

Treasury Bills (T-Bills) Results

‘Overall successful bid rate¹ returned to 100% as 364 days bill oversubscribed’

- T-Bills are a short term debt strategy of the government.
- The 364 day’s successful bid rate returned back 100% this week, as all bids received were considered, making a 330bps increase from last week pulling up the overall successful bid rate to 100% as well.
- The 100% overall successful bid rate however comes at a cost of reduced demand on the 182 days tenor. The tenor in this week received only K100k in bids and was awarded in full compared to the bids of K7.000m and K19.800m received last week and the week before respectively.
- The W.A.R² for the 364 day’s tenor continues to reach new yearly high again this week after reporting 8.43% (up 13 bps) in this auction. It’s the 14th time now in a row that the rate has increased.
- Bids for the 273 days tenor kicked in again this week from zero bids received last week as investors demanded K17.500m from K30.000m on offer. All K17.500m got rewarded at a W.A.R of 6.33% (up 14 bps).
- W.A.Rs for all tenors are expected to remain in an ascending trend in the coming auctions given the tight monetary policy stance spearheaded by the Central Bank and the continuous appetite of the government to raise additional capital where necessary in the T-bills market to fund its budget.
- As at the results of this week’s auction, the total successful bids awarded year-to-date is less by K-1,250.620m compared to the total amount offered to date.

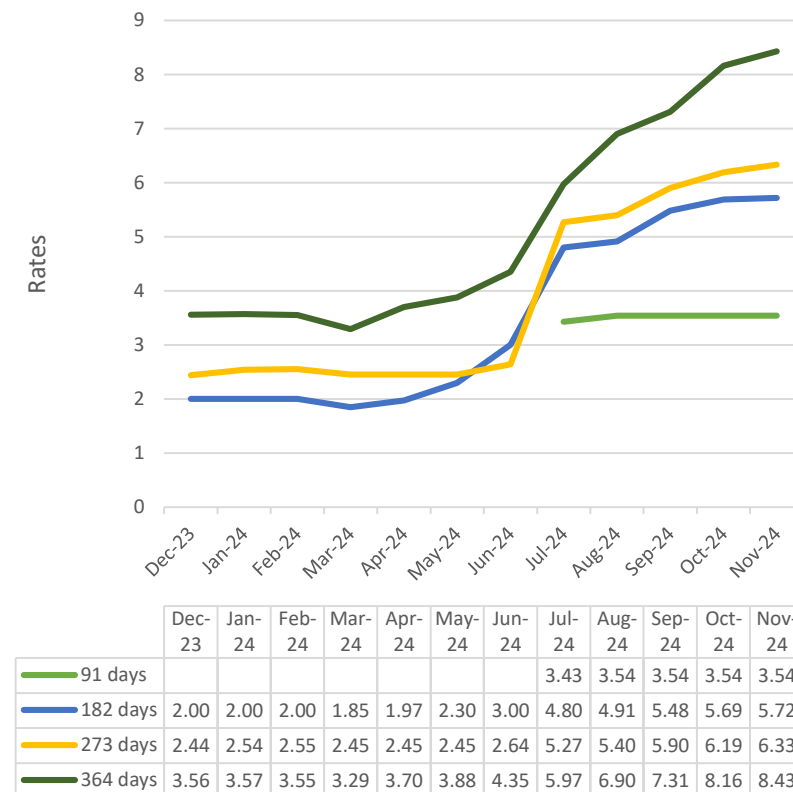
Table 1 – Last Three Auction Results

Auction Results 15 November 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.72%	6.33%	8.43%	
Amount on offer (K'm)	0.000	30.000	30.000	317.310	377.310
Bids received (K'm)	0.000	0.100	17.500	322.100	339.700
Successful bids (K'm)	0.000	0.100	17.500	322.100	278.780
Successful bid rate ²	-	100%	100%	100%	100%

Auction Results 08 November 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.72%	6.19%	8.30%	
Amount on offer (K'm)	0.000	7.000	20.000	326.410	366.410
Bids received (K'm)	0.000	7.000	0.000	325.780	332.780
Successful bids (K'm)	0.000	7.000	0.000	217.780	278.780
Successful bid rate ²	-	100%	-	67%	84%

Auction Results 01 November 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.69%	6.19%	8.16%	
Amount on offer (K'm)	0.000	15.000	15.000	204.900	321.600
Bids received (K'm)	0.000	19.800	4.000	204.900	228.700
Successful bids (K'm)	0.000	19.800	4.000	231.700	228.700
Successful bid rate	-	100%	100%	100%	100%

Graph 1.0 W.A.R Results at Last Auction of Each Month



¹ Successful bid rate = Successful bids / Bids received

² W.A.R = Weighted Average Rate

³ Basis Points; 100 bps = 1%

Treasury Bonds (Government Inscribed Stock - GIS)

'GIS now issued on weekly basis; Sixth weekly GIS conducted this week'.

