

**Minimal rate movements compared to previous auctions as the government absorbed more than what was offered...**

- A total of 545m was accepted by BPNG following an issue of only K224.8m (refer Table 1.0)
- More than K650m was accepted with a subscription rate of 2.43x across the auction, that pushed the Weighted Average Rates (W.A.R) lower.
- However, the rates only moved roughly 5bps compared to last week W.A.Rs.
- The 182 and 273 day papers also slipped further finishing at 2.43% and 3.98% respectively.

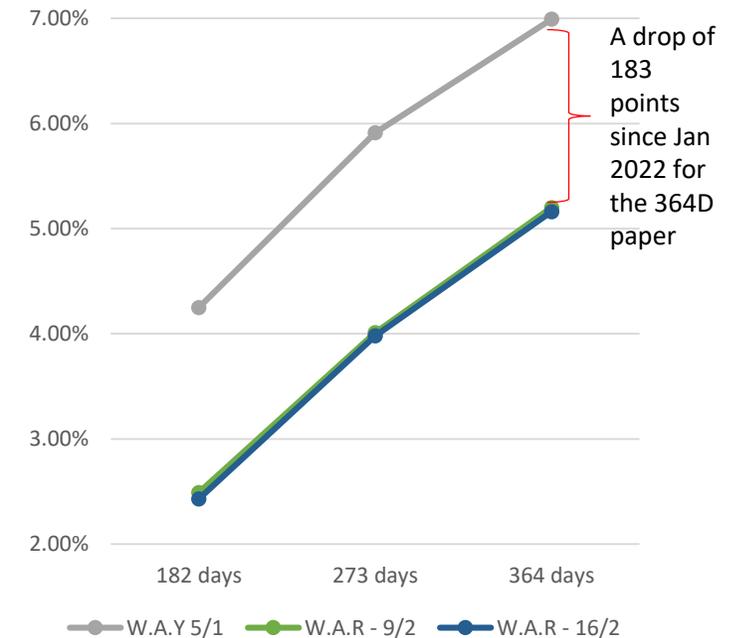
**Table 1.0 – Previous auction results**

Auction results 16 Feb 2022				
Terms	182 days	273 days	364 days	Total
W.A.R - 16/2	2.43%	3.98%	5.16%	
Amount on offer	40	10	174.75	224.75
Bids received	59.35	23	463.04	545.39
Successful bids	59.35	23	571.17	653.52
oversubscription rate	1.48x	2.30x	2.65x	2.43x

Auction results 9 Feb 2022				
Terms	182 days	273 days	364 days	Total
W.A.R - 9/2	2.49%	4.01%	5.20%	
Amount on offer	50	10	150.26	210.26
Bids received	130.4	53	571.17	754.57
Successful bids	130.4	53	571.17	754.57
oversubscription rate	2.61x	5.30x	3.80x	3.59x

Auction results 2 Feb 2022				
Terms	182 days	273 days	364 days	Total
W.A.R - 2/2	3.08%	4.45%	5.61%	
Amount on offer	30	40	108.85	178.85
Bids received	114	168.17	485.18	767.35
Successful bids	30	40	230.01	300.01
oversubscription rate	3.80x	4.20x	4.46x	4.29x

**Graph 1.0 – depicts T-bills yield curve**



# Money market insight

- The rates are expected to move lower in the quarter, and therefore we do not expect commercial banks to raise interest rates soon.
- Last week saw FIFL lower its rates for its 365 day paper down, this week has seen Moniplus follow suit as it lowered its rates by 25bps across for the shorter dated paper.
- Treasury bonds are yet to be issued for 2022, pending the issuance calendar from Department of Treasury.
- The issuance plans is in the approval process.

**Table 3.0 – Financial institutions rates and short term government paper rates as at 18 Feb 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	0.75%	1.00%	1.25%	1.50%	1.75%	0.75%	1.00%	1.25%	1.50%	1.75%	0.00%	0.00%	0.00%	0.00%	0.00%	
Westpac (PNG)	0.10%	0.15%	0.25%	0.50%	1.00%	0.10%	0.15%	0.25%	0.50%	1.00%	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	1.50%	2.00%	3.00%	4.00%	5.10%	1.50%	2.00%	3.00%	4.00%	5.10%	0.00%	0.00%	0.00%	0.00%	0.00%	
Moniplus	1.25%	2.25%	3.25%	4.25%	4.75%	1.50%	n.a	3.50%	4.50%	5.50%	-0.25%	n.a	-0.25%	-0.25%	-0.75%	
First Investment Finance	1.00%	1.10%	1.25%	2.00%	4.50%	1.00%	1.10%	1.25%	2.00%	4.50%	0.00%	0.00%	0.00%	0.00%	0.00%	
<b>Government Securities</b>																
Treasury bills (W.A.R)			182	273	364			182	273	364			182	273	364	
			2.49%	4.01%	5.20%			3.08%	4.45%	5.61%			-0.59%	-0.44%	-0.41%	
<b>Central Bank</b>																
Central Bank bills (W.A.R)	28	63	91	182	28	63	91	182	28	63	91	182	28	63	91	182
	1.09%				1.13%				-0.04%	0.00%	0.00%	0.00%	0.00%	0.00%		

**Table 4.0 – Long dated government paper rates – last auction results in 2021**

Issuer - GoPNG	Term & rates (Current)						
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	8.50%	9.00%	9.70%		9.90%	9.90%	9.90%
<i>Auction results from 28/07/21</i>							
Issuer	Term & rates (Previous)						
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	8.50%	9.00%	9.70%	9.80%	9.90%	9.90%	9.90%
<i>Auction results from 25/06/21</i>							
Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	0.00%	0.00%	0.00%	-9.80%	0.00%	0.00%	0.00%

**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)**

**Gheno Minia**

General Manager, BSP Capital

Ph: +675 309 8521

Email: [gminia@bsp.com.pg](mailto:gminia@bsp.com.pg)

**Willie Konga**

Manager, Funds Management

Ph: +675 309 8513

Email: [wkonga@bsp.com.pg](mailto:wkonga@bsp.com.pg)

**Phoebe Endose**

Senior Portfolio Analyst

Ph: +675 309 8505

Email: [pendose@bsp.com.pg](mailto:pendose@bsp.com.pg)

**Marie Sourimant**

Senior Portfolio Analyst

Ph: +675 309 8530

Email: [msourimant@bsp.com.pg](mailto:msourimant@bsp.com.pg)

**Michelle Koredong**

Investment Analyst – Money markets

Ph: +675 309 8507

Email: [mkoredong@bsp.com.pg](mailto:mkoredong@bsp.com.pg)

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