

**T-Bills show improvement week on week indicating a shift in demand from short-term to long-term bonds.**

- A total of K294.1m worth of T-bills were offered last week.
- About 7% of the issue was for the shorter dated securities, whilst the rest was offered under the 364 days term.
- 364 days paper increased 4bps to 4.26% from last week, with 182 day and 297 day papers mostly flat. Graph 1.0 shows movement over a 12-month period for the 182, 273 & 364 days papers.
- Liquidity and inflation are still high and the monetary policy may continue to be tightened.

**Table 1.0 – Previous auction results**

Auction results 9th November 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -9/11	2.00%	2.63%	4.26%	
Amount on offer	10	10	274.1	294.1
Bids received	0	2	279.2	281.2
Successful bids	0	2	224.2	226.2
Overall-Subscription rate (x)	-	0.20	1.02	0.96

Auction results 3rd November 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -03/11	2.00%	2.64%	4.22%	
Amount on offer	10	20	256.1	286.1
Bids received	10	5	280.6	295.6
Successful bids	5	0	256.1	261.1
Overall-Subscription rate (x)	1.00	0.25	1.10	1.03

Auction results 26th October 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -26/10	1.21%	2.64%	4.19%	
Amount on offer	10	15	200.9	225.9
Bids received	5	3	298.54	306.54
Successful bids	0	3	233.54	236.54
Overall-Subscription rate (x)	0.50	0.20	1.49	1.36

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



# Money market insight

- Term deposit rates closed unchanged across the board.
- Treasury Bond (GIS) 6th issuance was conducted on the 18th of October 2022 with an offer of K450m. The total bid subscription was K431m.
- The auction was undersubscribed by K19m. The weighted rates closed mixed.
- The government indicated to raise K1.75bn from Treasury Bonds this year 2022. To date K2.01bn has been raised so far in the last six auctions. This is an increase by 15% from the planned issuance debt.
- The final GIS issuance is expected on the 22<sup>nd</sup> of November 2022.

**Table 2.0 – Financial institutions rates and short term government paper rates as at 11th November 2022**

Issuer	Term & rates (Current)					Term & rates (Previous)					Change/movement						
	30	60	90	180	365	30	60	90	180	365	30	60	90	180	365		
<b>Commercial banks</b>																	
BSP	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%		
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)	0.10%	0.10%	0.15%	0.25%	0.50%	0.10%	0.10%	0.15%	0.25%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%		
<b>ADIs</b>																	
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)	0.95%	1.25%	1.85%	2.40%	2.85%	0.95%	1.25%	1.85%	2.40%	2.85%	0.00%	0.00%	0.00%	0.00%	0.00%		
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	1.00%	1.25%	1.50%	2.00%	2.50%	1.00%	1.25%	1.50%	2.00%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%		
First Investment Finance	0.70%	1.00%	1.10%	0.70%	2.50%	0.70%	1.00%	1.10%	0.70%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%		
<b>Government Securities</b>			182	273	364			182	273	364			182	273	364		
Treasury bills (W.A.R)			2.00%	2.63%	4.26%			2.00%	2.64%	4.22%	0.00%	0.00%	0.00%	-0.01%	0.04%		
<b>Central Bank</b>	28	63	91	182	28	63	91	182	28	63	91	182	0.04%	0.03%	0.01%	0.00%	0.00%
Central Bank bills (W.A.R)	1.95%	2.43%	2.69%			1.91%	2.40%	2.68%	0.00%								

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

Issuer	Term & rates (Current)							
	2	4	5	7	8	9	10	
Term (years)								
Treasury bonds (W.A.R)	4.20%	4.97%	5.44%	5.93%	6.18%	6.35%	6.28%	
<i>Auction results from 18/10/22</i>								
Issuer	Term & rates (Previous)							
	2	4	5	7	8	9	10	
Term (years)								
Treasury bonds (W.A.R)	4.37%	5.08%	5.26%	5.91%	6.18%	6.40%	6.35%	
<i>Auction results from 23/09/22</i>								
Change/movement								
Term (years)		2	3	5	6	8	9	10
Treasury bonds (W.A.R)		-0.17%	-0.11%	0.18%	0.02%	0.00%	-0.05%	-0.07%

# Money market insight

- In the Tap facilities market, T-bond Tap rates opened unchanged on all terms.
- The bonds are available in 2, 4, 8 & 10 year terms.
- T-bill Tap rates showed improvement across the board except for the 273 days which opened unchanged.
- The T-bill Tap papers are available in 63, 91,182,273 and 364 days terms.
- Eligible Investors can participate in the Tap Investments<sup>1</sup>.

**Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 11th November 2022**

Issuer	Term & rates (Current)			
Term (years)	2	4	8	10
BPNG TBOND TAP	3.70%	4.47%	5.68%	5.78%

*Auction results from 11/11/22*

Issuer	Term & rates (Previous)			
Term (years)	2	4	8	10
BPNG TBOND TAP	3.70%	4.47%	5.68%	5.78%

*Auction results from 04/11/22*

Change/movement				
Term (years)	2	4	8	10
BPNG TBOND TAP	0.00%	0.00%	0.00%	0.00%

Issuer	Term & rates (Current)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	2.40%	2.68%	1.50%	2.14%	3.72%

*Auction results from 11/11/22*

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	2.34%	2.63%	0.71%	2.14%	3.69%

*Auction results from 04/11/22*

Change/movement					
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	0.06%	0.05%	0.79%	0.00%	0.03%

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

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

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