- Government Inscribed Stocks (GIS) are a long term debt strategy utilized by the government to finance the deficit budget – The tentative GIS issuance date for 2024 is given in Table 2.
- Demand for 8, 9 and 10 year tenors have improved this week from zero last week. This week's auction has reported a total of K36.400m (i.e., 8 years = K9.500m, 9 years = K9.500m and 10 years = K17.400m) bids received compared to nil for last week.
- The 5, 6 and 7 year tenors received growing demand week-on-week by reporting oversubscriptions of K9.000m, K9.500m and K9.500m respectively, bringing the total bids received under each tenor to K19.000m, K19.500m and K29.500m. However, the market once again stamped its authority by rejecting excessive bids awarded only K1.500m, K2.000m and K2.000m respectively across the tenors.
- As a result of the poor successful bid rates for the 5, 6 and 7 year tenors reported above, their W.A.Rs dropped this week by 39 bps to 9.40%, 30 bps to 9.60% and 30 bps to 9.70% respectively when compared to last week's results.
- The overall auction is therefore undersubscribed by K43.100m and as at this week's auction the successful bids awarded to date is less by K2,499.270m compared to total bids offered to date.

Table 2 – Domestic Issuance Calendar (GIS)

2024 Treasury Bond Tentative Issuance Schedule	
Tentative Issuance Date	Tentative Issuance Amount (K'm)
Tuesday 27 February	800.000
Tuesday 19 March	800.000
Tuesday 23 April	700.000
Tuesday 21 May	600.000
Tuesday 18 June	500.000
Tuesday 23 July	400.000
Tuesday 13 August	400.000
Tuesday 24 September	800.000
Tuesday 08 October	180.000
Tuesday 15 October	100.00
Tuesday 22 October	100.00
Tuesday 29 October	100.00
Tuesday 05 November	100.00
Tuesday 12 November	150.00
Tuesday 22 November	150.000
Tuesday 19 November	100.900
	5,880.900

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 12 November 2024										
Issuer	Term & rates (Current)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon									
	-	-	-	9.40%	9.50%	9.60%	9.70%	9.80%	9.90%	
	Weighted Average Rates									
	-	-	-	9.40%	9.60%	9.70%	9.88%	9.91%	9.95%	

Auction results from 05 November 2024										
Issuer	Term & rates (Current)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon									
	-	-	-	9.40%	9.50%	9.60%	-	-	-	
	Weighted Average Rates									
	-	-	-	9.79%	9.90%	10.00%	-	-	-	

Change in Results										
Change/movement										
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon									
	-	-	-	0.00%	0.00%	0.00%	-	-	-	
	Weighted Average Rates									
	-	-	-	-0.39%	-0.30%	-0.30%	-	-	-	

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

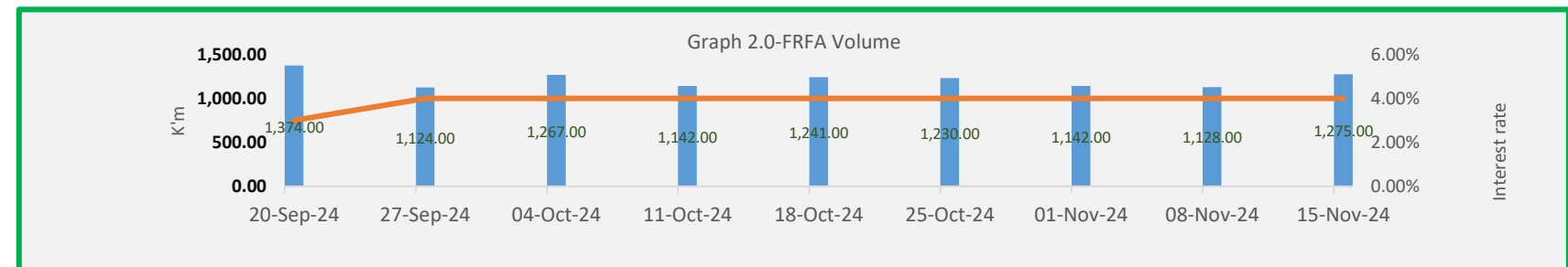
'7-Day FRFA CBB W.A.R remain unchanged at 4%'

- Term deposit rates for all tenors remained unchanged for all issuers except for Westpac– refer Table 4.
- 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.
- The W.A.R remain unchanged at 4% with full allocation made on K1,275.000m total bids received in this auction.
- With K1,128.000m total CBB maturing this week, there is a net gain of K147.000m (or K1,275.000m - K1,128.000m) by the Central Bank to mop up access liquidity in the market.
- CBB's rate for the remaining auctions for this month is subject to the announcement of the Kina Facility Rate by the Central Bank. It is likely to remain at 4.00% to close off the month.

Table 4 – 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	1.00%	1.20%	1.60%	2.50%	3.00%	1.00%	1.20%	1.60%	2.20%	2.50%	0.00%	0.00%	0.00%	0.30%	0.50%
Government Securities															
Treasury bills (W.A.R)		91	182	273	364		91	182	273	364		-	0.00%	0.14%	0.13%
		-	5.72%	6.33%	8.43%		-	5.72%	6.19%	8.30%					
Central Bank															
Central Bank bills (W.A.R)	7	14	28	63	91	7	14	28	63	91	0.00%	-	-	-	-
	4.00%	-	-	-	-	4.00%	-	-	-	-					

Graph 2 – FRFA Rates & Volume



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

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

Table 5 - 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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