

T-Bill rates continue to move lower with the 364 day paper losing 1.38% in the first 6 weeks of 2022.

- A total of K178.85m was offered during the week with K300m successful bids (refer Table 1.0)
- Bids of more than K760m was received across the auction, that pushed the Weighted Average Rates (W.A.R) lower.
- The longer dated T-bill fell 49bps to end at 5.61%
- The 182 and 273 day papers also slipped further finishing at 3.08% and 4.45% respectively.
- Liquidity levels remain high as evidenced by the high oversubscription rates.

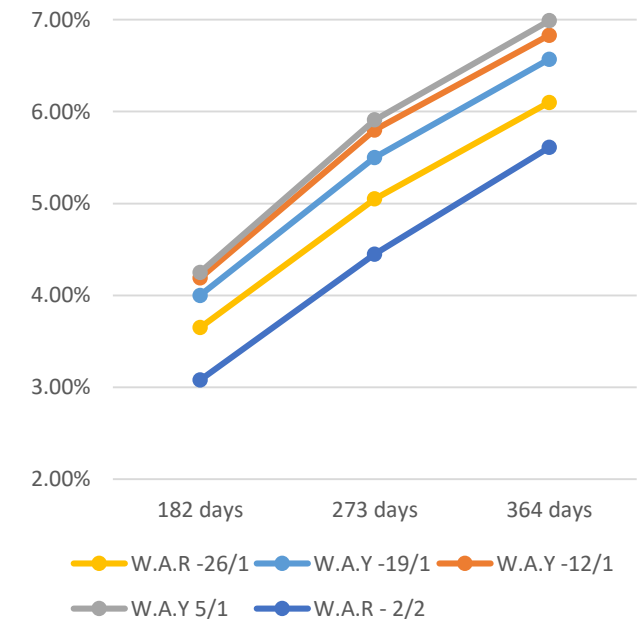
Table 1.0 – Previous auction results

Auction results 2 Feb 2022				
Terms	182 days	273 days	364 days	Total
W.A.R - 2/2	3.08%	4.45%	5.61%	
Amount on offer	30	40	108.85	178.85
Bids received	114	168.17	485.18	767.35
Successful bids	30	40	230.01	300.01
oversubscription rate	2.53x	4.76x	5.33x	4.29

Auction results 26 Jan 2022				
Terms	182 days	273 days	364 days	Total
W.A.R -26/1	3.65%	5.05%	6.10%	
Amount on offer	80	10	121.45	211.45
Bids received	202.5	47.61	647.88	897.99
Successful bids	160	20	293.58	473.58
oversubscription rate	2.53x	4.76x	5.33x	4.25

Auction results 19 Jan 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -19/1	4.00%	5.50%	6.57%	
Amount on offer	50.00	70.00	229.31	349.31
Bids received	123.00	166.38	812.11	1,101.49
Successful bids	50.00	70.00	229.31	349.31
oversubscription rate	2.46	2.38	3.54	3.15

Graph 1.0 – depicts T-bills yield curve



Money market insight

- The rates are expected to move lower in the quarter, and therefore we do not expect commercial banks to raise interest rates soon.
- No movements were noted for commercial bank papers week on week (refer Table 3.0)
- Treasury bonds are yet to be issued for 2022, pending the issuance calendar from Department of Treasury.

Table 3.0 – Financial institutions rates and short term government paper rates as at 03 Feb 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	0.75%	1.00%	1.25%	1.50%	1.75%	0.75%	1.00%	1.25%	1.50%	1.75%	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	1.50%	2.00%	3.00%	4.00%	5.10%	1.50%	2.00%	3.00%	4.00%	5.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Moniplus	1.50%	n.a	3.50%	4.50%	5.50%	1.50%	n.a	3.50%	4.50%	5.50%	0.00%	n.a	0.00%	0.00%	0.00%
First Investment Finance	1.00%	1.10%	1.25%	3.25%	5.25%	1.00%	1.10%	1.25%	3.25%	5.25%	0.00%	0.00%	0.00%	0.00%	0.00%
Government Securities															
Treasury bills (W.A.R)			3.65%	5.05%	6.10%			4.00%	5.50%	6.57%	0.00%	0.00%	-0.35%	-0.45%	-0.47%
Central Bank															
Central Bank bills (W.A.R)	1.19%		1.88%			1.21%					-0.02%	0.00%	1.88%	0.00%	0.00%

Table 4.0 – 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%

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

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