

## Treasury Bills rates continue to fall as demand for short term papers lingers.

- A total of K135.3m was offered for Treasury bill auctions. Offers were only in the 273 and 364 days papers. A total of K125.3m was offered in the 364 days segment.
- The total subscription was K269.12m representing an oversubscription rate of 3.50x more than the issuance amount.
- The rates dropped in the 273 & 364 days finishing at 3.75% and 4.60% respectively.
- Graph 1.0 depicts movement within a 4 month period. The rates finished at 4.60% for the 364 days paper compared to 6.99% in early Jan 2022

**Table 1.0 – Previous auction results**

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

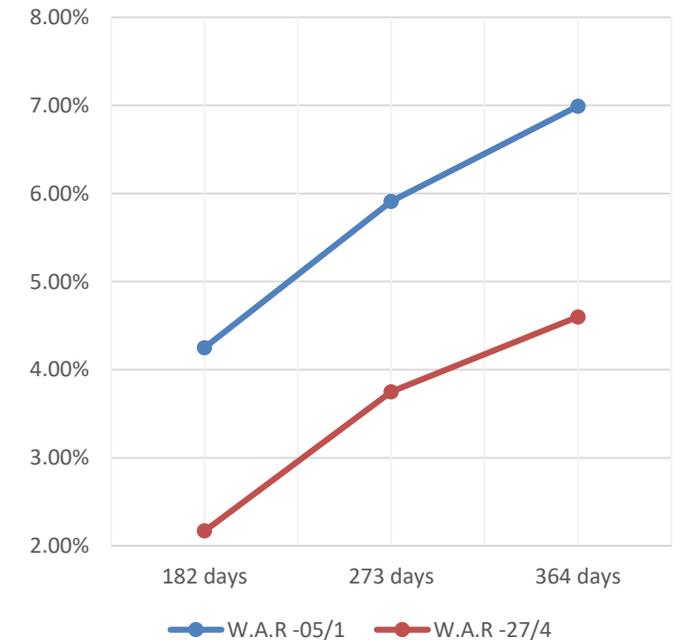
  

Auction results 20 April 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -20/4	2.17%	3.77%	4.78%	
Amount on offer	0	10	88.91	98.91
Bids received	0	16	299.59	315.59
Successful bids	0	10	88.91	98.91
Oversubscription rate	-	1.60	3.37	3.19

Auction results 13 April 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -13/4	2.17%	3.78%	5.05%	
Amount on offer	10	30	278.41	318.41
Bids received	10	25	484.21	519.21
Successful bids	10	25	278.41	313.41
Oversubscription rate	-	0.83	1.74	1.63

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



# Money market insight

- Term deposit rates remained relatively stable across the market except for Moniplus and Fifi which saw rates declined in the 30,60,180 & 365 days offers and in the 30,180 & 365 days respectively.
- The first Treasury Bond (GIS) issuance was conducted on the 19<sup>th</sup> 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, with the latest estimates of inflation at 5.7%

**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		
<b>Commercial banks</b>																	
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%		
<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	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	1.55%	1.80%	3.05%	3.55%	3.75%	1.75%	2.05%	3.05%	4.05%	4.25%	-0.20%	-0.25%	0.00%	-0.50%	-0.50%		
First Investment Finance	0.70%	1.10%	1.25%	1.60%	3.80%	1.00%	1.10%	1.25%	2.00%	4.00%	-0.30%	0.00%	0.00%	-0.40%	-0.20%		
<b>Government Securities</b>																	
Treasury bills (W.A.R)			182	273	364			182	273	364			182	273	364		
			2.17%	3.75%	4.60%			2.17%	3.77%	4.78%			0.00%	0.00%	-0.02%	-0.18%	
<b>Central Bank</b>																	
Central Bank bills (W.A.R)	28	63	91	182	28	63	91	182	28	63	91	182	0.00%	0.00%	0.01%	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 2<sup>nd</sup> 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 08 April 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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