

Treasury Bond (GIS) March 2022 auction cancelled as Treasury Bills rates continue to decline.

- A total of K308.41m was offered for Treasury bill auctions. Offers were only in the 273 and 364 days papers. A total of K278.41m was offered in the 364 days segment.
- The total subscription was K303.41m representing an oversubscription rate of 1.65x.
- The rates closed unchanged in the 273 days as the 364 days paper continue to drop, closing at 5.05%
- Graph 1.0 depicts movement within a 4 week period. The rates finished at 5.05% for the 364 days paper compared to 6.99% in early Jan 2022

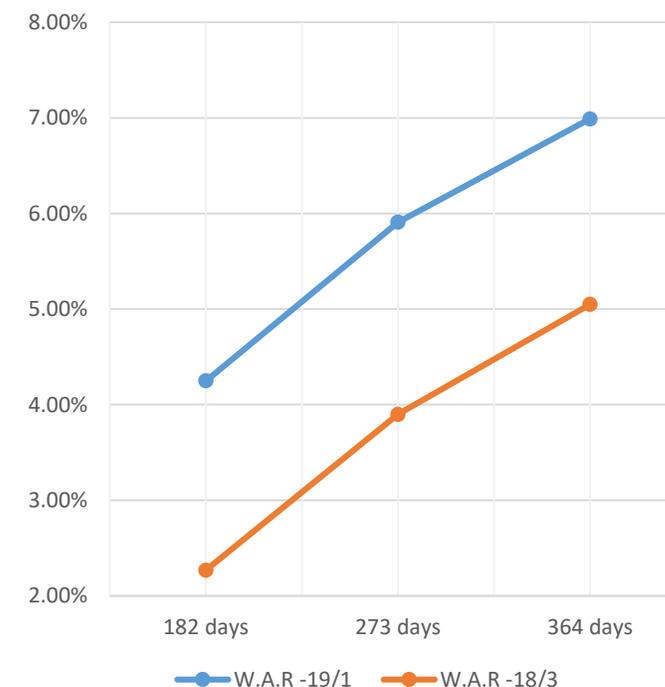
Table 1.0 – Previous auction results

Auction results 1st April 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -01/4	2.27%	3.90%	5.05%	
Amount on offer	0	30	278.41	308.41
Bids received	0	25	484.21	509.21
Successful bids	0	25	278.41	303.41
Oversubscription rate	-	0.83	1.74	1.65

Auction results 23 March 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -23/3	2.27%	3.90%	5.07%	
Amount on offer	30	70	248.8	348.8
Bids received	0.6	25.5	661.07	687.17
Successful bids	0.6	5.5	363.9	370
oversubscription rate	0.02	0.36	2.66	1.97

Auction results 16 March 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -16/3	2.29%	3.90%	5.10%	
Amount on offer	20	50	196.72	266.72
Bids received	6	5	307.93	318.93
Successful bids	6	5	307.93	318.93
oversubscription rate	0.30	0.10	1.57	1.20

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



Money market insight

- Term deposit rates remained relatively stable across the market except for Kina Bank which saw rates increase for the 90, 180 and 365 days terms respectively.
- The Central Bank announced the trading for new TAP investments (BPNG Bills and Bonds) is open effective 2nd March, 2022. Bids will be done via e-mails and e-payment modes only. Eligible Investors can participate in the Tap Investments.
- The Central Bank also announced that the Treasury bond auction on the 25th of March 2022 were declared null and void.
- The Treasury Bond (GIS) issuance will be announced in due course.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022.
- Investors will continue to seek yield as a hedge against inflation, with the latest estimates of inflation at 5.7%

Table 2.0 – Financial institutions rates and short term government paper rates as at 23 March 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		
Commercial banks																	
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%	1.00%	1.25%	1.50%	0.50%	0.75%	0.90%	1.15%	1.25%	0.00%	0.00%	0.10%	0.10%	0.25%		
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%		
ADIs																	
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%	1.75%	3.00%	4.00%	5.10%	1.50%	1.75%	3.00%	4.00%	5.10%	0.00%	0.00%	0.00%	0.00%	0.00%		
Moniplus	1.75%	2.05%	3.05%	4.05%	4.25%	1.75%	2.05%	3.05%	4.05%	4.25%	0.00%	0.00%	0.00%	0.00%	0.00%		
First Investment Finance	1.00%	1.10%	1.25%	2.00%	4.00%	1.00%	1.10%	1.25%	2.00%	4.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Government Securities																	
Treasury bills (W.A.R)			182	273	364			182	273	364			182	273	364		
			2.27%	3.90%	5.05%			2.27%	3.90%	5.07%			0.00%	0.00%	-0.02%		
Central Bank																	
Central Bank bills (W.A.R)	28	63	91	182	28	63	91	182	28	63	91	182	0.00%	0.00%	0.00%	0.00%	0.00%

Table 3.0 – 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

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