

Treasury Bills (T-Bills) Results

T-Bills rate hold steady at 8.24% for 273-days and 364-days tenors¹.

Key observations;

- Auction results:** The overall auction was oversubscribed, with 11.6% more in total bids received compared to amount on offer. All tenors were oversubscribed in this week's Tbill auction except for the 364 days which remained undersubscribed by K1.900m indicating investor's appetite in shorter-term tenors. All tenors recorded 100% successful bid rates except for the 364 days which allocated 98% in total bids received.
- Yield Trends:** W.A.Rs for the 182 and 273 days recorded upward trends to close at 6.51% and 8.24% respectively whilst the 91 and 364 days tenors remained unchanged compared to previous auction.
- Preference for Tenors:** The 273-day bills attracted the highest demand, with bids totaling K48.200 million against an offer of K20.000 million, suggesting investor preference for shorter-term investments.
- Overall subscription results:** Out of the 20 Tbill auction so far this year, four (4) auction recorded undersubscription.

Comparative Insights;

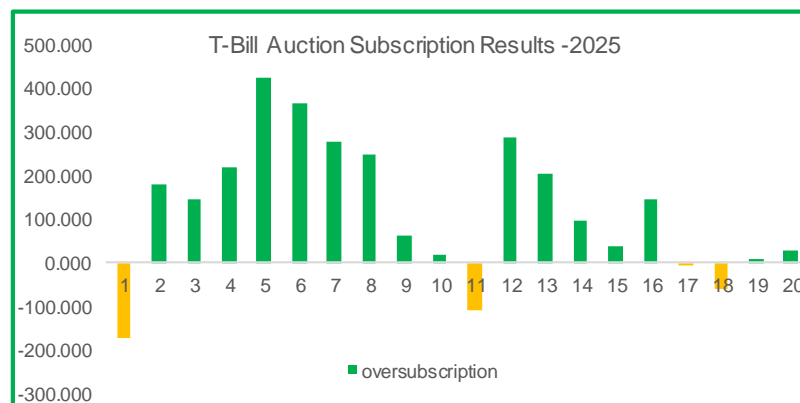
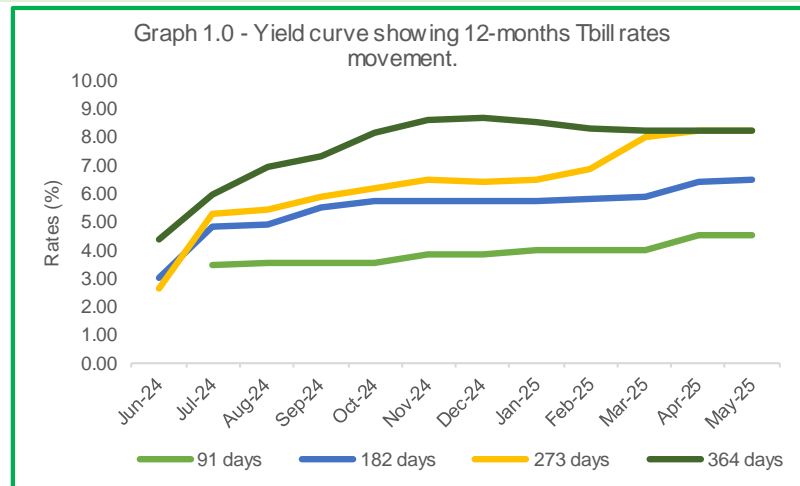
- The 364-day bill at the start of the year had a W.A.R of 8.66%, the W.A.R so far has experienced a downward trend which saw this week's auction now at 8.24%. This could indicate a marginal easing on expected returns to investors or improved confidence in the government's fiscal position.
- The stable rate in the 364 days Tbill in this week's auction could imply there is no immediate pressure to tighten or loosen monetary conditions. It might also signal a period of economic stability with no major shocks in market conditions. This is a balance between demand and supply in the T-bill market.
- Total maturities across all tenors so far for the year stood at K5,776.24 billion with total bids awarded to date at K6,182.66 billion.
- Graph 1.0 shows yield movement over a 12 month period for the 91, 182, 273 and 364 days Treasury Bills.

