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## MEDIA RELEASE

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### **Address concerns raised on the recent inflation figures for PNG**

In Papua New Guinea (PNG), inflation has become a great concern because it directly reduces value of the Kina. During high inflation, people buy less goods and services or need more Kina to buy the same amount of goods and services. The loss in the value of Kina negatively impacts the cost of living, welfare of the people and cost of doing business.

The National Research Institute Spotlight Vol. 17, Issue 4, titled " Are the recent inflation figures for Papua New Guinea reflecting the changes in prices of goods and services?" by Dr Thomas Wangi, provides highlight into the recent general increase in the prices of goods and services (inflation) figures in PNG.

In recent years (2020-2023), domestic inflation numbers were generally lower than expected. Some quarters such as September 2020, December 2022 and March 2023 officially recorded negative price changes, indicating falls in inflation. These inflation figures have been a concern because inflation pressure was high and people were struggling to afford high cost of living during those times. Inflation in PNG has been caused mainly by the coronavirus outbreak and war in Ukraine.

To improve the reliability of the inflation figures, it is important for NSO to review its data collection and recording procedure to address potential technical and human errors, review the sampling procedure to expand the sample size and conduct a new household income and expenditure survey to update the weights of the indicator items.

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For enquiries, please contact Samuel Kehatsin on Tel: 326 0061 or Email: [Samuel.Kehatsin@pngnri.org](mailto:Samuel.Kehatsin@pngnri.org)

**Authorised for release by:**

**Associate Professor Eugene Ezebilo  
Acting Director, PNG NRI**