

Treasury Bills (T-Bills) Results

'W.A.R for 364 days T-Bill closed lower again as the overall auction was oversubscribed by K247.490m'

- T-Bills are a short term debt strategy of the government.
- All W.A.Rs across all tenors experienced mixed results. The 182 and 273 days tenors increased by 16bps and 15bps respectively whilst the 364 days tenor dedined by 6bps as the 91 days tenor remained unchanged at 4.00% compared to previous auction. The fall in the 364 days tenor W.A.R continues to its eight week in a row recording an aggregated total of 39 basis point fall since the start of the year 2025.
- Despite the undersubscriptions recorded under the 91 days,182 days and 273 days tenors, the 364 days recorded an oversubscription of K286.090m which saw the respective tenor taking 67% of total bids received.
- The overall auction was oversubscribed by K247.490m with 92% of the oversubscriptions recorded under the 364 days tenor. The 91,182,273 days tenors recorded 100% successful bid rates although respective tenors were undersubscribed indicating a shift of investor's appetite to long-term investments under GIS as issuance for the security commenced last week.
- Rates across all tenors are anticipated to experienced minimal movements in the coming auctions subject to market forces as evidenced in the last past seven auctions.
- Total maturities across all tenors so far for the year stood at K2,840.330bn with total bids awarded to date at K3,313.330bn. A net gain of K293m by the central bank to mop up excess liquidity in the market.
- As the eight auction for the year conduced this week, the T-Bills total amount offered stands at K2,841.030bn while total successful bids awarded is K3,313.330 bn, a difference of K472.30m.
- Graph 1.0 shows yield movement over a 12month period for the 91, 182,273 and 364 days Treasury Bills.

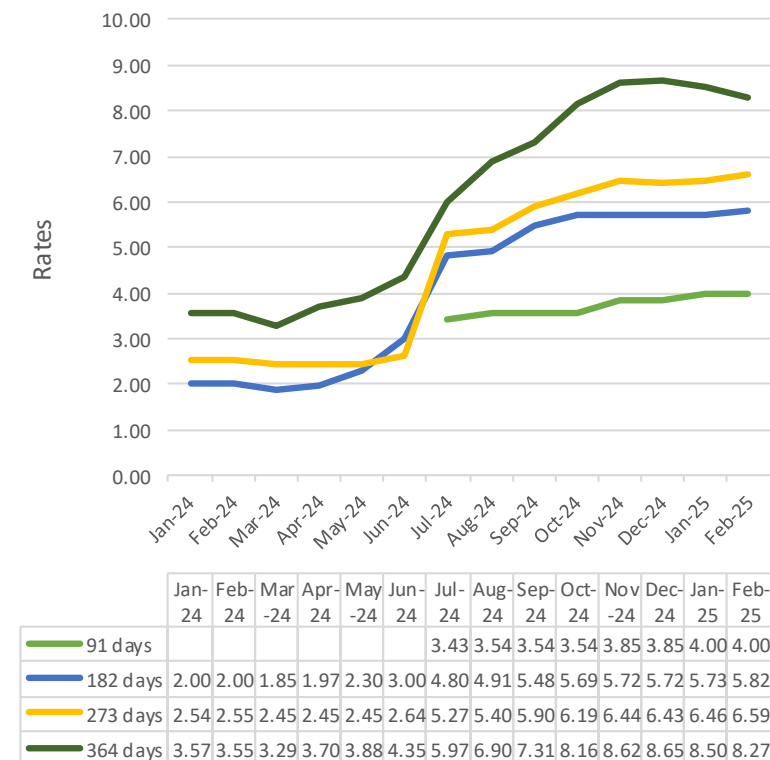
Table 1 – Last Three Auction Results

Auction Results 21 February 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	4.00%	5.82%	6.59%	8.27%	
Amount on offer (K'm)	20.000	30.000	40.000	316.640	406.640
Bids received (K'm)	6.000	10.400	35.000	602.730	654.130
Successful bids (K'm)	6.000	10.400	35.000	406.590	457.990
Successful bid rate ²	100%	100%	100%	67%	70%

Auction Results 14 February 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	4.00%	5.66%	6.44%	8.33%	
Amount on offer (K'm)	20.000	40.000	50.000	275.040	385.040
Bids received (K'm)	12.000	4.000	32.000	612.300	660.300
Successful bids (K'm)	12.000	4.000	32.000	550.800	598.800
Successful bid rate ²	100%	100%	100%	90%	91%

Auction Results 07 February 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	4.00%	5.73%	6.46%	8.42%	
Amount on offer (K'm)	30.000	60.000	70.000	202.170	362.170
Bids received (K'm)	30.000	82.000	110.000	503.240	752.240
Successful bids (K'm)	30.000	80.000	100.000	221.220	431.220
Successful bid rate ²	100%	98%	91%	44%	57%

Graph 1.0. Yield curve showing 12-months Tbill rates movement.