Table 1 – Last Three Auction Results

Auction Results 16 th May 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	4.55%	6.51%	8.24%	8.24%	
Amount on offer (K'm)	5.000	20.000	20.000	203.760	248.760
Bids received (K'm)	10.200	17.450	48.200	201.860	277.710
Successful bids (K'm)	10.200	17.450	48.200	196.860	272.710
Successful bid rate ²	100%	100%	100%	98%	98%

Auction Results 09 th May 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	4.55%	6.50%	8.23%	8.24%	
Amount on offer (K'm)	5.000	20.000	20.000	170.010	215.010
Bids received (K'm)	-	5.000	10.000	207.200	222.200
Successful bids (K'm)	-	5.000	10.000	122.000	137.000
Successful bid rate ²	-	100%	100%	59%	62%

Auction Results 02 nd May 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	4.55%	6.39%	8.23%	8.23%	
Amount on offer (K'm)	5.000	20.000	20.000	206.410	251.410
Bids received (K'm)	2.000	2.500	31.300	156.930	192.730
Successful bids (K'm)	2.000	2.500	31.300	144.930	180.730
Successful bid rate ²	100%	100%	67%	65%	69%



¹ W.A.R = Weighted Average Rate
² Successful bid rate = Successful bids / Bids received
³ Basis Points; 100 bps = 1%

Treasury Bonds (Government Inscribed Stock - GIS)
‘GIS Auction Surges to K300 million, Up from K10 million Last Week’

Key observations;

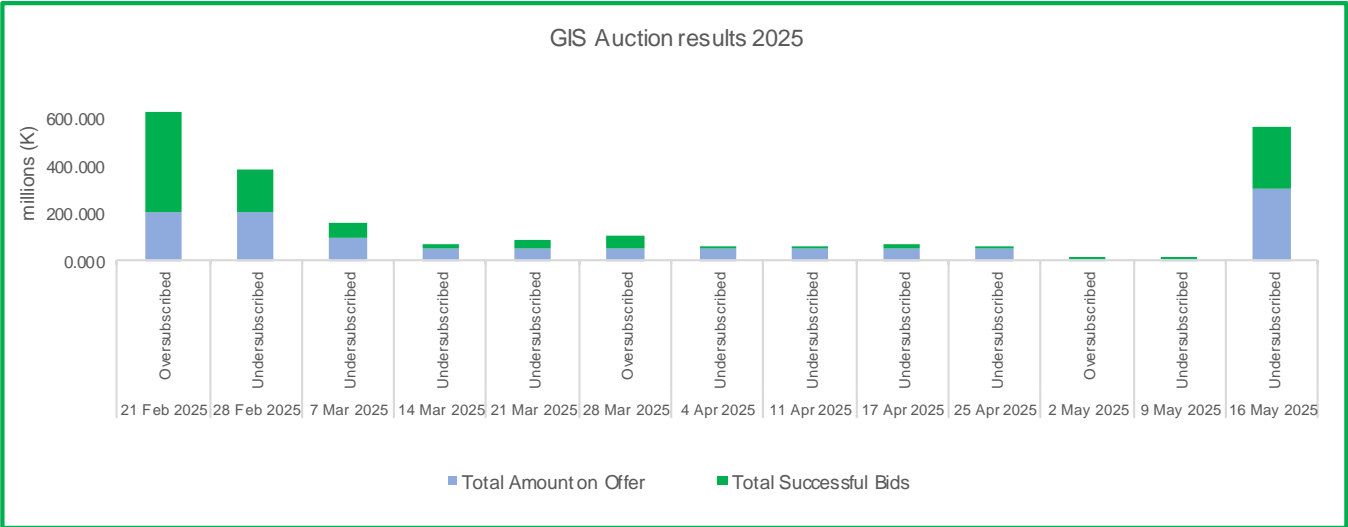
- Auction results: The week's auction was under-subscribed by K264.000 million, indicating a lower-than-expected investor appetite for government bonds during this period.
- Observation: The latest Government Inscribed Stock (GIS) auction saw overwhelming investor interest concentrated in the 10-year tenors, with maturity receiving bids well in excess of the amount on offer. This strong demand reflects a combination of strategic positioning and shifting interest rate expectations across the curve. Meanwhile, the surge in bids for the 10-year tenor could be indicative of long-term macroeconomic stability. Investors appear willing to commit capital to longer durations, possibly reflecting expectations of lower long-term inflation, improved fiscal discipline, or a desire to secure higher yields incase of future declines.
- Yield Trends: The latest GIS auction revealed a divergent trend in investor sentiment, with 2,4 to 7-year W.A.Rs holding steady, while longer-dated (8–10 year) WARs edged higher. This suggests the market increasingly cautious about long-term economic conditions, possibly pricing in greater uncertainty or a higher risk premium for duration. The stable front- and mid-curve rates indicate confidence in the near-term policy outlook, but the upward shift in the long end hints at emerging concerns over inflation trajectory, fiscal dynamics, or potential rate adjustments in the long run.

