

**Treasury Bills rates closed lower. Meanwhile, Treasury Bonds(GIS) saw an under-subscription in the third auction for the year, 2022.**

- A total of K241.7m was offered in the Treasury bill auction last week. Offers were in the 182, 273 and 364 days papers. The 364 days paper had K191.7m on offer.
- The total bid subscription was K467.5m representing an oversubscription rate of 1.93x.
- Rates finished mixed with the 273 day paper edging higher while the 364 day paper closed lower at 4.39%.
- The overall auction was oversubscribed by K225.8m.
- Graph 1.0 depicts movement within a 8 month period, as the yield curve indicate slight gains.

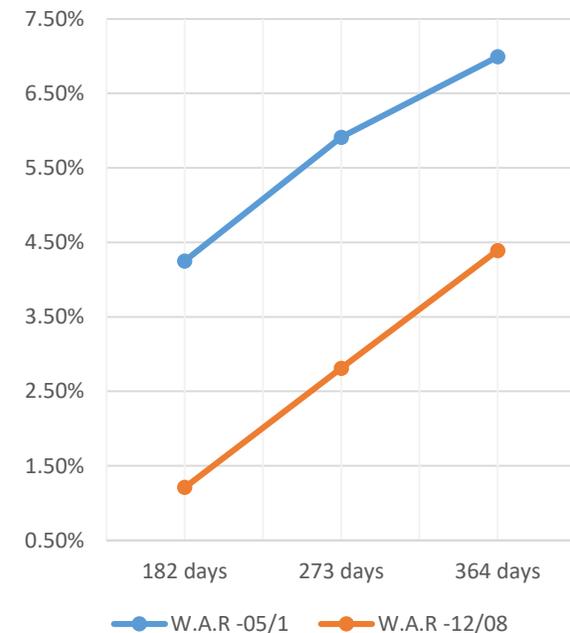
**Table 1.0 – Previous auction results**

Auction results 10 August 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -10/8	1.21%	2.81%	4.39%	
Amount on offer	0	50	191.7	241.7
Bids received	0	50	417.5	467.5
Successful bids	0	50	191.7	241.7
Overall-Subscription rate	-	1.00	2.18	1.93

Auction results 04 August 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -04/8	1.21%	2.75%	4.40%	
Amount on offer	10	10	190.25	210.25
Bids received	10	19	557.6	586.6
Successful bids	10	10	190.25	210.25
Overall-Subscription rate	1.00	1.90	2.93	2.79

Auction results 27 July 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -27/7	1.21%	2.75%	4.40%	
Amount on offer	10	20	221.4	251.4
Bids received	2.3	0	362.8	365.1
Successful bids	2.3	0	221.4	223.7
Overall-Subscription rate	0.23	-	1.64	1.45

**Graph 1.0 – yield curve showing movement in T-bills between Jan and Aug 2022**



# Money market insight

- Term deposit rates closed unchanged across the board.
- Treasury Bond (GIS) third issuance was conducted on the 19<sup>th</sup> of July 2022 with an offer of K500m.
- The auction was undersubscribed by K7.50m. Rates dropped further compared to the previous auction.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022. K903m was raised so far in the last three auctions.
- The next GIS issuance is expected on the 23<sup>rd</sup> of August 2022.

**Table 2.0 – Financial institutions rates and short term government paper rates as at 12 August 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	0.50%	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)	0.10%	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	0.50%	1.00%	2.00%	3.00%	3.50%	0.50%	1.00%	2.00%	3.00%	3.50%	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)				1.21%	2.81%	4.39%				1.21%	2.75%	4.40%				0.00%	0.06%	-0.01%			
<b>Central Bank</b>				28	63	91	182				28	63	91	182				28	63	91	182
Central Bank bills (W.A.R)				1.58%	2.03%	2.06%				1.45%	2.03%	2.06%	0.00%				0.13%	0.00%	0.00%	0.00%	0.00%

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

Issuer	Term & rates (Current)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	5.00%	0.00%	0.00%	6.20%	6.45%	6.70%	6.80%

*Auction results from 19/07/22*

Issuer	Term & rates (Previous)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	5.22%	5.74%	6.38%	6.70%	6.82%	6.99%	7.00%

*Auction results from 21/06/22*

Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	-0.22%	-5.74%	-6.38%	0.00%	0.00%	-0.29%	-0.20%

# Money market insight

- The Central Bank announced the trading for new TAP investments (BPNG Bills and Bonds) effective 2<sup>nd</sup> March, 2022. Bids are done via e-mails and e-payment modes only.
- In the tap facilities, the Tbond Tap rates dropped in the week's close
- The bonds are available in 2, 4, 8 & 10 year terms.
- Tbill Tap rates showed improvement on all papers except for the 273 days which closed unchanged.
- The Tbill Tap papers are available in 63, 91,182,273 and 364 days terms.
- Eligible Investors can participate in the Tap Investments.

**Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 12 August 2022**

Issuer	Term & rates (Current)				
Term (years)	2	4	8	10	
BPNG TBOND TAP	4.50%	4.98%	5.95%	6.30%	

*Auction results from 12/08/22*

Issuer	Term & rates (Previous)				
Term (years)	2	4	8	10	
BPNG TBOND TAP	4.72%	5.24%	6.32%	6.50%	

*Auction results from 05/08/22*

Change/movement					
Term (years)	2	4	8	10	
BPNG TBOND TAP	-0.22%	-0.26%	-0.37%	-0.20%	

Issuer	Term & rates (Current)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	1.88%	1.99%	0.71%	2.25%	3.90%

*Auction results from 12/08/22*

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	1.66%	1.64%	0.70%	2.25%	2.80%

*Auction results from 05/08/22*

Change/movement					
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	0.22%	0.35%	0.01%	0.00%	1.10%

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

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