

Treasury Bills (T-Bills) Results

- T-Bills are short term debt strategy of government.
- The 364 days Weighted Average Rate (W.A.R) hit highest level in 11 weeks, closing the market at 3.47%, an indication that the government could be increasing domestic borrowing to cover any potential shortfall in tax revenue generation to finance 2024 budget.
- The 364 days' W.A.R increased by 8 basis points from prior week; Rates for the 182 and 273 day tenors slumped to zero amid collapse in demand – nil bid made for both tenors.
- All short term tenors' W.A.Rs expected to remain relatively high to attract more investments.
- A total of K235m was offered in the T-bill auctions this week and got oversubscribed by K13.4m, all oversubscription amount came from 364 days tenor.
- The 273 days tenor remained unattractive for three consecutive weeks in a row with nil takers in all three auctions.
- BPNG's intervention in the FX market boosted system liquidity.
- The T-Bills will continue to be auctioned weekly as part of government's domestic borrowing to support 2024 total national deficit budget of PGK 3,983.6 million.

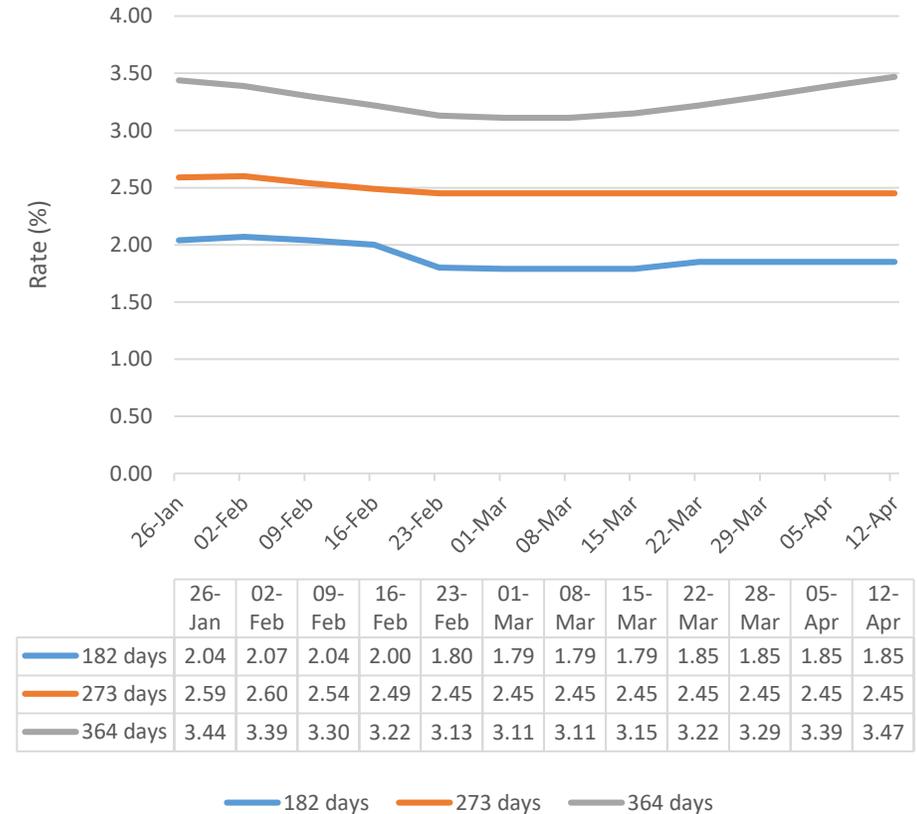
Table 1 – Last Three Auction Results

Auction Results 05 April 2024				
Terms	182 days	273 days	364 days	Total
W.A.Y -05/04/24	1.85	2.45	3.47	
Amount on offer (K'm)	10.00	10.00	215.00	235.00
Bids received (K'm)	0.00	0.00	248.40	248.40
Successful bids (K'm)	0.00	0.00	226.40	226.40
Overall-Subscription rate (%)	-	-	116%	106%

Auction Results 05 April 2024				
Terms	182 days	273 days	364 days	Total
W.A.Y -28/03/24	1.85%	2.45%	3.39%	
Amount on offer (K'm)	10	0	263.90	273.90
Bids received (K'm)	0	0	233.80	233.80
Successful bids(K'm)	0	0	233.80	233.80
Overall-Subscription rate (%)	-	-	89%	85%

Auction Results 28 March 2024				
Terms	182 days	273 days	364 days	Total
W.A.Y -22/03/24	1.85%	2.45%	3.29%	
Amount on offer (K'm)	15	0	295.74	310.74
Bids received (K'm)	2	0	299.73	301.73
Successful bids (K'm)	2	0	299.73	301.73
Overall-Subscription rate (%)	13%	-	101%	97%

Graph 1.0 W.A.R Results for Last 12 Trading



Treasury Bonds (Government Inscribed Stock)

- GIS are long term debt strategy utilized by the government to finance deficit budgets – The tentative issuance of GIS for 2024 is given in Table 2.
- Trading in long term instruments continue to provide an alternative investment option for investors to participate.
- The 2024 GIS result for first auction conducted on February's was undersubscribed by K17.9m. The offered amount was K800m and distributed across 5, 6, 7, 8, 9 and 10 year maturity periods. The W.A.R for the respective periods above were 4.8%, 5.09%, 5.37%, 5.49%, 5.68%, and 5.98%.
- The second 2024 auction conducted in March also resulted in an undersubscription of K144.3m from a total of K800m offered across 2-10 year periods. The W.A.R for 5-10 year periods reduced marginally between 1-5 basis points compared to rates for the same periods in the first auction result above.
- With businesses being impacted by January 10 unrest potentially leading to fall in tax revenue of the government against its budget, the GIS could be seen as an alternative, putting pressure on its rates for successive auctions to go up.
- The next issuance of GIS is scheduled for 23rd of April 2024.