Comparative Insights;

- The week saw a dramatic increase in GIS supply, with the government offering K300 million, up from just K10 million in the prior auction. This sharp rise likely reflects a renewed push to meet funding requirements or accelerate infrastructure-related disbursements. The move also signals confidence in market liquidity, although such a significant supply surge could test investor demand and exert upward pressure on yields, especially if uptake falls short.
- The Government has raised K1.1 billion since opening of the year, 2025. This has surpassed the expected PGK861million to be raised in domestic borrowing by 16%.
- National Budget for 2025 was tabled last year on November 29th with a total expenditure expected to be at PGK28.4billion. Total Revenue to finance this Budget will be PGK25.4billion, with a forecasted fiscal deficit of PGK2.9billion.
- The Government plans to finance the deficit of PGK2.9billion through net domestic borrowing of PGK861million and net external borrowing of PGK2.1billion.

Table 2 – 2025 GIS Auction Results & Change in Rates

Auction results as at 16 th May 2025										
Issuer		Term & rates (Current)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds	Coupon	8.60%	-	8.90%	9.00%	9.10%	9.20%	9.30%	9.40%	9.50%
(GIS)	Weighted Average Rates	8.60%	-	8.90%	9.00%	9.10%	9.20%	9.32%	9.42%	9.53%
Auction results as at 09 th May 2025										
Issuer		Last week term results								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds	Coupon	-	-	8.90%	-	-	-	-	9.40%	9.50%
(GIS)	Weighted Average Rates	-	-	9.19%	-	-	-	-	9.40%	9.50%
Change in Results										
		Change/movement								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds	Coupon	-	-	0.00%	0.00%	0.00%	0.00%	9.30%	0.00%	0.00%
(GIS)	Weighted Average Rates	-	-	0.00%	0.00%	0.00%	0.00%	0.02	0.02%	0.03%



Fix Rate Full Allotment Auction (FRFA) & Financial Institution Term Deposit Rates

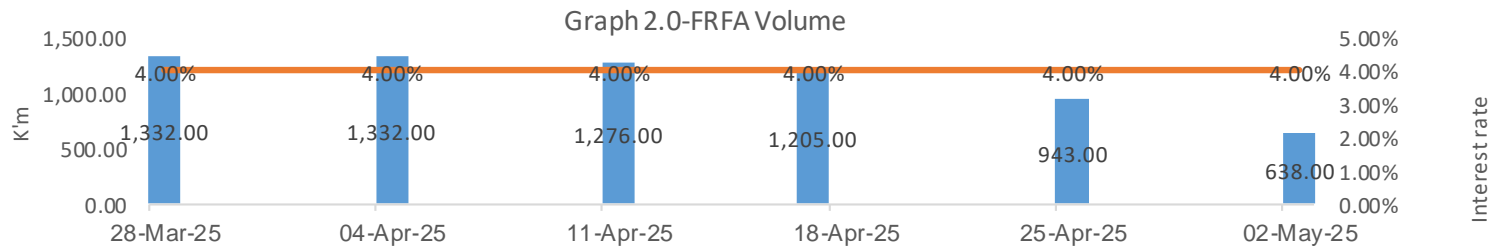
'FRFA W.A.R remain unchanged at 4.00% at full allocation'

