

## Rates remained stable as the treasury continues to soak up excess liquidity

- A total of K320m was offered for Treasury bill auctions with K289m in the 364 day segment.
- The total subscription was K555.2m representing an subscription rate of 1.74x.
- The rates were mostly flat, as the 364 day paper closed in positive territory after plummeting for a number of weeks.
- Graph 1.0 depicts the closing rates at the end of Jan and Feb 2022. the rates finished at 5.17% compared to 6.57% at the end of Jan 2022

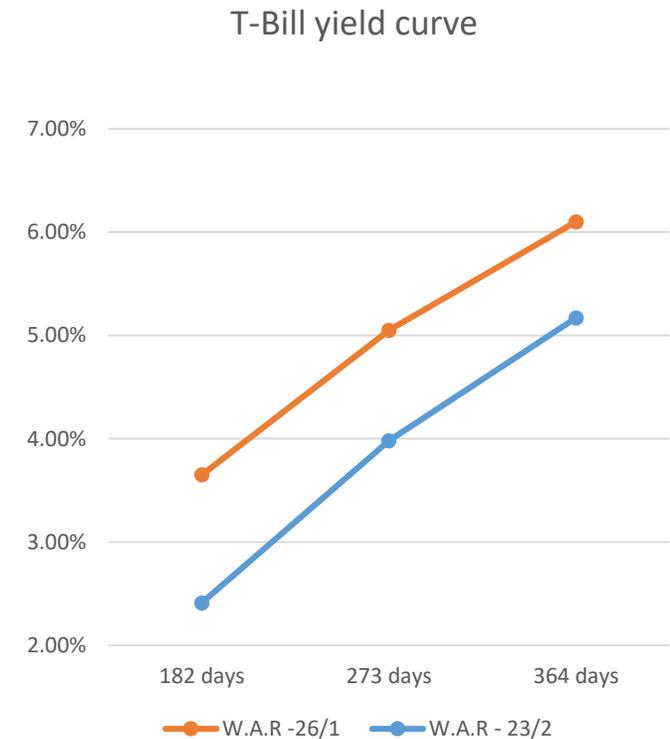
**Table 1.0 – Previous auction results**

Auction results 25 Feb 2022				
Terms	182 days	273 days	364 days	Total
W.A.R - 23/2	2.41%	3.98%	5.17%	
Amount on offer	10	20	289.88	319.88
Bids received	17.15	23.56	514.46	555.17
Successful bids	17.15	23.56	459.46	500.17
oversubscription rate	1.72x	1.18x	1.77x	1.74x

Auction results 16 Feb 2022				
Terms	182 days	273 days	364 days	Total
W.A.R - 16/2	2.43%	3.98%	5.16%	
Amount on offer	40	10	174.75	224.75
Bids received	59.35	23	463.04	545.39
Successful bids	59.35	23	571.17	653.52
oversubscription rate	1.48x	2.30x	2.65x	2.43x

Auction results 9 Feb 2022				
Terms	182 days	273 days	364 days	Total
W.A.R - 9/2	2.49%	4.01%	5.20%	
Amount on offer	50	10	150.26	210.26
Bids received	130.4	53	571.17	754.57
Successful bids	130.4	53	571.17	754.57
oversubscription rate	2.61x	5.30x	3.80x	3.59x

**Graph 1.0 – depicts T-bills yield curve**



# Money market insight

- In the previous report we anticipated the rates to move downwards however, the momentum slowed after Treasury took up the excess bids.
- No change in the term deposit rates across the market.
- Investors will continue to seek yield as a hedge against inflation, with the latest estimates of inflation at 5.7%
- Cash investments also offer capital protection.

**Table 2.0 – Financial institutions rates and short term government paper rates as at 23 Feb 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	0.10%	0.10%	0.15%	0.60%	1.10%	0.10%	0.10%	0.15%	0.60%	1.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Kina Bank	0.75%	1.00%	1.25%	1.50%	1.75%	0.75%	1.00%	1.25%	1.50%	1.75%	0.00%	0.00%	0.00%	0.00%	0.00%
Westpac (PNG)	0.10%	0.15%	0.25%	0.50%	1.00%	0.10%	0.15%	0.25%	0.50%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ADIs</b>															
BSP Finance (PNG)	0.10%	0.10%	0.15%	0.60%	1.10%	0.10%	0.10%	0.15%	0.60%	1.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Credit Corporation (PNG)	1.00%	1.50%	2.50%	3.50%	4.60%	1.00%	1.50%	2.50%	3.50%	4.60%	0.00%	0.00%	0.00%	0.00%	0.00%
Fincorp	1.50%	2.00%	3.00%	4.00%	5.10%	1.50%	2.00%	3.00%	4.00%	5.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Moniplus	1.25%	2.25%	3.25%	4.25%	4.75%	1.50%	n.a	3.50%	4.50%	5.50%	-0.25%	n.a	-0.25%	-0.25%	-0.75%
First Investment Finance	1.00%	1.10%	1.25%	2.00%	4.50%	1.00%	1.10%	1.25%	2.00%	4.50%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Government Securities</b>															
Treasury bills (W.A.R)			182	273	364	182			273	364	0.00%				
Treasury bills (W.A.R)			2.41%	3.98%	5.17%	2.41%			3.98%	5.16%	0.00%				
<b>Central Bank</b>															
Central Bank bills (W.A.R)		28	63	91	182	28		63	91	182	28		63	91	182
Central Bank bills (W.A.R)		1.09%				1.09%		1.84%			0.00%		-1.84%	0.00%	0.00%

**Table 3.0 – Long dated government paper rates – last auction results in 2021**

Issuer - GoPNG	Term & rates (Current)						
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	8.50%	9.00%	9.70%		9.90%	9.90%	9.90%
<i>Auction results from 28/07/21</i>							
Issuer	Term & rates (Previous)						
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	8.50%	9.00%	9.70%	9.80%	9.90%	9.90%	9.90%
<i>Auction results from 25/06/21</i>							
Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	0.00%	0.00%	0.00%	-9.80%	0.00%	0.00%	0.00%

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

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