

Treasury Bills rates closed lower. Meanwhile, new Treasury Bonds(GIS) issuance is expected this week.

- A total of K279.92m was offered in the Treasury bill auction this week. Offers were only in the 273 and 364 days papers only. The 364 days paper had K229.92m on offer.
- The total bid subscription was K454.89m representing an oversubscription rate of 1.63x.
- Rates finished mixed with the 273 day paper edging higher while the 364 day paper closed lower at 4.32%.
- The overall auction was oversubscribed by K174.97m.
- Graph 1.0 depicts movement in the 182, 273 and 364 days paper for a 12 month period. Rates expected to improve as liquidity subsides.

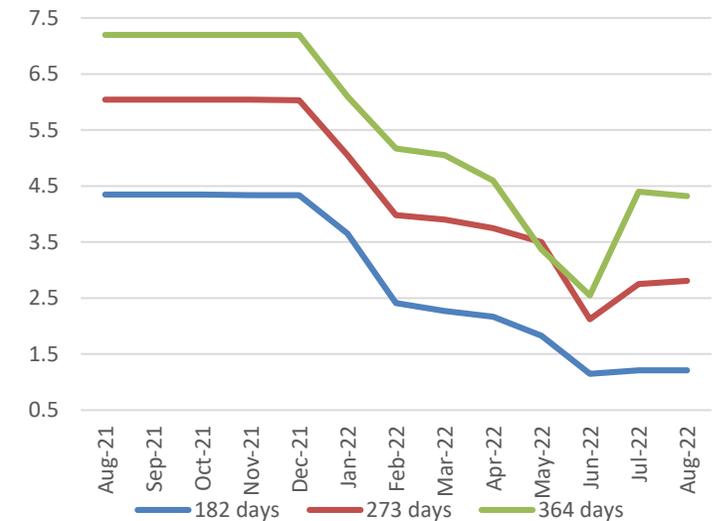
Table 1.0 – Previous auction results

Auction results 17 August 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -17/8	1.21%	2.82%	4.32%	
Amount on offer	0	50	229.92	279.92
Bids received	0	85	369.89	454.89
Successful bids	0	15	229.92	244.92
Overall-Subscription rate	-	1.70	1.61	1.63

Auction results 10 August 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -10/8	1.21%	2.81%	4.39%	
Amount on offer	0	50	191.7	241.7
Bids received	0	50	417.5	467.5
Successful bids	0	50	191.7	241.7
Overall-Subscription rate	-	1.00	2.18	1.93

Auction results 04 August 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -04/8	1.21%	2.75%	4.40%	
Amount on offer	10	10	190.25	210.25
Bids received	10	19	557.6	586.6
Successful bids	10	10	190.25	210.25
Overall-Subscription rate	1.00	1.90	2.93	2.79

Graph 1.0 – yield curve showing movement in T-bills over the last 12 months.



Money market insight

- Term deposit rates closed relatively unchanged except for Kina which waned in the 180 and 365 days papers.
- Treasury Bond (GIS) third issuance was conducted on the 19th of July 2022 with an offer of K500m.
- The auction was undersubscribed by K7.50m. Rates dropped further compared to the previous auction.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022. K903m was raised so far in the last three auctions.
- The next GIS issuance is expected on the 23rd of August 2022.

Table 2.0 – Financial institutions rates and short term government paper rates as at 19 August 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%	1.00%	1.20%	0.50%	0.75%	0.90%	1.15%	1.25%	0.00%	0.00%	0.00%	-0.15%	-0.05%
Westpac (PNG)	0.10%	0.10%	0.15%	0.25%	0.50%	0.10%	0.10%	0.15%	0.25%	0.50%	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	0.50%	1.00%	2.00%	3.00%	3.50%	0.50%	1.00%	2.00%	3.00%	3.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Moniplus	1.00%	1.25%	1.50%	2.00%	2.50%	1.00%	1.25%	1.50%	2.00%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%
First Investment Finance	0.70%	1.00%	1.10%	0.70%	2.50%	0.70%	1.00%	1.10%	0.70%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Government Securities															
Treasury bills (W.A.R)			1.21%	2.82%	4.32%			1.21%	2.81%	4.39%	0.00%	0.00%	0.00%	0.01%	-0.07%
Central Bank															
Central Bank bills (W.A.R)	1.59%	2.03%	2.06%			1.58%	2.03%	2.06%	0.00%		0.01%	0.00%	0.00%	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)	5.00%	0.00%	0.00%	6.20%	6.45%	6.70%	6.80%

