

Government makes Treasury bonds available with an initial offer of K700m in 2022...

- A total of K348.8m was offered for Treasury bill auctions with K248.8m in the 364 day segment.
- The total subscription was K687.17m representing an oversubscription rate of 1.97x.
- The rates closed lower in the 182 and 364 days papers as the 273 days remained unchanged at 3.90%.
- Graph 1.0 depicts the closing rates of late Jan and late March 2022. The rates finished at 5.07% compared to 6.10% in late Jan 2022

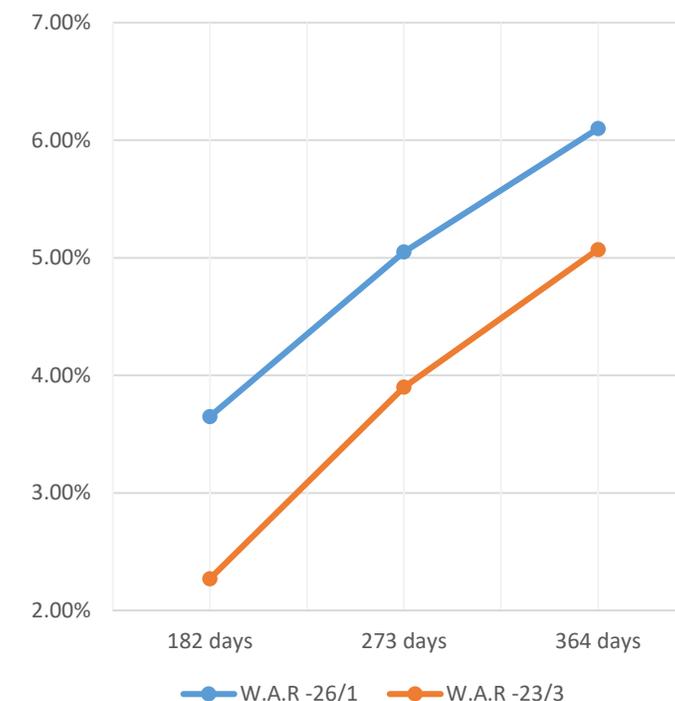
Table 1.0 – Previous auction results

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

Auction results 09 March 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -09/3	2.32%	3.92%	5.13%	
Amount on offer	10	20	180.45	210.45
Bids received	19.2	27.1	392.82	439.12
Successful bids	10	20	180.45	210.45
oversubscription rate	1.92	1.36	2.18	2.09

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



Money market insight

- The Central Bank have 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.
- Term deposit rates remained relatively stable across the market except for Kina which rates dropped across the board. FinCorp’s 60 days paper showed similar results.
- Investors will continue to seek yield as a hedge against inflation, with the latest estimates of inflation at 5.7%
- Cash investments also offer capital protection.

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%	0.90%	1.15%	1.25%	0.75%	1.00%	1.25%	1.50%	1.75%	-0.25%	-0.25%	-0.35%	-0.35%	-0.50%
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%	2.00%	3.00%	4.00%	5.10%	0.00%	-0.25%	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)			2.27%	3.90%	5.07%			2.29%	3.90%	5.10%	0.00%	0.00%	-0.02%	0.00%	-0.03%
Central Bank															
Central Bank bills (W.A.R)	1.08%	1.82%	1.84%			1.07%	1.81%	1.79%			0.01%	0.01%	0.05%	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%

Money market insight

- The Treasury Department has announced the first issuance of Treasury Bonds (GIS) for 2022 on Friday the 25th of March.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022.
- The auction will close tomorrow the 29th of March 2022 at 12 noon, Port Moresby time.
- Eligible Investors can participate in the Treasury Bond.

Table 4.0 – Summary of Treasury Bond (GIS) Bid Invitation for March 2022

Treasury Bond (GIS) Auction #1 for March 2022								
Security Code	2158	2159	2160	2157	2161	2162	2163	2164
Market Offer: K700 mil	100,000,000	150,000,000	100,000,000	100,000,000	100,000,000	50,000,000	50,000,000	50,000,000
Maturity Date	15-May-24	15-Feb-26	15-Feb-27	15-Feb-28	15-Aug-29	15-Aug-30	15-Feb-31	15-May-32
Coupon/Yield	8.50%	9.00%	9.70%	9.80%	9.90%	9.90%	9.90%	9.90%
Years (Term)	2 yrs	4 yrs	5 yrs	6 yrs	7 yrs	8 yrs	9 yrs	10 yrs
Tender Date	29-Mar-22	29-Mar-22	29-Mar-22	29-Mar-22	29-Mar-22	29-Mar-22	29-Mar-22	29-Mar-22
Settlement Date	01-Apr-22	01-Apr-22	01-Apr-22	01-Apr-22	01-Apr-22	01-Apr-22	01-Apr-22	01-Apr-22
Next Coupon Payment Date	15-May-22	15-Aug-22	15-Aug-22	15-Aug-22	15-Aug-22	15-Aug-22	15-Aug-22	15-May-22
Last Coupon Payment Date	15-Nov-21	15-Feb-22	15-Feb-22	15-Feb-22	15-Feb-22	15-Feb-22	15-Feb-22	15-Nov-21

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

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