Table 2 – Domestic Issuance Calendar (GIS)

2024 Treasury Bond Tentative Issuance Schedule	
Tentative Issuance Date	Tentative Issuance Amount (K'm)
Tuesday 27 February	800.00
Tuesday 19 March	800.00
Tuesday 23 April	700.00
Tuesday 21 May	600.00
Tuesday 18 June	500.00
Tuesday 23 July	300.00
Tuesday 20 August	200.00
Tuesday 17 September	150.00
Tuesday 22 November	150.00
Tuesday 19 November	100.90
	4,300.90

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 27/02/24										
Issuer		Term & rates (Current)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.31%	4.40%	0.00%	4.70%	5.00%	5.30%	5.40%	5.60%	5.80%
	Weighted Average Rates	4.30%	4.41%	0.00%	4.73%	5.03%	5.32%	5.49%	5.66%	5.87%
Auction results from 27/03/24										
Issuer		Term & rates (Previous)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	0.00%	0.00%	0.00%	4.80%	5.10%	5.40%	5.50%	5.70%	6.00%
	Weighted Average Rates	0.00%	0.00%	0.00%	4.80%	5.09%	5.37%	5.49%	5.68%	5.98%
Change in Results										
		Change/movement								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.31%	4.40%	0.00%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.20%
	Weighted Average Rates	4.30%	4.41%	0.00%	-0.07%	-0.06%	0.05%	0.00%	-0.02%	-0.11%

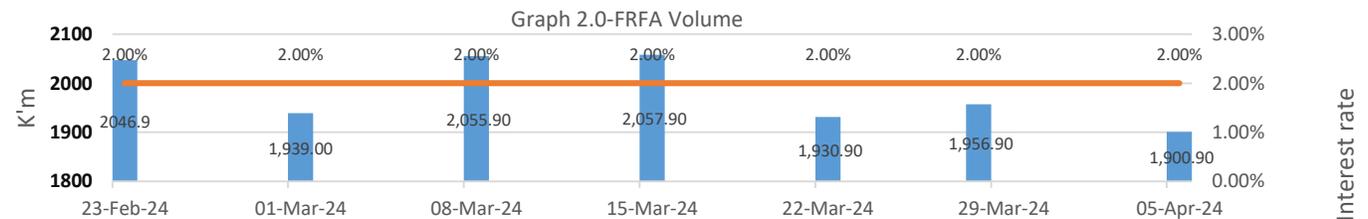
Fix Rate Full Allotment Auction (FRFA) & Financial Institution Term Deposit Rates

- Term deposit rates for all tenors remained relatively unchanged.
- The Central Bank continues to strengthen the monetary policy operational framework by intensifying efforts to mop up excess liquidity and adopt more effective short-term liquidity management instruments. One of the measures introduced by BPNG is the 7-Day Fixed Rate Full Allocation (FRFA) Central Bank Bill.
- The FRFA Auction is exclusive to authorized deposit takers, such as commercial banks, Savings & Loans Societies and Finance Companies. The fixed rate remained constant at 2.00% for the last two weeks with this week's results yet to be announced.
- FRFA CBBs continue to support the transmission of monetary policy, as BPNG remain focused to align its monetary policy instruments to better influence domestic market interest rates' response to changes in the monetary policy rate -the KFR. As a result, the 7-day Central Bank Bill, the short-term liquidity instrument under the Fixed Rate Full Allotment auction continues to be offered at 2.00 percent.
- The FRFA offering on 11 April 2024 allocated K1,900.9bn at a fixed rate of 2.00% with overall result indicating full allotment.

Table 4 – Financial Institutions Term Deposit Rates

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	0.55%	0.55%	0.60%	1.05%	1.55%	0.55%	0.55%	0.60%	1.05%	1.55%	0.00%	0.00%	0.00%	0.00%	0.00%
Kina Bank	0.25%	0.50%	0.65%	0.90%	1.00%	0.25%	0.50%	0.65%	0.90%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Westpac (PNG)	0.50%	0.50%	0.50%	1.00%	1.00%	0.50%	0.50%	0.50%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ADI															
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)	0.85%	1.15%	1.50%	1.95%	2.35%	0.85%	1.15%	1.50%	1.95%	2.35%	0.00%	0.00%	0.00%	0.00%	0.00%
FinCorp	0.90%	1.15%	1.50%	2.00%	2.35%	0.90%	1.15%	1.50%	2.00%	2.35%	0.00%	0.00%	0.00%	0.00%	0.00%
Moniplus	0.75%	1.00%	1.25%	1.75%	2.00%	0.75%	1.00%	1.25%	1.75%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Investment Finance	0.90%	1.10%	1.20%	1.20%	2.10%	0.90%	1.10%	1.20%	1.20%	2.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Government Securities															
Treasury bills (W.A.R)			1.82%	2.73%	3.64%			1.85%	2.45%	3.29%	0.00%	0.00%	0.00%	0.00%	0.07%
Central Bank															
Central Bank bills (W.A.R)	7	14	28	63	91	7	14	28	63	91	0.00%	0.00%	0.00%	0.00%	0.00%

Graph 2 – FRFA Rates & Volume



Fix Rate Full Allotment Auction (FRFA) & Financial Institution Term Deposit Rates

- The T-bill Tap and T-bond Tap papers remain temporarily closed until further notice.

Table 5 - Long dated papers T-Bill Tap and GIS Tap as at June 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				

For more information on your bidding strategy, please contact the team on phone 309 8501 or email bcapenquiries@bsp.com.pg

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