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 oversubscribed by K224.500m'

Government Inscribed Stocks (GIS) are a long term debt strategy utilized by the government to finance the deficit budget.

- First GIS issuance of the year recorded an oversubscription of K224.500m.
- This week GIS auction saw tenors 2,4,5,7,8,9 and 10 years recorded 100% successful bid rates whilst the 6 year tenor only awarded 97% in total bids received.
- All coupon rates across all tenors declined by 10bps compared to last GIS auction results.
- All W.A.Rs across all tenors also experienced downside performance compared to previous GIS auction results.
- GIS invitations for the second issuance of the year have been disseminated through our distribution channel with auction set for the 25th February 2025.
- 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 3 – 2024 GIS Auction Results & Change in Rates

Auction results as at 21 February 2025										
Issuer	Term & rates (Current)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)										
Coupon	8.70%	-	9.10%	9.20%	9.30%	9.40%	9.50%	9.60%	9.70%	
Weighted Average Rates	8.68%	-	9.08%	9.19%	9.29%	9.39%	9.48%	9.57%	9.68%	

Auction results from 20 December 2024										
Issuer	Term & rates (Current)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)										
Coupon	-	-	-	9.30%	9.40%	9.50%	9.60%	9.70%	9.80%	
Weighted Average Rates	-	-	-	9.24%	9.34%	9.44%	9.54%	9.64%	9.74%	

Change in Results										
	Change/movement									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)										
Coupon	-	-	-	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	
Weighted Average Rates	-	-	-	-	-0.01%	-0.01%	-0.02%	-0.03%	-0.02%	

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

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

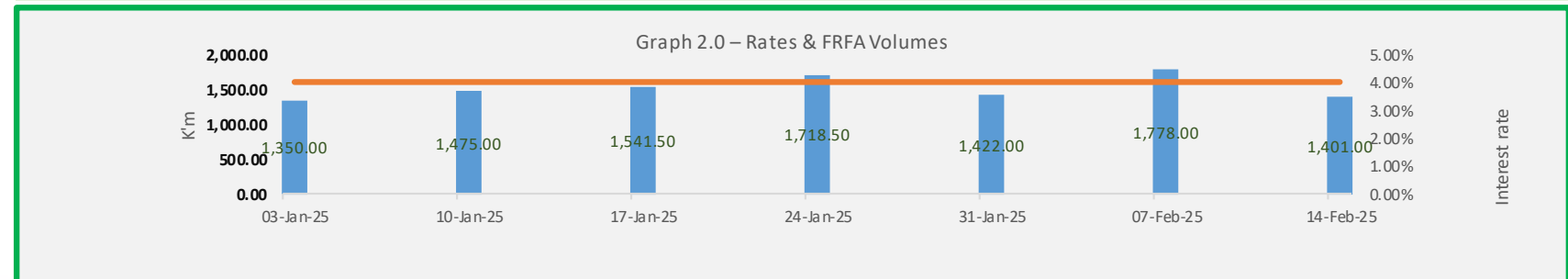
- Term deposit rates for all tenors remained unchanged for all issuers – refer Table 4.
- The Central Bank continues to strengthen the monetary policy operational framework by intensifying efforts to mop up excess liquidity and adopt more effective short-term liquidity management instruments. The introduction 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 day CBB's W.A.R remain unchanged at 4% with full allocation made on K1,401.00bn total bids received in this auction.
- With K1,778.00bn total CBB maturing this week, there is a difference of K377.00m (or K1,778.000bn - K1,401.000bn) indicating less was accepted compared to total maturities for this week.
- For four consecutive weeks, the 7-day FRFA rate still remained stable at 4.00%.

Note: CBB results for this week not available and will be captured in next week's distribution once they are made available.

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)		4.00%	5.82%	6.59%	8.27%		4.00%	5.66%	6.44%	8.33%		0.00%	0.16%	0.15%	0.06%
Central Bank															
Central Bank bills (W.A.R)	4.00%	-	4.25%	-	-	4.00%	-	4.25%	-	-	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 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				

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

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