

**Treasury Bills rates improved in the week’s close. Meanwhile, Treasury Bonds(GIS) saw an under-subscription in the third auction for the year, 2022.**

- A total of K254.4m was offered in the Treasury bill auction for the week. Offers were in the 182, 273 and 364 days papers. The 364 days paper offered K221.4m.
- The total subscription was K223.7m representing a oversubscription rate of 0.48x issuance amount.
- Rates improved by 185 basis points in the 364 days at the month’s close after opening at 2.55%.
- The 273 days closed with nil bids as the 182 days paper goes undersubscribed by K7.7m.
- Overall auction was oversubscribed by K113.7m
- Graph 1.0 depicts movement within a 7 month period, as the yield curve indicates slight gains.

**Table 1.0 – Previous auction results**

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

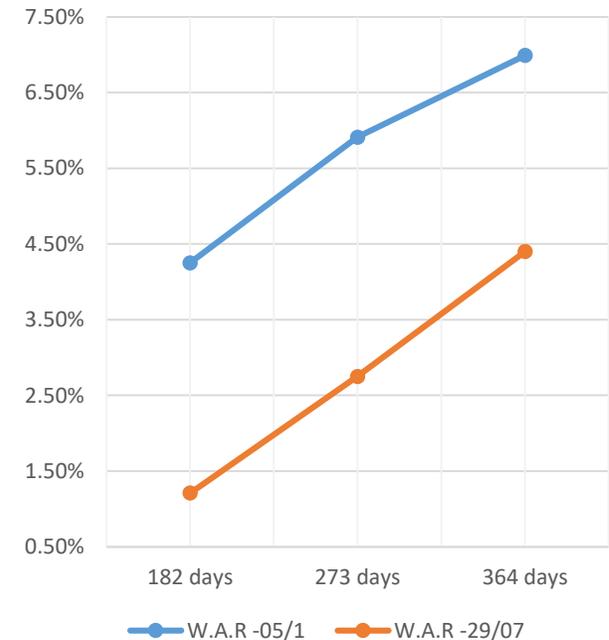
  

Auction results 20 July 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -22/7	1.21%	2.21%	4.14%	
Amount on offer	10	20	209.5	239.5
Bids received	0	0	129.2	129.2
Successful bids	0	0	129.2	129.2
Overall-Subscription rate	-	-	0.62	0.54

Auction results 13 July 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -13/7	1.21%	2.75%	3.30%	
Amount on offer	10	50	183	243
Bids received	0	5	112	117
Successful bids	0	5	112	117
Overall-Subscription rate	-	0.10	0.61	0.48

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



# Money market insight

- Term deposit rates closed unchanged across the board except for FIFL which closed mixed.
- 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 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.
- Rates are expected to subside in the coming weeks after a persistent downward trend.

**Table 2.0 – Financial institutions rates and short term government paper rates as at 29 July 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%	0.15%	0.25%	0.35%	0.50%	0.10%	0.15%	0.25%	0.35%	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%	0.60%	1.00%	1.00%	0.80%	2.00%	0.10%	0.00%	0.10%	-0.10%	0.50%
<b>Government Securities</b>			182	273	364			182	273	364			182	273	364
Treasury bills (W.A.R)			1.21%	2.75%	4.40%			1.21%	2.75%	4.15%	0.00%	0.00%	0.00%	0.00%	0.25%
<b>Central Bank</b>		28	63	91	182		28	63	91	182		28	63	91	182
Central Bank bills (W.A.R)		1.40%	1.88%	1.99%		1.28%	1.77%	1.89%	0.00%	0.12%	0.11%	0.10%	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%
<i>Auction results from 22/07/22</i>								
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%
<i>Auction results from 21/06/22</i>								
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.
- Tbond rates closed unchanged for the week
- The bonds are available in 2, 4, 8 & 10 years terms.
- Tbill Tap rates shared similar sentiment.
- The Tbill 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 29 July 2022**

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

*Auction results from 29/07/22*

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

*Auction results from 22/07/22*

Change/movement					
Term (years)	2	4	8	10	
BPNG TBOND TAP	0.00%	0.00%	0.00%	0.00%	

Issuer	Term & rates (Current)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	1.65%	1.59%	0.65%	1.62%	1.96%

*Auction results from 29/07/22*

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	1.65%	1.59%	0.65%	1.62%	1.96%

*Auction results from 22/07/22*

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

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

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