

## Treasury Bills rates continue to fall despite the initial Treasury Bonds issuance.

- A total of K98m was offered for Treasury bill auctions. Offers were only in the 273 and 364 days papers. A total of K88.91m was offered in the 364 days segment.
- The total subscription was K98.91m representing an oversubscription rate of 3.19x.
- The rates dropped across the board with the 364 days closing at 4.78% compared to last week at 5.05%.
- Graph 1.0 depicts movement within a 4 month period. The rates finished at 4.78% for the 364 days paper compared to 6.99% in early Jan 2022

**Table 1.0 – Previous auction results**

Auction results 20 April 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -20/4	2.27%	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

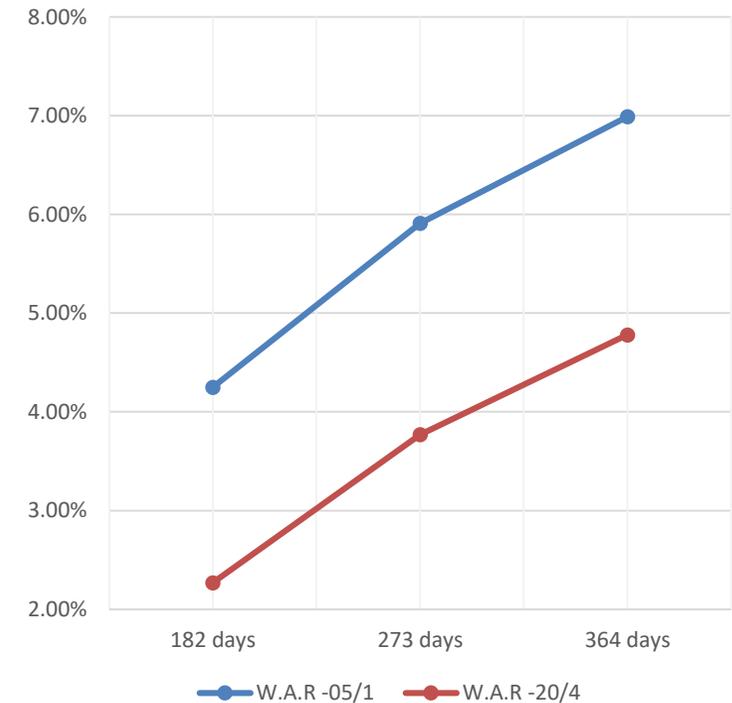
  

Auction results 13 April 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -13/4	2.17%	3.78%	5.05%	
Amount on offer	10	30	278.41	318.41
Bids received	10	25	484.21	519.21
Successful bids	10	25	278.41	313.41
Oversubscription rate	-	0.83	1.74	1.63

Auction results 6 April 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -06/4	2.23%	3.87%	5.00%	
Amount on offer	10	10	299.77	319.77
Bids received	11	15	659.27	685.27
Successful bids	11	15	353.73	379.73
Oversubscription rate	1.10	1.50	2.20	2.14

**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 Kina Bank and Fifi which saw rates declined for the 90, 180 and 365 days terms and in the 30 and 180 days respectively.
- The Central Bank announced the trading for new TAP investments (BPNG Bills and Bonds) is open effective 2<sup>nd</sup> March, 2022. Bids will be done via e-mails and e-payment modes only.
- Eligible Investors can participate in the Tap Investments.
- 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%	1.00%	1.25%	1.50%	0.00%	0.00%	-0.10%	-0.10%	-0.25%
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	1.75%	2.05%	3.05%	4.05%	4.25%	1.75%	2.05%	3.05%	4.05%	4.25%	0.00%	0.00%	0.00%	0.00%	0.00%
First Investment Finance	0.70%	1.10%	1.25%	1.80%	4.00%	1.00%	1.10%	1.25%	2.00%	4.00%	-0.30%	0.00%	0.00%	-0.20%	0.00%
<b>Government Securities</b>															
Treasury bills (W.A.R)			2.17%	3.77%	4.78%			2.17%	3.78%	4.89%	0.00%	0.00%	0.00%	-0.01%	-0.11%
<b>Central Bank</b>															
Central Bank bills (W.A.R)	1.05%	1.80%	1.82%			1.06%	1.80%	1.82%			-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)		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>								
Issuer	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%

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

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