Money market Insight

Issue: #08/2023

19th April 2023

The Treasury Bills rates showed slight improvements as the market continues to look for higher yields.

- A total of K155.9m was offered in Treasury Bill's auction last week. The Central Bank accepted access of K58m from total bids.
- The 182 and 273 days papers shared K10m each from the total offered.
- The auction was oversubscribed by an aggregate amount of K251.9m.
- Rates showed improvement in the 273 days paper week on week as the rest closed unchanged.
- Graph 1.0 shows movement over a 12month period for the 182, 273 & 364 days papers.
- Central Bank will continue to pursue a neutral stance of monetary policy in the next six months to September 2023 at the back of a projected fall in global growth.
- Rates are expected to improve once other fixed income securities become available.

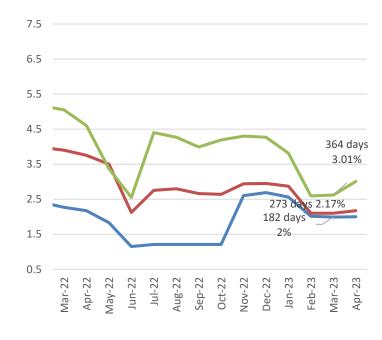
Table 1.0 - Previous auction results

Auction results 12 April 2023								
Terms	182 days	273 days	364 days	Total				
W.A.Y -12/04	2.00%	2.17%	3.01%					
Amount on offer	10	10	135.9	155.9				
Bids received	1	13	393.8	407.8				
Successful bids	1	13	200	214				
Overall-Subscription rate	0.10	1.30	2.90	2.62				

Auction results 5th April 2023									
Terms	182 days	273 days	364 days	Total					
W.A.Y -05/03	2.00%	2.16%	3.01%						
Amount on offer	10	50	303.73	363.73					
Bids received	22.3	29.62	270.6	322.52					
Successful bids	22.3	29.62	270.6	322.52					
Overall-Subscription rate	2.23	0.59	0.89	0.89					

Auction results 29th March 2023								
Terms	182 days 273 days		364 days	Total				
W.A.Y -29/03	1.99%	2.14%	2.95%					
Amount on offer	15	15	303.11	333.11				
Bids received	35	26	415.8	476.8				
Successful bids	15	15	303.11	333.11				
Overall-Subscription rate	2.33	1.73	1.37	1.43				

Graph 1.0 – yield curve (%) showing movement in the 182, 273 and 364 days T-bills over 12 month period.





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- Term deposit rates remained unchanged across the board.
- The Central Bank Bills improved in the 273 days whilst the rest closed unchanged. A total of K575.80m was offered with 90% issuance in the 28 days paper.
- The 2023 National Budget which was released late December 2022, showed an increase in expenditure by K2.5bn to K24.6bn compared to 2022.
- Budget deficit of K5.0bn is expected to be financed through external borrowing (K3.5bn) and domestic disbursements (K1.5bn)¹.
- The first Treasury Bond issuance has been announced and deferred to 25th April 2023.
 The issuance amount and terms of issuance will be announced soon.

Table 2.0 - Financial institutions rates and short term government paper rates as at 14th April 2023

