

**The Treasury Bill rates close higher for the 4<sup>th</sup> consecutive week as BPNG continues to offer the 7-Day Fixed Rate Full Allocation (FRFA).**

- A total of K301.1m was offered in the T-bill auction this week. There was an oversubscription in the overall auction results by an aggregate amount of K108.95m.
- Rates improved across the board. The 182 days gained 8 basis points as the 273 days gained 3 basis points. Similarly, the 364 days papers improved by 10 basis points.
- Graph 1.0 shows movement over a 12-month period for the 182, 273 & 364 days papers.
- The Central Bank notes that headline inflation is anticipated to remain low while core inflation to moderate, based on its assessment of economic fundamentals and broader macroeconomic indicators.
- The Kina Facility Rate (KFR) remained steady at 3.00 since the Central Bank reduced rate by 50 basis as at last month.
- BPNG’s increased intervention in the FX market has played a big part in system liquidity and the increase in auction rates across all tenors.

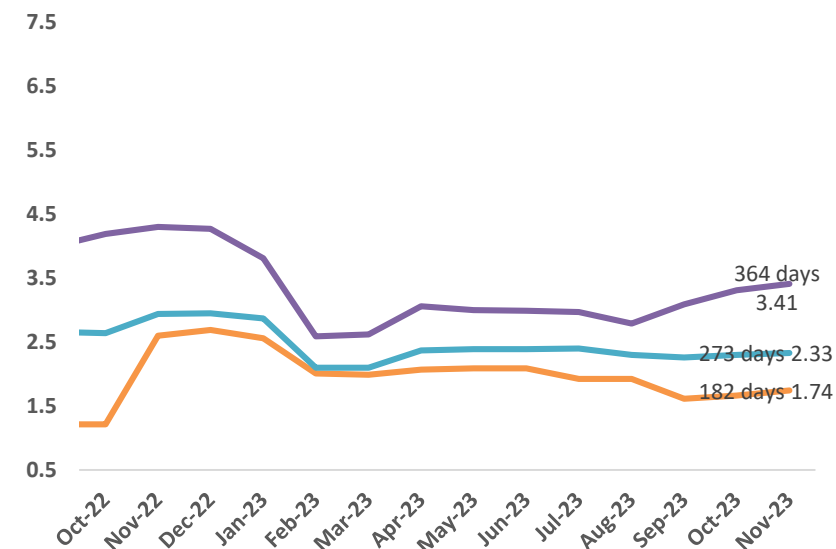
**Table 1.0 – Previous auction results**

Auction results 1st November 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -01/11	1.74%	2.33%	3.41%	
Amount on offer	10	20	271.1	301.1
Bids received	12	35	363.05	410.05
Successful bids	10	20	271.1	301.1
Overall-Subscription rate	1.20	1.75	1.34	1.36

Auction results 27th October 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -27/10	1.66%	2.30%	3.31%	
Amount on offer	10	20	273.54	303.54
Bids received	16	12	327.4	355.4
Successful bids	16	12	278.25	306.25
Overall-Subscription rate	1.60	0.60	1.20	1.17

Auction results 20th October 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -20/10	1.63%	2.28%	3.27%	
Amount on offer	10	10	207.53	227.53
Bids received	22.5	15.2	271	308.7
Successful bids	22.5	5.2	246	273.7
Overall-Subscription rate	2.25	1.52	1.31	1.36

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



## BSP Capital Limited

### Money market Insight

- Term deposit rates remained flat across the board.
- The Central Bank continues to strengthen the monetary policy operational framework by intensifying efforts to mop up excess liquidity and adopt more effective short-term liquidity management instruments. One of the measures introduced by BPNG is the 7-Day Fixed Rate Full Allocation (FRFA) Central Bank Bill.
- The FRFA Auction is exclusive to deposit takers, such as commercial banks, Savings & Loans Societies and Finance Companies. With a fixed rate of 2.0%pa, there are specific requirements, and outcome is solely subjected to Bank of PNG's decision.
- This week's FRFA Central Bank Bill auction allocated K1.464bn at a fixed rate of 2.00 percent.
- The September Treasury Bond issuance was held on the 23rd September 2023. Debt issuance were for 2,3,4,6,7,8,9 and 10 years with a total issuance amount of K510.4m. Coupon rates declined on all the papers.
- GIS appropriation for 2023 have been fully issued as of last month. There will be no issuance for the remainder of the year until further notice.

**Table 2.0 – Financial institutions rates and short term government paper rates as at 3rd November 2023**

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	0.55%	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%
<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)	0.85%	1.15%	1.50%	1.95%	2.35%	0.85%	1.15%	1.50%	1.95%	2.35%	0.00%	0.00%	0.00%	0.00%	0.00%
FinCorp	1.00%	1.50%	2.25%	2.50%	2.75%	1.00%	1.50%	2.25%	2.50%	2.75%	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	0.90%	1.10%	1.20%	1.20%	2.10%	0.90%	1.10%	1.20%	1.20%	2.10%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Government Securities</b>															
Treasury bills (W.A.R)			1.74%	2.33%	3.41%			1.66%	2.30%	3.31%	0.00%	0.00%	0.08%	0.03%	0.10%
<b>Central Bank</b>															
Central Bank bills (W.A.R)	2.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Table 3.0 – Long dated government paper rates – last auction results in September 2023**

Issuer	Term (years)	Term & rates (Current)								
		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.40%	4.45%	4.60%	0.00%	5.10%	5.40%	5.50%	5.70%	5.76%
	Weighted Average Rates	3.93%	4.16%	4.49%	0.00%	4.99%	5.27%	5.42%	5.56%	5.74%
<i>Auction results from 23/09/23</i>										
Issuer	Term (years)	Term & rates (Previous)								
		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.40%	4.50%	4.70%	0.00%	5.20%	5.50%	5.60%	5.80%	6.00%
	Weighted Average Rates	0.00%	4.19%	4.35%	0.00%	4.98%	5.27%	5.43%	5.61%	5.76%
<i>Auction results from 23/08/23</i>										
		Change/movement								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	0.00%	-0.05%	-0.10%	0.00%	-0.10%	-0.10%	-0.10%	-0.10%	-0.24%
	Weighted Average Rates	3.93%	-0.03%	0.14%	0.00%	0.01%	0.00%	-0.01%	-0.05%	-0.02%

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

**Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at June 2023**

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

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

<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 [bcapenquiries@bsp.com.pg](mailto:bcapenquiries@bsp.com.pg)**

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