- Term deposit rates for all tenors remained unchanged except for FIFL which closed mixed– refer Table 3.
- The Central Bank continues to strengthen the monetary policy operational framework by intensifying efforts to mop up excess liquidity and adopt more effective short-term liquidity management instruments. The introduction of 7-Day FRFA Central Bank Bill (CBB) exclusively to authorized deposit takers (ADI) in commercial banks, savings & loans societies and & finance companies is an example.
- As the start of the month, the Bank of Papua New Guinea remained vigilant in its monetary policy stance, as inflationary pressures continued to persist. In response, the central bank maintained its interest rates, aiming to support overall economic stability while addressing rising consumer prices. This decision was well-received by market participants, offering a level of certainty in a fluctuating environment.
- The 7 day CBB's W.A.R remain unchanged at 4% with full allocation made on K638.00 million total bids received in this week's auction.
- Additionally, the 28 days CBB is now offered monthly every third week. Last month's issuance saw K20.000 million was offered as respective tenor closed the month of April at 4.45%. This month's bill issuance will be on the third week.

Table 3 – Financial Institutions Term Deposit Rates

Issuer	Current Term & Rates					Previous Term & Rates					Change/movement				
	30	60	90	180	365	30	60	90	180	365	30	60	90	180	365
Commercial banks															
BSP	0.55%	0.55%	0.60%	1.05%	1.55%	0.55%	0.55%	0.60%	1.05%	1.55%	0.00%	0.00%	0.00%	0.00%	0.00%
Kina Bank	0.20%	0.45%	0.60%	0.70%	0.90%	0.20%	0.45%	0.60%	0.70%	0.90%	0.00%	0.00%	0.00%	0.00%	0.00%
Westpac	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CreditBank PNG	0.85%	1.15%	1.50%	1.95%	2.35%	0.85%	1.15%	1.50%	1.95%	2.35%	0.00%	0.00%	0.00%	0.00%	0.00%
National Banking Corp.	1.00%	1.25%	1.60%	1.95%	2.40%	1.00%	1.25%	1.60%	1.95%	2.40%	0.00%	0.00%	0.00%	0.00%	0.00%
Tisa Bank	-	-	2.00%	2.50%	3.00%	-	-	2.00%	2.50%	3.00%	-	-	0.00%	0.00%	0.00%
ADI															
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%
FinCorp	0.90%	1.15%	1.50%	2.00%	2.35%	0.90%	1.15%	1.50%	2.00%	2.35%	0.00%	0.00%	0.00%	0.00%	0.00%
Moniplus	0.90%	1.20%	1.50%	2.15%	2.45%	0.90%	1.20%	1.50%	2.15%	2.45%	0.00%	0.00%	0.00%	0.00%	0.00%
First Investment Finance	1.30%	1.40%	1.80%	2.40%	3.30%	1.30%	1.40%	1.80%	2.40%	3.30%	0.00%	0.00%	0.00%	0.00%	0.00%
Government Securities															
Treasury bills (W.A.R)		4.55%	6.50%	8.23%	8.24%		4.55%	6.51%	8.24%	8.24%		0.00%	0.01%	0.01%	0.00%
Central Bank															
Central Bank bills (W.A.R)	4.00%	-	-	-	-	4.00%	-	-	-	-	0.00%	-	0.00%	-	-

Graph 2 – 7 Day FRFA Rates & Volumes



T-Bill Tap and T-Bond Tap are Temporarily Unavailable.

- The T-bill Tap and T-bond Tap papers remain temporarily closed until further notice.

Table 4 - Long dated papers T-Bill Tap and GIS Tap as at June 2023					
Issuer		Term & rates (Current)			
Term (Years)		2	4	8	10
BPNG Treasury Bond Tap		CLOSED UNTIL FURTHER NOTICE			

Issuer		Term & rates (Previous)				
Term (Days)		63	91	182	273	364
BPNG Treasury Bill Tap		CLOSED UNTIL FURTHER NOTICE				

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Money Market insight

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