

## T-Bills 364 days slipped further as Indicative rates remained stable...

- A total of K226.7m was offered in the Treasury bill auction for the week. Offers were in the 182, 273 and 364 days papers. The 364 days paper had K196.7m on offer. Meanwhile, the 182 days paper had nil subscription.
- The total bid subscription was K429.91m representing an oversubscription rate of 1.90x.
- Rates closed lower on all papers.
- The overall auction was oversubscribed by K203.21m.
- Graph 1.0 depicts movement in the 182, 273 and 364 days paper for a 12 month period.
- Rates expected to stabilize as liquidity subsides.

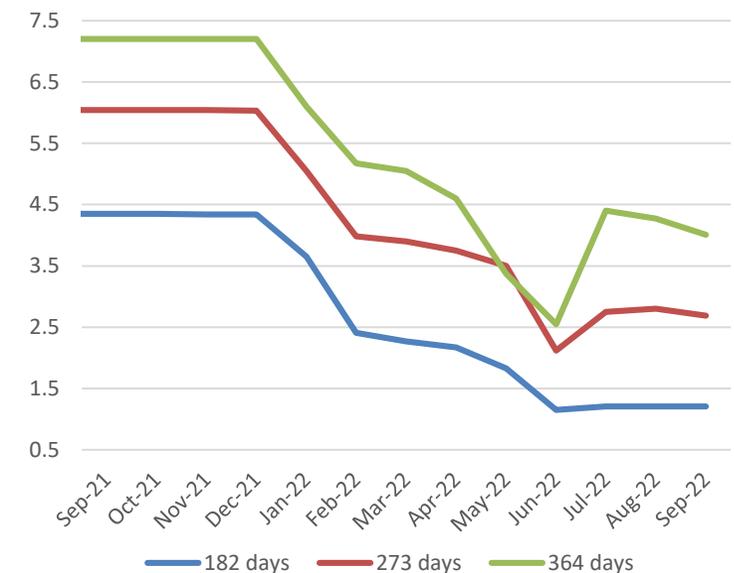
**Table 1.0 – Previous auction results**

| Auction results 07 September 2022 |          |          |          |        |
|-----------------------------------|----------|----------|----------|--------|
| Terms                             | 182 days | 273 days | 364 days | Total  |
| W.A.Y -07/09                      | 1.21%    | 2.69%    | 4.01%    |        |
| Amount on offer                   | 10       | 20       | 196.7    | 226.7  |
| Bids received                     | 0        | 12       | 417.91   | 429.91 |
| Successful bids                   | 0        | 12       | 196.7    | 208.7  |
| Overall-Subscription rate         | -        | 0.60     | 2.12     | 1.90   |

| Auction results 31 August 2022 |          |          |          |        |
|--------------------------------|----------|----------|----------|--------|
| Terms                          | 182 days | 273 days | 364 days | Total  |
| W.A.Y -31/8                    | 1.21%    | 2.80%    | 4.18%    |        |
| Amount on offer                | 0        | 0        | 250      | 250    |
| Bids received                  | 0        | 0        | 557.09   | 557.09 |
| Successful bids                | 0        | 0        | 250      | 250    |
| Overall-Subscription rate      | -        | -        | 2.23     | 2.23   |

| Auction results 24 August 2022 |          |          |          |        |
|--------------------------------|----------|----------|----------|--------|
| Terms                          | 182 days | 273 days | 364 days | Total  |
| W.A.Y -24/8                    | 1.21%    | 2.80%    | 4.27%    |        |
| Amount on offer                | 0        | 10       | 301.61   | 311.61 |
| Bids received                  | 0        | 17.1     | 403.43   | 420.53 |
| Successful bids                | 0        | 10       | 301.61   | 311.61 |
| Overall-Subscription rate      | -        | 1.71     | 1.34     | 1.35   |

**Graph 1.0 – yield curve showing movement in the 182, 273 and 364 days T-bills in the 12 month period.**



# Money market insight

- Term deposit rates closed relatively unchanged. BSP Term Deposit rates improved slightly.
- Treasury Bond (GIS) 4th issuance was conducted on the 23<sup>rd</sup> of August 2022 with an offer of K350m.
- The auction was oversubscribed by K288.50m from the overall subscription of K638.5m. Rates were mixed with the 10 year bond edging higher whilst the 8 and 9 year bonds dropped compared to previous auction results.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022. K1.26bn was raised so far in the last four auctions.
- The next GIS issuance is expected on the 20th of September 2022.

