects following the commencement of LNG production, as well as more modest growth in the non-resource sector. Despite the new normal, it is still

positive, with strong prospects for future growth in the energy and non-mining sectors.

This quarter saw the release of the IMF Country Report, Bank of PNG biannual Monetary Policy Statement (MPS), and the Treasury’s Final Budget Outcome (FBO) for 2016. ADB also published their Asian Development Outlook (ADO) 2017 with Standard & Poor’s (S&P) releasing their PNG Sovereign rating. In addition, there were numerous 2016 financial announcements which gave some indications on consumer demand and the business environment in PNG.

According to the Bank of PNG’s economic review, the slow pace of economic activity is expected to continue into the first quarter of 2017, then improve in the second quarter when the coffee and cocoa harvesting season start. It is estimated that, coffee production will be down by 40 to 60%, due to the coffee berry borer (CBB). The government has allocated K20m to fight CBB, which is less than the required fund of K65m.

The PNG Sovereign rating by S&P was affirmed at ‘B+/B’ with a negative outlook reflective of the large external and fiscal balances. World Bank and ADB are optimistic on growth prospects in PNG.

Consumer Price Index

According to Bank of PNG data, inflation has been upward trending, averaging 5.8% over the last 5-years to 2016. Generally, inflation has increased over the recent past as illustrated in Figure 2.

Figure 2: Inflation (%)



Source: Bank of PNG, BSP

Inflation is expected to be around 6 to 7%, due to the continued depreciation of the PKG among major trading partners and volatile movements in the prices of seasonal items. Bank of PNG expects inflation to remain low and maintain its neutral monetary policy in the next 6-months. Exchange rate and inflation are interrelated; hence an effective monetary policy mechanism is required in light of the ineffective transmission process.

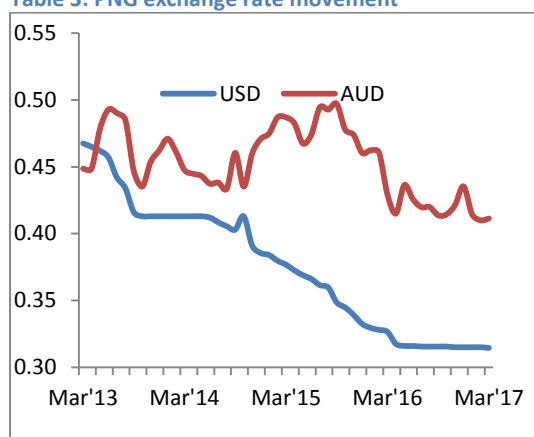
Meanwhile, the 2017 National Election and 2018 APEC related spending is expected to have an upward pressure on inflation. PNG’s election costs are the

highest in the world with costs per voter around US\$63, compared to typical costs of US\$5 per voter².

PNG Exchange Rate

Over the quarter, PNG Kina depreciated against the USD by 0.2% to 0.3145 and by 5.5% against AUD to 0.4113. The slight decline against USD was due to an increase in foreign exchange inflows mainly from the mining and agriculture sectors. The higher depreciation in PGK/AUD was due to cross-currency movements. According to Bank of PNG, AUD strengthened against the USD following increases in international commodity prices; growth in China, which helped Australia’s export sector; increased capital expenditure; and higher consumer demand and construction activity in Australia.

Table 3: PNG exchange rate movement



Source: BSP

The impact of foreign exchange shortage has been felt by many businesses in the country. According to Bank of PNG, there is some turnaround in PNG’s external balance in 2016. There has been some good foreign exchange inflows since the second half of 2016, from the mining sector coupled with the intervention by the Bank of PNG in meeting some of the import orders. This did not clear most of the outstanding orders in the spot market. Bank of PNG issued a directive to Authorized Foreign Exchange Dealers (AFEDs) in September and November 2016 to address these matters and induce proper functioning of the domestic foreign exchange market. The MPS noted that, AFED’s are using the inflows to provide foreign currency loans (trade finance) and for forward contracts, and other purposes.

Gross foreign exchange reserves was US\$1,678.2 (K5,257.5) million at the end of December 2016. This is sufficient for 7.2 months of total and 12.6 months of non-mineral import covers. It is projected that the level of foreign exchange reserves will be US\$2,106.6 (K6,617.5) million at the end of 2017.

