

Treasury Bill rates declined further as demand for the shorter papers increased week on week...

- A total of K260.01m worth of T-bills were offered last week. K1.59bn was received in the week’s auction, however only K460.12m was accepted.
- K30m and K20m were each offered for the 182 and 273 day papers.
- Rates declined further week on week for all terms with the 364 days dropping more than 40 basis points to 2.96%.
- Graph 1.0 shows movement over a 12-month period for the 182, 273 & 364 days papers.
- Liquidity remains high and inflation expected to moderate to 5.7% in 2023 with monetary policy tightens.

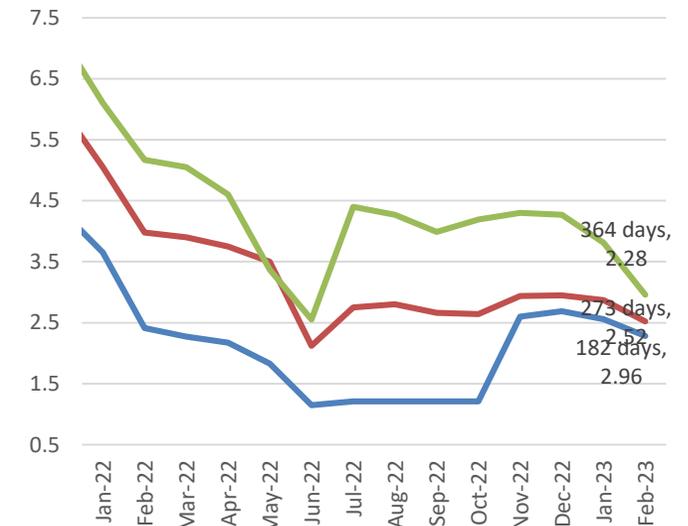
Table 1.0 – Previous auction results

Auction results 1st February 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -01/02	2.28%	2.52%	2.96%	
Amount on offer	30	20	210.01	260.01
Bids received	140.11	95	824.82	1059.93
Successful bids	110.11	40	310.01	460.12
Overall-Subscription rate	4.67	4.75	3.93	4.08

Auction results 25th January 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -25/01	2.44%	2.72%	3.39%	
Amount on offer	40	40	236.88	316.88
Bids received	140	155	607.05	902.05
Successful bids	80	60	250	390
Overall-Subscription rate	3.50	3.88	2.56	2.85

Auction results 18th January 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -18/12	2.56%	2.87%	3.81%	
Amount on offer	30	30	179.31	239.31
Bids received	115	75	665.27	855.27
Successful bids	95	60	231.41	386.41
Overall-Subscription rate	3.83	2.50	3.71	3.57

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 were mostly unchanged from prior week except for Credit Corp which saw a decline across the board.
- The Central Bank Bills closed in the red week on 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.
- New Treasury Bond issuance is yet to be announced.

¹KPMG PNG Budget 2023

Table 2.0 – Financial institutions rates and short term government paper rates as at 3rd February 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	0.35%	0.35%	0.40%	0.85%	1.35%	0.35%	0.35%	0.40%	0.85%	1.35%	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)	1.00%	1.25%	1.75%	2.20%	2.75%	1.20%	1.50%	2.15%	2.60%	3.10%	-0.20%	-0.25%	-0.40%	-0.40%	-0.35%		
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	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	0.80%	1.00%	1.20%	1.30%	2.50%	0.80%	1.00%	1.20%	1.30%	2.50%	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		
			2.28%	2.52%	2.96%			2.44%	2.72%	3.39%			0.00%	0.00%	-0.16%	-0.20%	-0.43%
Central Bank																	
Central Bank bills (W.A.R)	28	63	91	182	28	63	91	182	28	63	91	182	28	63	91	182	
	1.91%	2.40%	2.64%	1.93%	2.43%	2.69%	0.00%	-0.02%	-0.03%	-0.05%	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%
<i>Auction results from 18/11/22</i>							
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%
<i>Auction results from 21/10/22</i>							
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 are **temporarily closed** until further notice.

Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 3rd February 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>

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

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