**Table 2.0 – Financial institutions rates and short term government paper rates as at 09 September 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                          | 0.60%                  | 0.60% | 0.65% | 1.10% | 1.60% | 0.10%                   | 0.10% | 0.15% | 0.60% | 1.10% | 0.50%           | 0.50%  | 0.50%  | 0.50%  | 0.50%  |
| 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%                  | 0.10% | 0.15% | 0.25% | 0.50% | 0.10%                   | 0.10% | 0.15% | 0.25% | 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% | 2.50% | 3.00% | 0.50%                   | 1.00% | 2.00% | 2.50% | 3.00% | 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% | 0.70%                   | 1.00% | 1.10% | 0.70% | 2.50% | 0.00%           | 0.00%  | 0.00%  | 0.00%  | 0.00%  |
| <b>Government Securities</b> |                        |       |       |       |       |                         |       |       |       |       |                 |        |        |        |        |
| Treasury bills (W.A.R)       |                        |       | 1.21% | 2.68% | 4.01% |                         |       | 1.21% | 2.82% | 4.18% | 0.00%           | 0.00%  | 0.00%  | -0.14% | -0.17% |
| <b>Central Bank</b>          |                        |       |       |       |       |                         |       |       |       |       |                 |        |        |        |        |
| Central Bank bills (W.A.R)   | 1.57%                  | 2.02% | 2.04% |       |       | 1.57%                   | 2.03% | 2.05% | 0.00% |       | 0.00%           | -0.01% | -0.01% | 0.00%  | 0.00%  |

**Table 3.0 – Long dated government paper rates – last auction results in August 2022**

| Issuer                 | Term & rates (Current) |       |       |       |       |       |       |
|------------------------|------------------------|-------|-------|-------|-------|-------|-------|
| Term (years)           | 2                      | 4     | 5     | 7     | 8     | 9     | 10    |
| Treasury bonds (W.A.R) | 4.84%                  | 5.35% | 5.60% | 6.20% | 6.44% | 6.67% | 6.92% |

*Auction results from 23/08/22*

| Issuer                 | Term & rates (Previous) |       |       |       |       |       |       |
|------------------------|-------------------------|-------|-------|-------|-------|-------|-------|
| 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% |

*Auction results from 22/07/22*

| Change/movement        |        |       |       |       |        |        |       |
|------------------------|--------|-------|-------|-------|--------|--------|-------|
| Term (years)           | 2      | 3     | 5     | 6     | 8      | 9      | 10    |
| Treasury bonds (W.A.R) | -0.16% | 5.35% | 5.60% | 0.00% | -0.01% | -0.03% | 0.12% |

# 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.
- In the tap facilities, the Tbond Tap rates closed mixed. Improvement was shown in the 10 year bond by 12 basis points whilst the rest declined.
- The bonds are available in 2, 4, 8 & 10 year terms.
- Tbill Tap rates shared similar sentiments with improvements in the 63, 91 and 273 days papers whilst the 364 days closed lower.
- The Tbill Tap 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 09 September 2022**

| Issuer         | Term & rates (Current) |       |       |       |
|----------------|------------------------|-------|-------|-------|
| Term (years)   | 2                      | 4     | 8     | 10    |
| BPNG TBOND TAP | 4.34%                  | 4.85% | 5.94% | 6.42% |

*Auction results from 09/09/22*

| Issuer         | Term & rates (Previous) |       |       |       |
|----------------|-------------------------|-------|-------|-------|
| Term (years)   | 2                       | 4     | 8     | 10    |
| BPNG TBOND TAP | 4.50%                   | 4.98% | 5.95% | 6.30% |

*Auction results from 02/09/22*

| Change/movement |        |        |        |       |
|-----------------|--------|--------|--------|-------|
| Term (years)    | 2      | 4      | 8      | 10    |
| BPNG TBOND TAP  | -0.16% | -0.13% | -0.01% | 0.12% |

| Issuer                 | Term & rates (Current) |       |       |       |       |
|------------------------|------------------------|-------|-------|-------|-------|
| Term (Days)            | 63                     | 91    | 182   | 273   | 364   |
| BPNG TREASURY BILL TAP | 2.03%                  | 2.04% | 0.71% | 2.30% | 3.77% |

*Auction results from 09/09/22*

| Issuer                 | Term & rates (Previous) |       |       |       |       |
|------------------------|-------------------------|-------|-------|-------|-------|
| Term (Days)            | 63                      | 91    | 182   | 273   | 364   |
| BPNG TREASURY BILL TAP | 1.88%                   | 1.99% | 0.71% | 2.25% | 3.90% |

*Auction results from 02/09/22*

| Change/movement        |       |       |       |       |        |
|------------------------|-------|-------|-------|-------|--------|
| Term (Days)            | 63    | 91    | 182   | 273   | 364    |
| BPNG TREASURY BILL TAP | 0.15% | 0.05% | 0.00% | 0.05% | -0.13% |

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

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