

Treasury Bills (T-Bills) Results

'182 days excluded from this week's auction; Overall subscription rate at 90%'

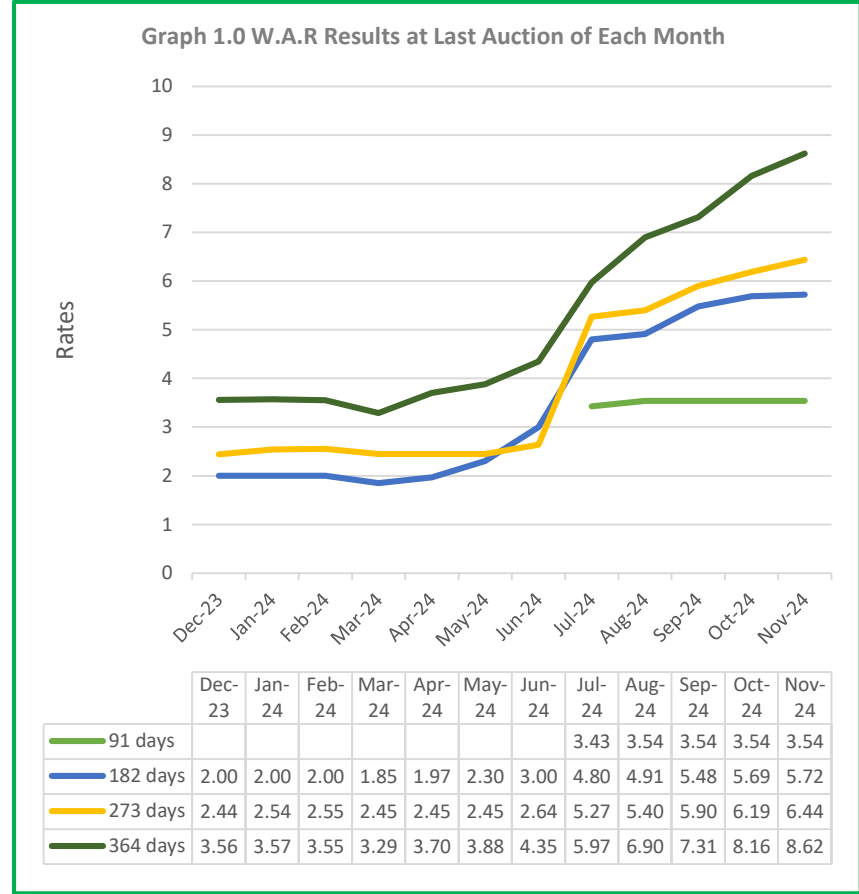
- T-Bills are a short term debt strategy of the government.
- The 182 days tenor has been excluded in this week's Tbill auction following weak demand in the last fortnight. A total of just K100,000 was demanded from K40.000m on offer under tenor in the 2 last auctions.
- BPNG continues to stamp its authority by rejecting any excessive bids that could distort its indicative yields (or W.A.R¹). As seen in the 273 days, the tenor awarded only K1.500m (or 38%) out from the K4.000m bids received.
- The 364 days' W.A.R jumped 5 bps² this week to 8.62%. The tenor had maintained its steady demand above K200.000m over the last three auctions including that of this week, following continuous weekly increase in its W.A.R.
- The 273 days W.A.R remain unchanged this week at 6.44% however rates across the board are anticipated to soar higher in the coming auctions given Central Bank's tightening monetary policy stance and the continuous need for the government to raise additional capital in the market to fund its budget.
- As at this week's auction, the total successful bids awarded year-to-date is less by K1,404.860m compared to the total amount offered to date by market.

Table 1 – Last Three Auction Results

Auction Results 29 November 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.72%	6.44%	8.62%	
Amount on offer (K'm)	0.000	0.000	20.000	264.360	274.360
Bids received (K'm)	0.000	0.000	4.000	239.850	243.850
Successful bids (K'm)	0.000	0.000	1.500	216.850	218.350
Successful bid rate ³	-	-	38%	90%	90%

Auction Results 22 November 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.72%	6.44%	8.57%	
Amount on offer (K'm)	0.000	10.000	30.000	320.880	360.880
Bids received (K'm)	0.000	0.000	26.500	290.150	316.650
Successful bids (K'm)	0.000	0.000	26.500	254.150	280.650
Successful bid rate	-	-	100%	88%	89%

