

**Treasury Bills rates remained steady as the Central bank announced the third GIS issuance this month.**

- A total of K245m was offered in Treasury Bill's auction last week. Issuance was for 364 days paper only.
- The auction was oversubscribed by an aggregate amount of K87.86m.
- Rates remained steady third week in a row.
- Graph 1.0 shows movement over a 12-month 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.
- Central Bank in the process of managing excess liquidity and transmission, to short-term domestic interest rates.
- KFR remains at 3.50% since January 2023.

**Table 1.0 – Previous auction results**

Auction results 14th June 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -14/06	2.09%	2.39%	2.99%	
Amount on offer	0	0	245	245
Bids received	0	0	332.86	332.86
Successful bids	0	0	245	245
Overall-Subscription rate	-	-	1.36	1.36

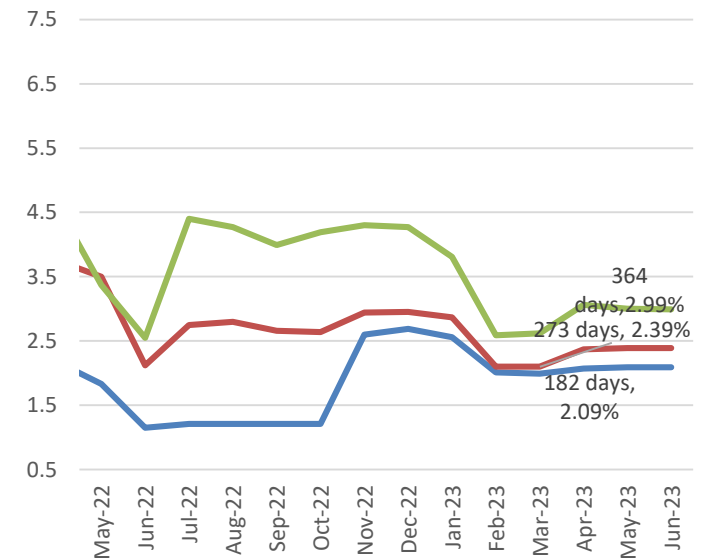
  

Auction results 7th June 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -07/06	2.09%	2.39%	2.99%	
Amount on offer	0	0	200	200
Bids received	0	0	354.39	354.39
Successful bids	0	0	200	200
Overall-Subscription rate	-	-	1.77	1.77

Auction results 31st May 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -31/5	2.09%	2.39%	2.99%	
Amount on offer	0	0	242	242
Bids received	0	0	416.73	416.73
Successful bids	0	0	242	242
Overall-Subscription rate	-	-	1.72	1.72

**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 remained flat across the board.
- The Central Bank Bills have issued 7 and 14 days papers as per the monetary policy stance on its transmission to short-term papers to mop up excess liquidity.
- CBB rates waned in the 7 and 91 days whilst the rest closed unchanged. The auction was oversubscribed by K330.20 indicating demand for the short term papers.
- 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)<sup>1</sup>.
- Third tranche of Treasury Bond issuance will be held on the 20<sup>th</sup> June 2023. Debt issuance were for 2,3,4,6,7,8,9 and 10 years, total issuance amount of K400m.

<sup>1</sup>KPMG PNG Budget 2023

**Table 2.0 – Financial institutions rates and short term government paper rates as at 19th June 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)	0.60%	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%	0.85%	1.15%	1.50%	1.95%	2.35%	0.00%	0.00%	0.00%	0.00%	0.00%
FinCorp	0.50%	1.00%	1.75%	2.00%	2.25%	0.50%	1.00%	1.75%	2.00%	2.25%	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)			2.09%	2.39%	2.99%			2.09%	2.39%	2.99%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Central Bank</b>															
Central Bank bills (W.A.R)	7	14	28	63	91	7	14	28	63	91	7	14	28	63	91
	2.17%	2.25%	2.38%	2.65%	2.80%	2.21%	2.25%	2.38%	2.65%	2.81%	-0.04%	0.00%	0.00%	0.00%	-0.01%

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

Issuer	Term (years)	Term & rates (Current)									
		2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon	4.40%	4.65%	4.90%	0.00%	5.40%	5.60%	5.80%	6.00%	6.20%	
	Weighted Average Rates	4.32%	4.52%	4.80%	0.00%	5.40%	5.60%	5.80%	5.95%	6.05%	
<i>Auction results from 19/05/23</i>											
Issuer	Term (years)	Term & rates (Previous)									
		2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon	4.50%	4.75%	4.75%	0.00%	5.50%	5.70%	5.90%	6.10%	6.30%	
	Weighted Average Rates	4.37%	4.46%	4.87%	0.00%	5.33%	5.39%	5.44%	5.62%	5.75%	
<i>Auction results from 25/04/23</i>											
Issuer	Term (years)	Change/movement									
		2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon	-0.10%	-0.10%	0.15%	0.00%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	
	Weighted Average Rates	-0.05%	0.06%	-0.07%	0.00%	0.07%	0.21%	0.36%	0.33%	0.30%	

# Money market insight

- 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**

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