PGK is a commodity currency; hence commodity price movement will have significant implication on the PGK. Improvement in commodity prices will support in the PGK, however commodity prices are highly unlikely to

² Stephen Howes, <http://devpolicy.org/pngs-elections-the-most-expensive-in-the-world-and-getting-worse-20140512/>

return pre-2014 levels. Foreign exchange shortages will still be a challenge for business and the economy in 2017.

Fiscal Position

The government continued to face fiscal challenges, as revenue fell on the back of low commodity prices. According to the 2016 FBO, total revenue was K10.5bn, compared to K11.7bn projected in the 2016 Supplementary Budget. Raising funds from the domestic and external sources has been very challenging, with government preferring the latter source, according to Bank of PNG, MPS.

The lower income was due to a K371m or 6.6% fall in profits and capital gains tax, which comprises around 50.4% of total income. Personal income tax fell by K233m or 7.65%, while company income tax slipped by K137 or 6.1% compared to the supplementary budget. Other revenue was lower by K1.1bn or 64% reflecting non-equity sale (PNG LNG LANCO) and lower than projected dividends from SOE’s. Personal income tax was the main contributor to the fall, despite the increase in employment over 2016. Most companies especially in the mining sector were impacted by the low commodity prices, aggravated by OK Tedi’s closure for 7-months.

Table 4: Total Revenue and Expenditure

	2015 Act	2016 Suppl.	2016 Act	2017 Bud
Total Revenue	10,964	11,722	10,486	11,473
Expenditure	13,496	13,835	13,572	13,350
Balance	-2,534	-2,112	-3,087	-1,876
(% of GDP)	4.1%	-3.1	-4.6	-2.5

Source: FBO 2016, 2017 National Budget, BSP

Total expenditure was K13.6bn - K262m or 1.9% lower than the supplementary figures and K76m (0.6%) higher than the 2015 figures. The annual movement was due to increased drawdowns of concessional loans and donor support grants. The government appears to have applied some grip on spending, with underspending in goods and services at the national level. More is needed to improve efficiency on the provincial/district government capital expenditures.

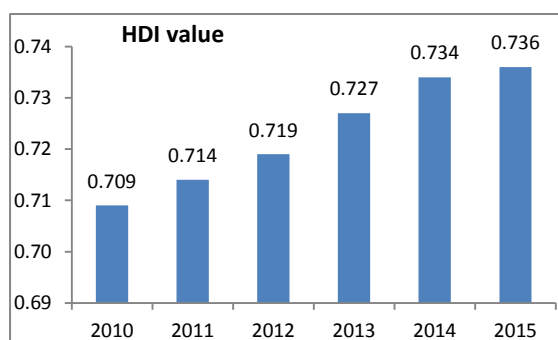
Funding sources remained tight. Bank of PNG noted that the government secured US\$110m from the planned US\$300m from Credit Suisse in January. Inclusion of the external funding would see expenditure up by around K354m or 3% from the FBO figures. The deficit as a percentage of GDP was higher at 4.6% and is expected to reduce further to 2.5% in 2017.

Fiji

Anecdotal indicators show that economic activity continued to remain strong, with Reserve Bank of Fiji (RBF) maintaining its growth projection of 3.6% in 2017, compared to 2.0% in the previous year. There appears to be strong domestic demand through higher consumption and investment on the back of buoyant consumer spending and ongoing rehabilitation activities.

According to the RBF's March review, sectoral performances remain generally positive despite declines in a few key sectors. Visitor arrivals increased by 6.6% over the year to February 2017, led by higher tourist numbers from the US, New Zealand, Australia and the Pacific Islands. The mining and quarrying sector performed weakly due to the unfavourable weather conditions and breakdowns in the processing plant. All other sectors are expected to register positive growth given the uptick in demand. Public spending is expected to rise in 2017 as the reconstruction of schools and homes damaged by Cyclone Winston picks up pace. This will support positive growth.

Figure 3: Fiji's Human Development Index (HDI)



Source: UNDP 2016, Fiji HDI

The 2015 UN Human Development Index (HDI)³ ranks Fiji 91 out of 188 countries. Fiji's HDI value has increased considerably (see Figure 4) over the last 6-years, implying Fijians are living longer, more children are going to school, and the standard of living has increased as more people have access to clean water, basic sanitation and incomes have risen. In contrast to other Pacific Island Countries, Fiji is ahead of Tonga (ranked 100), Samoa (105), Vanuatu (134), Solomon Islands (156) and PNG (158). Tonga and Samoa both are in the high human development category, Vanuatu in the medium human development category, while Solomon Islands and PNG are ranked in the low human development category

