

The Treasury Bills rates showed slight improvements as the market continues to look for higher yields...

- A total of K363.9m was offered in Treasury Bill's auction last week. The Central Bank accepted access of K99m from total bids.
- The 182 and 273 days papers shared K40m each from the total offered.
- Overall auction results were oversubscribed by an aggregate amount of K99m.
- Rates showed improvement in the 273 and 364 days papers week on week whilst the 182 days was unchanged.
- Graph 1.0 shows movement over a 12-month period for the 182, 273 & 364 days papers.
- Government continues to maintain debt at sustainable level with issuances at K200m-K300m.
- Rates are expected to improve once other fixed income securities become available.

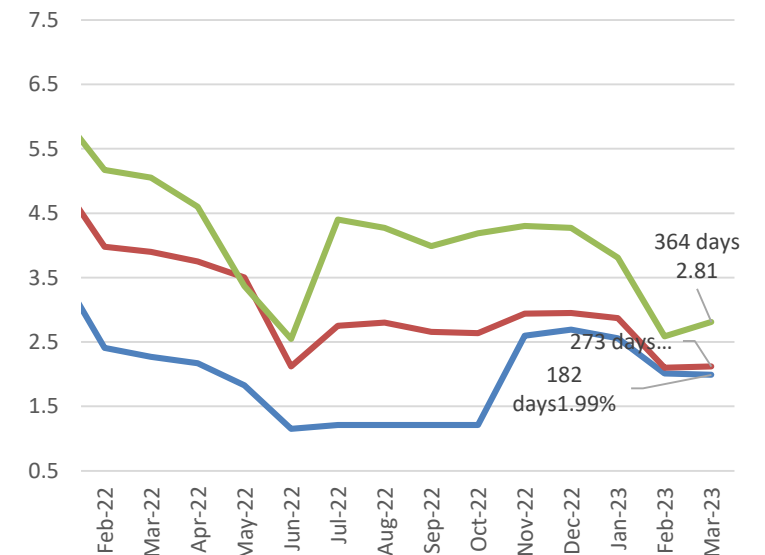
Table 1.0 – Previous auction results

Auction results 22nd March 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -22/03	1.99%	2.15%	2.81%	
Amount on offer	40	40	283.9	363.9
Bids received	41.5	11	410.4	462.9
Successful bids	41.5	11	357.5	410
Overall-Subscription rate	1.04	0.28	1.45	1.27

Auction results 15th March 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -15/03	1.99%	2.12%	2.73%	
Amount on offer	30	10	276.43	316.43
Bids received	69.5	17	456.2	542.7
Successful bids	30	10	276.43	316.43
Overall-Subscription rate	2.32	1.70	1.65	1.72

Auction results 8th March 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -08/03	1.99%	2.10%	2.62%	
Amount on offer	20	10	200.45	230.45
Bids received	25	3	369.4	397.4
Successful bids	25	3	280.45	308.45
Overall-Subscription rate	1.25	0.30	1.84	1.72

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

Issue: #07/2023

- BSP improved its Term deposit rates whilst the rest remained unchanged.
- The Central Bank Bills closed in green across the board. A total of K648m was offered with 86% issuance in the 28 days paper.
- 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)¹.
- New Treasury Bond issuance is yet to be announced. We expect an announcement in April 2023.

¹KPMG PNG Budget 2023

Table 2.0 – Financial institutions rates and short term government paper rates as at 24th March 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
Commercial banks															
BSP	0.55%	0.55%	0.60%	1.05%	1.55%	0.35%	0.35%	0.40%	0.85%	1.35%	0.20%	0.20%	0.20%	0.20%	0.20%
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%
ADIs															
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)	1.00%	1.25%	1.75%	2.20%	2.75%	1.00%	1.25%	1.75%	2.20%	2.75%	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	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	0.80%	1.00%	1.10%	1.20%	2.00%	0.80%	1.00%	1.10%	1.20%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Government Securities															
Treasury bills (W.A.R)			1.99%	2.15%	2.81%			1.99%	2.12%	2.73%	0.00%	0.00%	0.00%	0.03%	0.08%
Central Bank															
Central Bank bills (W.A.R)	2.03%	2.40%	2.46%			1.89%	2.32%	2.39%	0.00%		0.14%	0.08%	0.07%	0.00%	0.00%

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

Issuer	Term & rates (Current)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	4.20%	5.16%	5.24%	5.56%	5.44%	5.44%	5.44%

Auction results from 18/11/22

Issuer	Term & rates (Previous)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	4.20%	4.97%	5.44%	5.93%	6.18%	6.35%	6.28%

Auction results from 21/10/22

	Change/movement						
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	0.00%	0.19%	-0.20%	-0.37%	-0.74%	-0.91%	-0.84%

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 24th March 2023

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

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

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

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