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	278.700
Successful bid rate	-	100%	100%	100%	100%



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

Treasury Bonds (Government Inscribed Stock - GIS)

‘Consecutive oversubscription of GIS; Eight 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.
- This week’s GIS auction recorded an oversubscription by K71.600m compared to K24.110m of last week, indicating investors appetite on particular security as total of K171.600m bids received this week.
- The market awarded only K115.600m (or 67%) of K171.600m total bids received, potentially stamping its authority to reject higher bids that could distort the market rates.
- Mixed W.A.R results were realized for tenors on offer this week. The 8 and 9 year bonds’ W.A.Rs increased 1 bp and 2 bps to 9.89% and 9.97% while 5 and 6 year bonds W.A.Rs remain unchanged at 9.40% and 9.60% respectively. The 7 and 10 year bonds dropped 1 bp and 7 bps to 9.69% and 9.94% accordingly.
- Invitations for next week’s GIS auction have been released by the Central Bank with a total offering K100.000m.
- As at this week’s auction the successful bids awarded to date is less by K2,561.560m 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 ⁴	400.000
Tuesday 24 September	800.000
Tuesday 08 October	180.000
Tuesday 15 October	100.000
Tuesday 22 October	100.000
Tuesday 29 October	100.000
Tuesday 05 November	100.000
Tuesday 12 November	150.000
Tuesday 19 November	100.000
Tuesday 26 November	100.000
Tuesday 03 December	100.000
	5,930.900

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 26 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%	9.69%	9.89%	9.97%	9.94%

Auction results from 19 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%	9.95%	10.01%

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%	0.00%	0.00%	0.00%
	Weighted Average Rates	-	-	-	0.00%	0.00%	-0.01%	0.01%	0.02%	-0.07%

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

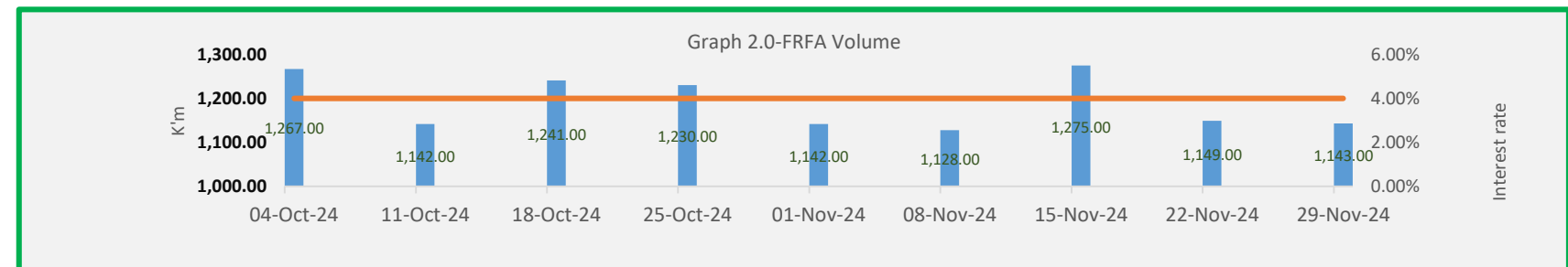
'7 and 28 days FRFA auctions conducted this week'

- Term deposit rates for all tenors remained unchanged for all issuers – 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 7 days W.A.R remain unchanged at 4% with full allocation made on K1,143.000m total bids received in this auction.
- With K1,149.000m total CBB maturing this week, there is a net loss of K600m (or K1,143.000m - K1,149.000m) by the Central Bank to mop up access liquidity in the market.
- The 28 days CBB has been auctioned again this week following its last auction a month ago. Full allocation was also made on the K10.000m bids received.
- CBB's rate for next month's auction is subjected to the announcement of the Kina Facility Rate by the Central Bank. The rate 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%	2.50%	3.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Government Securities															
Treasury bills (W.A.R)															
		91	182	273	364		91	182	273	364		91	182	273	364
		-	-	6.44%	8.62%		-	5.72%	6.44%	8.57%		-	0.00%	0.00%	0.05%
Central Bank															
Central Bank bills (W.A.R)	4.00%	-	4.13%	-	-	4.00%	-	4.07%	-	-	0.00%	-	0.06%	-	-

Graph 2 – 7 Day FRFA Rates & Volumes



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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