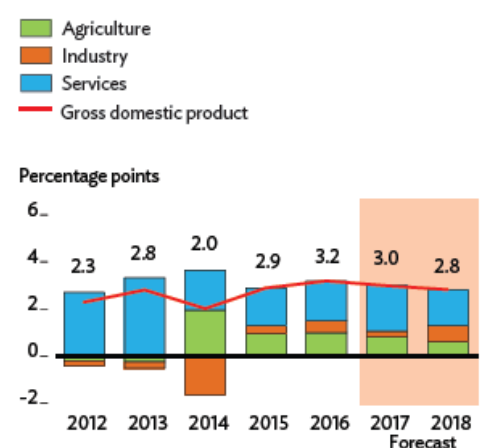
Inflation eased to 5.5% in February 2017 from 6.8% in January but remained high when compared to 3.9% in December 2016. This was mainly driven by supply shortages of market items amidst adverse weather conditions and the consistently high yaqona prices post Tropical Cyclone Winston. RBF expects inflation to be domestically driven, mainly from the impact of the unfavourable weather conditions on prices, while price pressures from imported inflation are anticipated to remain low. As at the end of March, foreign reserves stand at \$1,991.0m, sufficient to cover 5.3 months of retained imports of goods and non-factor services.

³ UN HDI is simple summary index for assessing long-term progress in three basic areas of human development: leading a long and healthy life; access to knowledge; and enjoying a decent standard of living. The HDI is widely used as it helps provide a holistic ranking of a country's progress on human development.

Solomon Islands

The country's GDP growth was estimated at 3.5% in 2016 supported by the primary sector particularly in forestry and to some extent agriculture and fisheries sectors. The Governor of the Central Bank, Mr. Denton Rarawa said that, domestic economy is forecasted to grow by 3.6% in 2017. The major drivers expected to contribute to this growth are the services sector which is forecasted to contribute 2.6%, primary sector at 0.5% and industry by 0.6%. The CBSI projects the domestic economy to grow at an average annual growth rate of 3.4% over 2017 – 2019.

Figure 4: Supply-side contribution to growth



Source: Central Bank of Solomon Islands, IMF, BSP

Headline inflation eased further to minus 2.3% in February, after being stable in the recent months. Domestic inflation increased slightly from minus 2% to minus 1.8% while imported inflation eased further to minus 4.6% from minus 4.1% in the previous month. ADB projects inflation of around 3.3% in 2016 before rising to 4.5% in 2017.

On external matters, exports fell by 3% to \$282m in January, compared to a significant fall in imports to \$235m (-32%). The slight drop in exports was attributed to the fall in round logs exports while the large decline in imports reflected contractions in all the major import categories especially in food, fuel and machinery imports. Gross foreign reserves declined marginally by 0.1% to \$4,205m due to outflows exceeding inflows during the period. This level of reserves was sufficient to cover 10.8 months of imports of goods and services.

The government recorded a \$26m surplus in January, compared to a deficit of \$94m in December. This is due to slow spending by government in the beginning of the year. Total revenue fell by 24% to \$226m while monthly expenses were down by \$200m.

Samoa

IMF report shows that, the economy continues to do well. GDP is expected to grow at around 2% annually, driven by construction activity, infrastructure development and improvements in the business environment. Tourism arrivals increased; a new processing plant helped boost fishing revenues; and agriculture benefitted from government initiatives and new export markets. Economic growth in 2017 is projected to be lower at 2.0%, due mainly to the closure of Yazaki Samoa.

The closure of the manufacturing plant will have an impact on employment and export processing services, amongst other economic activities. Yazaki said the closure was due to the winding down of the car manufacturing industry in Australia. Samoa's Chamber of Commerce stated that the shut-down of Yazaki by the end of the year will put 740 people out of work. The Chamber's CEO, Hobart Vaai, said they are working with Yazaki, and government and private sector partners to minimize the impact the closure will have on the country's economy. It will be challenging on the government and responsible agencies to fill in the gap left by Yazaki.

MF noted that, "financial stability indicators suggest a generally sound banking system, though there are risks stemming from high loan concentration, the number of borrowers with a high loan-to-capital ratio, and the potential for a sharp deterioration in asset quality in the event of a natural disaster." This calls for prudent and rigorous assessment of borrowers by lending institutions.

De-risking in the Samoan remittance market has been a challenge and many money transfer operators (MTOs) are experiencing difficulties in accessing financial services. Remittances are approximately 18% of GDP and about 80% are channelled through Money Transfer Operator's (MTOs). Policy settings of fiscal consolidation combined with accommodative monetary policy currently been practiced are appropriate.