Auction results from 22/07/22

Issuer	Term & rates (Previous)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	5.22%	5.74%	6.38%	6.70%	6.82%	6.99%	7.00%

Auction results from 21/06/22

Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	-0.22%	-5.74%	-6.38%	0.00%	0.00%	-0.29%	-0.20%

Money market insight

- The Central Bank announced the trading for new TAP investments (BPNG Bills and Bonds) effective 2nd March, 2022. Bids are done via e-mails and e-payment modes only.
- In the tap facilities, the Tbond Tap rates closed unchanged.
- The bonds are available in 2, 4, 8 & 10 year terms.
- Tbill Tap rates shared similar sentiments.
- The Tbill Tap papers are available in 63, 91,182,273 and 364 days terms.
- Eligible Investors can participate in the Tap Investments.

Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 19 August 2022

Issuer	Term & rates (Current)			
Term (years)	2	4	8	10
BPNG TBOND TAP	4.50%	4.98%	5.95%	6.30%

Auction results from 19/08/22

Issuer	Term & rates (Previous)			
Term (years)	2	4	8	10
BPNG TBOND TAP	4.50%	4.98%	5.95%	6.30%

Auction results from 12/08/22

Change/movement				
Term (years)	2	4	8	10
BPNG TBOND TAP	0.00%	0.00%	0.00%	0.00%

Issuer	Term & rates (Current)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	1.88%	1.99%	0.71%	2.25%	3.90%

Auction results from 19/08/22

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	1.88%	1.99%	0.71%	2.25%	3.90%

Auction results from 12/08/22

Change/movement					
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	0.00%	0.00%	0.00%	0.00%	0.00%

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

bcapenquiries@bsp.com.pg

Gheno Minia

General Manager, BSP Capital

Ph: +675 309 8521

Email: gminia@bsp.com.pg

Willie Konga

Manager, Funds Management

Ph: +675 309 8513

Email: wkonga@bsp.com.pg

Phoebe Endose

Senior Portfolio Analyst

Ph: +675 309 8505

Email: pendose@bsp.com.pg

Marie Sourimant

Senior Portfolio Analyst

Ph: +675 309 8530

Email: msourimant@bsp.com.pg

Michelle Koredong

Investment Analyst – Money markets

Ph: +675 309 8507

Email: mkoredong@bsp.com.pg

Abigail Pepson

Senior Portfolio Analyst

Ph: +675 305 6149

Email: apepson2@bsp.com.pg

Disclaimer

This Research comprises general market information and does not take account of your objectives, financial situation or needs. Before acting on this general advice, you should consider the appropriateness of the advice having regard to your situation. We recommend you obtain financial, legal and taxation advice before making any financial investment decision. This information has been prepared for the use of the clients of the BSP Capital Limited (BSPCL) and must not be copied, either in whole or in part, or distributed to any other person. If you are not the intended recipient, you must not use or disclose this research in any way. If you received it in error, please tell us immediately by return e-mail and delete the document. We do not guarantee the integrity of any e-mails or attached files and are not responsible for any changes made to them by any other person. Nothing in this report shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any transaction. This report is based on information obtained from sources believed to be reliable, but BSPCL does not make any representation or warranty that it is accurate, complete or up to date. We accept no obligation to correct or update the information or opinions in it. Opinions expressed are subject to change without notice. The BSPCL accepts no liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. BSP Capital Limited produces a variety of research products, recommendations contained in one type of research product may differ from recommendations contained in other types of research. BSPCL has established and implemented a conflicts policy at group level, which may be revised and updated from time to time, pursuant to regulatory requirements; which sets out how we must seek to identify and manage all material conflicts of interest. BSP Capital Limited, its officers and employees may have conflicting roles in the financial products referred to in this research and, as such, may effect transactions which are not consistent with the recommendations (if any) in this research. BSP Capital Limited may receive fees, brokerage or commissions for acting in those capacities and the reader should assume that this is the case. BSP Capital Limited employees or officers may provide oral or written opinions to its clients which are contrary to the opinions expressed in this report.