

Rates for the shorter dated papers showed improvements; Indicative rates closed mixed across the banks.

- A total of K395.68m worth of T-bills were offered last week.
- Most were offered under the 364 days term whilst the shorter dated securities accounted for only 14% of total issuance.
- Rates closed unchanged for the 364 days paper week on week whilst the 182 and 273 saw improvements.
- Graph 1.0 shows movement over a 12-month period for the 182, 273 & 364 days papers.
- Liquidity and inflation remained high whilst BPNG maintains a tightening monetary policy stance.

Table 1.0 – Previous auction results

Auction results 23th November 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -23/11	2.60%	2.85%	4.30%	
Amount on offer	20	30	345.68	395.68
Bids received	15.67	20	517.24	552.91
Successful bids	10.67	20	345.68	376.35
Overall-Subscription rate	0.78	0.67	1.50	1.40

Auction results 16th November 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -16/11	2.57%	2.80%	4.30%	
Amount on offer	20	20	298.11	338.11
Bids received	10	5	310.63	325.63
Successful bids	10	5	298.11	313.11
Overall-Subscription rate	0.50	0.25	1.04	0.96

Auction results 9th November 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -9/11	2.00%	2.63%	4.26%	
Amount on offer	10	10	274.1	294.1
Bids received	0	2	279.2	281.2
Successful bids	0	2	224.2	226.2
Overall-Subscription rate	-	0.20	1.02	0.96

Graph 1.0 – yield curve (%) showing movement in the 182, 273 and 364 days T-bills over 12 month period.



Money market insight

- Term deposit rates closed mixed. BSP, BSPF and Westpac rates retreated while financial institutions such as MoniPlus and Fifi showed improvement.
- The final Treasury Bond (GIS) issuance was conducted on the 18th of November 2022 with an offer of K188.94m. The total bid subscription was K309.5m.
- The auction was oversubscribed by K120.5m.
- The results showed drop in the average weighted rates compared to previous auction indicating that demand for longer term bonds still continues.
- The Treasury Minister Hon Ian Ling-Stuckey presented the 2023 National budget of circa K24.6 billion on Tuesday, 29 November 2022.

Table 2.0 – Financial institutions rates and short term government paper rates as at 30th November 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	0.35%	0.35%	0.40%	0.85%	1.35%	0.60%	0.60%	0.65%	1.10%	1.60%	-0.25%	-0.25%	-0.25%	-0.25%	-0.25%		
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)	0.05%	0.05%	0.05%	0.10%	0.25%	0.10%	0.10%	0.15%	0.25%	0.50%	-0.05%	-0.05%	-0.10%	-0.15%	-0.25%		
ADIs																	
BSP Finance (PNG)	0.35%	0.35%	0.40%	0.85%	1.35%	0.60%	0.60%	0.65%	1.10%	1.60%	-0.25%	-0.25%	-0.25%	-0.25%	-0.25%		
Credit Corporation (PNG)	1.20%	1.50%	2.15%	2.60%	3.10%	1.20%	1.50%	2.15%	2.60%	3.10%	0.00%	0.00%	0.00%	0.00%	0.00%		
FinCorp	0.50%	1.00%	1.50%	1.75%	1.85%	0.50%	1.00%	1.50%	1.75%	1.85%	0.00%	0.00%	0.00%	0.00%	0.00%		
Moniplus	1.00%	1.50%	2.50%	3.50%	3.60%	1.00%	1.25%	1.50%	2.00%	2.50%	0.00%	0.25%	1.00%	1.50%	1.10%		
First Investment Finance	0.80%	1.00%	1.20%	1.30%	2.50%	0.70%	1.00%	1.10%	0.70%	2.50%	0.10%	0.00%	0.10%	0.60%	0.00%		
Government Securities																	
Treasury bills (W.A.R)			182	273	364			182	273	364			0.03%	0.05%	0.00%		
			2.60%	2.85%	4.30%			2.57%	2.80%	4.30%	0.00%	0.00%	0.03%	0.05%	0.00%		
Central Bank																	
Central Bank bills (W.A.R)	28	63	91	182	28	63	91	182	28	63	91	182	0.04%	0.02%	-0.01%	0.00%	0.00%
	1.95%	2.44%	2.69%						1.91%	2.42%	2.70%	0.00%	0.04%	0.02%	-0.01%	0.00%	0.00%

Table 3.0 – Long dated government paper rates – last auction results in 18th November 2022

Issuer	Term & rates (Current)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	4.20%	5.16%	5.24%	5.56%	5.44%	5.44%	5.44%

Auction results from 18/11/22

Issuer	Term & rates (Previous)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	4.20%	4.97%	5.44%	5.93%	6.18%	6.35%	6.28%

Auction results from 21/10/22

Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	0.00%	0.19%	-0.20%	-0.37%	-0.74%	-0.91%	-0.84%

Money market insight

- In the Tap facilities market, T-bond Tap rates opened mixed with a slight decline in the 8 & 10 years papers whilst the 4 year gained.
- The bonds are available in 2, 4, 8 & 10 year terms.
- T-bill Tap rates showed improvement across the board.
- The T-bill Tap papers are available in 63, 91,182,273 and 364 days terms.
- Eligible Investors can participate in the Tap Investments¹.

Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 30th November 2022

Issuer	Term & rates (Current)			
Term (years)	2	4	8	10
BPNG TBOND TAP	3.70%	4.66%	4.94%	4.94%

Rates closing 02/12/22

Issuer	Term & rates (Previous)			
Term (years)	2	4	8	10
BPNG TBOND TAP	3.70%	4.47%	5.68%	5.78%

Auction results from 25/11/22

	Change/movement			
Term (years)	2	4	8	10
BPNG TBOND TAP	0.00%	0.19%	-0.74%	-0.84%

Issuer	Term & rates (Current)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	2.42%	2.70%	2.07%	3.80%	3.72%

Rates closing 02/12/22

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	2.34%	2.63%	0.71%	2.14%	3.69%

Auction results from 25/11/22

	Change/movement				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	0.08%	0.07%	1.36%	1.66%	0.03%

¹ <https://www.bankpng.gov.pg/wp-content/uploads/2018/06/BPNG-TAP-FACILITY-TBILL-TBOND.pdf>

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

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