Tonga

ADB reported that the Tongan economy grew by 3.1% in 2016, but that growth is expected to slow to 2.6% this year. The downward revision was due to the rebase effect from surprisingly strong growth in 2016. Though construction and infrastructure development for the games will inject money into the economy, there is also a warning that cost overruns will leave Tonga vulnerable.

In the Reserve Bank of Tonga's board meeting of 3th March, it was noted that domestic economic activities were favourable; hence the bank maintained its current monetary stance. Its policies are to, maintain the monetary policy rate at 0%, minimum loans/deposit ratio of 80%, Statutory Reserve Deposit ratio at 10% effective in July 2017; and maintain the inflation reference rate at 5%.

According to the recent Banking Sector Development report and anecdotal evidence since indicate that the banking sector remains robust. The Board stated that, the "banking system remained sound with strong capital position maintained, supported by comfortable profitability, and non-performing loans remained low." (3th March). Annual credit growth was at 17.1%, while deposits rose as well. This resulted in total loans to deposit ratio declining to 74.5% in December 2016.

Agriculture export volumes rose over the year to October 2016, reaching a 4-year high. This reflects the commencement of the squash season. The secondary sector remained strong as well, supported by rises in individual housing loans and business loans for the construction and manufacturing sectors.

Foreign reserves rose to \$378.8m by the end of December, equivalent to 9.8 months of imports cover. Inflation also remained high, rising by 6.7% over the year to December due mainly to the new customs duties and excise tax introduced in July 2016 and the short supply of kava and the seasonality in local produce driving the higher domestic prices. The RBT expects annual headline inflation rate to be around 2% in the next financial year.

Cook Islands

Real GDP was \$84.1m and grew by 9.7% for the 12-months to June 2016, according to the Minister of Finance & Economic Management (MF&EM) statistics. Main sector contributions were from Construction, Finance, and Restaurant & Accommodation. According to ADB Outlook 2016, Cook Islands economy is expected to grow by 4.2% and 4.0% in 2016 and 2017 respectively.

According to Radio NZ news, the controversial Sustainable Fisheries Partnership Agreement with European Union (EU) has been formally adopted. Under the Partnership, the Cook Islands will receive nearly \$7.0m over a four-year period in return for providing access to four European flagged purse seine fishing vessels which will target the migratory skipjack tuna. The agreement further includes a protocol to fish up to 7,000 tonnes per annum - around 156 fishing days or 12 per cent of the Cook Islands' 1250 fishing day quota (19 Oct 2016).

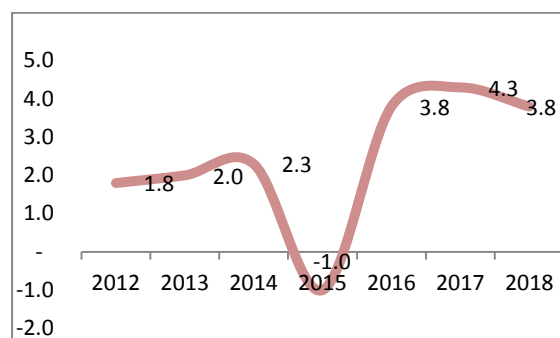
Meanwhile, there were concerns about the PM, Henry Puna's plan to wipe the slate clean and forgive all tax penalties on existing debt as at 31 December 2016. The tax amnesty, if implemented will impact the economy, according to Chamber of Commerce President, Steve Lyon. Mr Lyon said tampering with laws that govern tax without due consideration for equity could endanger the entire Cook Islands economy.

Annual inflation was 0.9% at the end of December 2016, compared to 0.72% in the previous year. The fall was driven by decrease in international airfares, motor fuel & oil and rents and mortgages. Tobacco and alcohol was up. Underlying CPI decreased by 0.3% over the same period.

Vanuatu

Vanuatu's economy continued to recover from the impacts of several shocks in the past 2-years with growth expected to reach 3.8% in 2016 and 4.3% in 2017. Growth is driven by ongoing recovery in tourism and agriculture, cyclone reconstruction, and new infrastructure investment. Downside risks include the rising public debt and inaction on key areas, with ADB noting that reform are needed to improve infrastructure management and enhance productivity for faster and more sustainable growth.

Figure 5: GDP growth



Source: ADB estimates

A new strategic plan, "Vanuatu 2030" was launched by the PM Charlot Salwai on 20th January 2017. The plan builds on from Priorities and Action Agenda, which guided Vanuatu's national development efforts between 2006 and 2015, and the Millennium Development Goals, which also expired in 2015.

