

364 days T-Bill rates continue to fall as demand for short term papers remains.

- A total of K145.3m was offered for Treasury bill auctions. Offers were only in the 182 and 364 days papers. A total of K126.68m was offered in the 364 days segment.
- The total subscription was K165.3m representing an oversubscription rate of 3.05x more than the issuance amount.
- The rates dropped further in the 182 & 364 days finishing at 2.11% and 4.00% respectively.
- Graph 1.0 depicts movement within a 4 month period. The rates finished at 4.00% for the 364 days paper compared to 6.99% in early Jan 2022

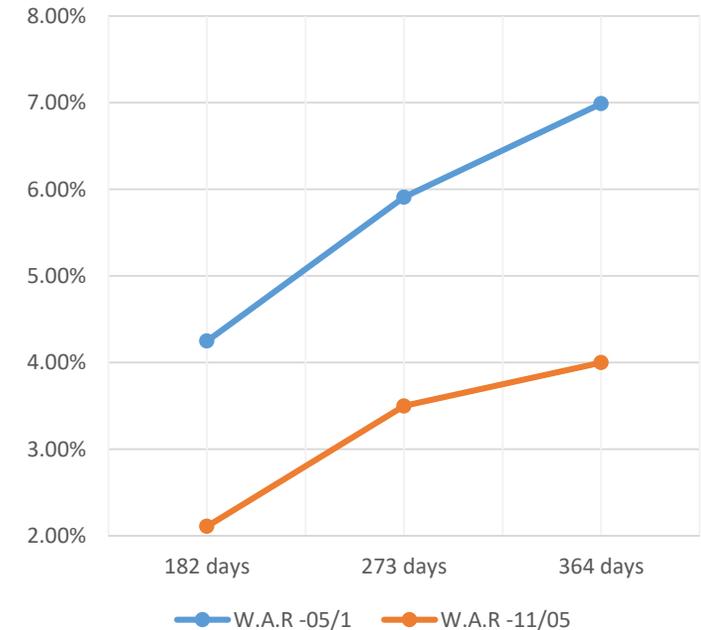
Table 1.0 – Previous auction results

Auction results 11 May 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -11/5	2.11%	3.50%	4.00%	
Amount on offer	20	0	145.3	165.3
Bids received	50	0	454.95	504.95
Successful bids	20	0	145.3	165.3
Oversubscription rate	2.50	-	3.13	3.05

Auction results 04 May 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -04/5	2.17%	3.50%	4.36%	
Amount on offer	0	20	126.68	146.68
Bids received	0	50	359.49	409.49
Successful bids	0	20	126.68	146.68
Oversubscription rate	-	2.50	2.84	2.79

Auction results 27 April 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -27/4	2.17%	3.75%	4.60%	
Amount on offer	0	10	125.3	135.3
Bids received	0	21	452.65	473.65
Successful bids	0	21	248.12	269.12
Oversubscription rate	-	2.10	3.61	3.50

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



Money market insight

- Term deposit rates remained relatively stable across the market except for Moni Plus which waned across the board in last week's close.
- The first Treasury Bond (GIS) issuance was conducted on the 19th April 2022 with an offer of K700m. The auction was oversubscribed by K512m. Rates dropped compared to previous auction in 2021.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022.
- Investors will continue to seek yield as a hedge against inflation. BPNG's quarterly update estimates for inflation rate to be around 5.7%

Table 2.0 – Financial institutions rates and short term government paper rates as at 13th May 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%	0.50%	0.75%	0.90%	1.15%	1.25%	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%
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	1.00%	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%
Moniplus	1.00%	1.50%	2.50%	3.50%	3.60%	1.55%	1.80%	3.05%	3.55%	3.75%	-0.55%	-0.30%	-0.55%	-0.05%	-0.15%
First Investment Finance	0.70%	1.10%	1.25%	1.60%	3.80%	0.70%	1.10%	1.25%	1.60%	3.80%	0.00%	0.00%	0.00%	0.00%	0.00%
Government Securities															
Treasury bills (W.A.R)			2.11%	3.50%	4.00%			2.17%	3.75%	4.60%	0.00%	0.00%	-0.06%	-0.25%	-0.60%
Central Bank															
Central Bank bills (W.A.R)	1.09%	1.71%	1.80%			1.05%	1.80%	1.83%			0.04%	-0.09%	-0.03%	0.00%	0.00%

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

Issuer	Term & rates (Current)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	6.50%	6.71%	7.50%	0.00%	0.00%	7.80%	7.90%
<i>Auction results from 22/04/22</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%	0.00%	9.90%	9.90%	9.90%
<i>Auction results from 28/07/21</i>							
Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	-2.00%	-2.29%	-2.20%	0.00%	-9.90%	-2.10%	-2.00%

Money market insight

- The Central Bank announced the trading for new TAP investments (BPNG Bills and Bonds) effective 2nd March, 2022. Bids will be done via e-mails and e-payment modes only.
- Tbond rates are lower compared to previous rates. The bonds are available in 2, 4, 8 & 10 years terms.
- Tbill rates showed mixed results, offering higher in the 63 days paper, however dropping in the rest of the terms as compared to previous rates.
- Eligible Investors can participate in the Tap Investments.

Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 13 May 2022

Issuer	Term & rates (Current)			
Term (years)	2	4	8	10
BPNG TBOND TAP	6.75%	8.95%	9.40%	9.40%

Auction results from 22/04/22

Issuer	Term & rates (Previous)			
Term (years)	2	4	8	10
BPNG TBOND TAP	7.54%	9.34%	10.72%	11.92%

Auction results from 26/02/21

Change/movement				
Term (years)	2	4	8	10
BPNG TBOND TAP	-0.79%	-0.39%	-1.32%	-2.52%

Issuer	Term & rates (Current)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	1.82%	1.84%	1.77%	3.40%	4.55%

Auction results from 8/04/22

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	1.73%	1.97%	3.32%	4.71%	5.70%

Auction results from 26/02/21

Change/movement					
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	0.09%	-0.13%	-1.55%	-1.31%	-1.15%

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

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