

Government rates remained unchanged for the third consecutive week.

- A total of K242m 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 K250.63m.
- The longer dated bill lost 2 basis points to 3.00%.
- 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.

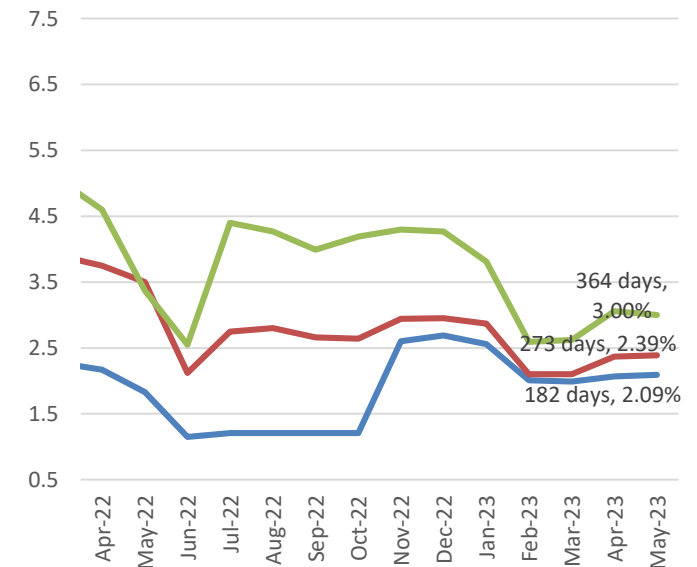
Table 1.0 – Previous auction results

Auction results 24th May 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -24/05	2.09%	2.39%	3.00%	
Amount on offer	0	0	242	242
Bids received	0	0	492.63	492.63
Successful bids	0	0	242	242
Overall-Subscription rate	-	-	2.04	2.04

Auction results 17th May 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -17/05	2.09%	2.39%	3.02%	
Amount on offer	0	0	200	200
Bids received	0	0	617.41	617.41
Successful bids	0	0	200	200
Overall-Subscription rate	-	-	3.09	3.09

Auction results 10th May 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -10/05	2.09%	2.39%	3.05%	
Amount on offer	0	0	195.3	195.3
Bids received	0	0	459.57	459.57
Successful bids	0	0	145.3	145.3
Overall-Subscription rate	-	-	2.35	2.35

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 mostly unchanged except for FinCorp which improved in the 90,180 & 365 days papers.
- 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 improved on almost all terms. A total of K550m was offered in the CBB auction last week.
- 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.
- The 2nd Treasury Bond issuance was held on the 16th May 2023. The debt issuance were for 2,3,4,6,7,8,9 and 10 years with a total issuance of K400m.

¹KPMG PNG Budget 2023

Table 2.0 – Financial institutions rates and short term government paper rates as at 26th May 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%	0.55%	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%
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)	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%	1.50%	1.75%	1.85%	0.00%	0.00%	0.25%	0.25%	0.40%
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%
Government Securities															
Treasury bills (W.A.R)			2.09%	2.39%	3.00%			2.09%	2.39%	3.02%	0.00%	0.00%	0.00%	0.00%	-0.02%
Central Bank															
Central Bank bills (W.A.R)	2.17%	2.20%	2.38%	2.66%	2.83%	2.14%	2.20%	2.38%	2.66%	2.83%	0.06%	0.18%	0.28%	0.17%	0.00%

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 May 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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