The plan seeks to improve infrastructure, education and healthcare, develop the sustainable economy and rural sector and mitigate against the effects of climate change. Developing Vanuatu's economy and infrastructure, while preserving culture and the environment are the key themes of Vanuatu's new strategic plan, which has three pillar; societal, economic and environmental.

In terms of their economic pillar, Vanuatu people aspire to a stable economy based on equitable, blue-green growth that creates jobs and income earning opportunities accessible to all people in rural and urban areas. Inflation was up by 0.9% in September quarter. Inflation is expected to be around 3% in the medium term.

Given the importance of aviation industry in the economy, ADB has recently approved an extra \$US14.1m for the continued upgrade of Vanuatu's aviation sector. The total funding for the aviation investment project, including support from the Australian government, is now at \$US73.9m.

MACRO-DATA

FX DEVELOPMENTS

Real GDP Growth (% annual)

	2015	2016	2017f	2018f
PNG	11.8	2.0	2.8	2.7
Fiji	3.6	2.0	3.6	3.0
Solomon Islands	2.9	3.2	2.5	3.0
Samoa	1.7	6.4	2.0	2.0
Tonga	3.4	2.7	2.6	2.8
Cook Islands	3.0	4.2	4.0	1.3
Vanuatu	1.3	4.0	4.5	3.8

Inflation (%)

	2015	2016	2017f	2018f
PNG	6.4	6.6	6.5	6.0
Fiji	1.4	3.5	4.0	2.0
Solomon Islands	-0.3	3.3	4.5	2.8
Samoa	1.9	0.1	2.0	2.0
Tonga	-0.7	2.0	1.9	3.6
Cook Islands	3.0	0.4	1.6	3.1
Vanuatu	1.4	1.9	2.4	2.4

Fiscal Balance (% of GDP)

	2015	2016	2017f	2018f
PNG	-4.1	-4.6	-2.5	-2.3
Fiji	-2.5	-1.6	-4.7	-3.5
Solomon Islands	-2.2	-3.6	-3.9	1.5
Samoa	-3.9	-0.4	-3.5	0.6
Tonga	-0.2	-2.3	-2.5	-1.5
Cook Islands	-4.4	2.3	-3.5	-3.4
Vanuatu	7.2	-10.6	-17.3	-9.2

Foreign Exchange Reserves (USD m)

	2015	2016	2017f	2018f
PNG	1,920	1,678	2,107	na
Fiji	872	780	na	na
Solomon Islands	550	550	na	na
Samoa	156	160	na	na
Tonga	140	140	na	na
Cook Islands	na	na	na	na
Vanuatu	na	na	na	na

FOREIGN EXCHANGE

	JAN	FEB	MAR
PGK/USD	0.3150	0.3150	0.3145
FJD/USD	0.4821	0.4834	0.4807
SBD/USD	0.1263	0.1270	0.1265
WST/USD	0.3962	0.3962	0.3962
TOP/USD	0.4536	0.4536	0.4536
NZD/USD	0.7151	0.7083	0.6934
VUV/USD	108.70	109.03	109.24

COMMODITIES

	JAN	FEB	MAR
Oil (US\$ per barrel WTI)	52.81	54.01	50.60
Gold (US\$ per ounce)	1,210.7	1,248.4	1,249.2
Copper (US\$ per metric ton)	5,991	5,973	1,838
Nickel (US\$ per metric ton)	9,955	10,980	10,025
Palm Oil (MYR per metric ton)	2,840	2,707	2,581
Coffee (US\$ per LB)	154	145	142
Cocoa (US\$ per metric ton)	2,111	1,920	2,098
Sugar (US\$ per LB)	20.20	19.06	16.88
Lumber (US\$ per 1,000 feet)	347.4	386.1	390.2

Sources:

Commodities & FX: Bloomberg
PNG: 2017 Budget, Department of Treasury, Bank of PNG, ADB, BSP
Fiji: Reserve Bank of Fiji, ADB, IMF, BSP
Solomon Islands: Central Bank of Solomon Islands, ADB, IMF, BSP
Samoa: Samoa Bureau of Statistics, ABD, IMF, BSP
Cook Islands: Financial Supervisory Commission, ADB, IMF, BSP
Tonga: Tonga Department of Statistics, IMF, ADB, BSP
Vanuatu: ADB, Reserve Bank of Vanuatu, BSP

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