Issuer		Term 8	& rates (C	urrent)			Term 8	rates (Pr	evious)			Chan	ge/move	ment	
Commercial banks	30	60	90	180	365	30	60	90	180	365	30	60	90	180	365
BSP	0.55%	0.55%	0.60%	1.05%	1.55%	0.55%	0.55%	0.60%	1.05%	1.55%	0.00%	0.00%	0.00%	0.00%	0.00%
Kina Bank	0.50%	0.75%	0.90%	1.15%	1.25%	0.50%	0.75%	0.90%	1.15%	1.25%	0.00%	0.00%	0.00%	0.00%	0.00%
Westpac (PNG)	0.05%	0.05%	0.05%	0.10%	0.25%	0.05%	0.05%	0.05%	0.10%	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%
ADIs	30	60	90	180	365	30	60	90	180	365	30	60	90	180	365
BSP Finance (PNG)	0.60%	0.60%	0.65%	1.10%	1.60%	0.60%	0.60%	0.65%	1.10%	1.60%	0.00%	0.00%	0.00%	0.00%	0.00%
Credit Corporation (PNG)	0.85%	1.15%	1.50%	1.95%	2.35%	1.00%	1.25%	1.75%	2.20%	2.75%	-0.15%	-0.10%	-0.25%	-0.25%	-0.40%
FinCorp	0.50%	1.00%	1.50%	1.75%	1.85%	0.50%	1.00%	1.50%	1.75%	1.85%	0.00%	0.00%	0.00%	0.00%	0.00%
Moniplus	0.75%	1.00%	1.25%	1.75%	2.00%	0.75%	1.00%	1.25%	1.75%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Investment Finance	0.80%	1.00%	1.10%	1.20%	2.00%	0.80%	1.00%	1.10%	1.20%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Government Securities			182	273	364			182	273	364			182	273	364
Treasury bills (W.A.R)			2.00%	2.17%	3.01%			2.00%	2.16%	3.01%	0.00%	0.00%	0.00%	0.01%	0.00%
Central Bank	28	63	91	182		28	63	91	182		28	63	91	182	
Central Bank bills															
(W.A.R)	2.29%	2.55%	2.67%			2.23%	2.50%	2.61%	0.00%		0.06%	0.05%	0.06%	0.00%	0.00%

Table 3.0 – Long dated government paper rates – last auction results in November 2022

Issuer	Term & rates (Current)								
Term (years)	2	4	5	7	8	9	10		
Treasury bonds (W.A.R)	4.20%	5.16%	5.24%	5.56%	5.44%	5.44%	5.44%		
	Auction results from 18/11/22								

Issuer	Term & rates (Previous)								
Term (years)	2	4	5	7	8	9	10		
Treasury bonds (W.A.R)	4.20%	4.97%	5.44%	5.93%	6.18%	6.35%	6.28%		
	Auction results from 21/10/22								

	Change/movement								
Term (years)	2	3	5	6	8	9	10		
Treasury bonds (W.A.R)	0.00%	0.19%	-0.20%	-0.37%	-0.74%	-0.91%	-0.84%		

¹KPMG PNG Budget 2023



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 The T-bill Tap and T-bond Tap papers remain temporarily closed until further notice.

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Table 4.0 - Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 14th April 2023

Issuer	Term & rates (Current)						
Term (years)	2	4	8	10			
BPNG TBOND TAP	CLOSED UNTIL FURTHER NOTICE						

Issuer	Term & rates (Previous)							
Term (Days)	63	91	182	273	364			
BPNG TREASURY BILL TAP	CLOSED UNTIL FURTHER NOTICE							

¹ https://www.bankpng.gov.pg/wp-content/uploads/2018/06/BPNG-TAP-FACILITY-TBILL-TBOND.pdf



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For more information on your bidding strategy, please contact the team on phone 309 8501 or email

bcapenquiries@bsp.com.pg

Gheno Minia

General Manager, BSP Capital

Ph: +675 309 8521

Email: gminia@bsp.com.pg

Phoebe Endose

Senior Portfolio Analyst

Ph: +675 309 8505

Email: pendose@bsp.com.pg

Michelle Koredong

Investment Analyst – Money markets

Ph: +675 309 8507

Email: mkoredong@bsp.com.pg

Willie Konga

Manager, Funds Management

Ph: +675 309 8513

Email: wkonga@bsp.com.pg

Marie Sourimant

Senior Portfolio Analyst

Ph: +675 309 8530

Email: msourimant@bsp.com.pg

Abigail Pepson

Senior Portfolio Analyst

Ph: +675 305 6149

Email: apepson2@bsp.com.pg

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