

## Treasury Bills (T-Bills) Results

**'100% successful bid rate<sup>1</sup>; New yearly high W.A.Rs<sup>2</sup>'**

- T-Bills are short term debt strategy of the government.

- The month of September started well for investors as the overall *successful bid rate* for T-bills reached 100% in this week's auction, up 220 bps<sup>3</sup> from the prior week.

- All three tenors, 182, 273 and 364 days, also broke their weekly best records reported 7 days ago by clocking new yearly high W.A.Rs at 4.99% (up 8 bps), 5.50% (up 10 bps) and 7.02% (up 12 bps) respectively.

- Trading in the last 9 auctions resulted in at least one over-subscription in the traded bills indicating an investment appetite on the product (T-bills). The average overall successful bid rate realized for those 9 auctions was 85%. However, the current 100% successful bid rate reported in light of two over-subscriptions (182 days by K1.000m and 364 days by K90.710m) indicates investors' bid pricing proficiency that landed them all in the Central Bank's acceptable bid range.

- Although rates are expected to rise in the coming auctions, exhorting pressure on the acceptable bid range, the Central Bank will however not tolerate any excess bids that are probable in distorting the market as seen in the previous auction results.

- The total successful bids awarded to date is less by K626.010m compared to the total amount offered to date.

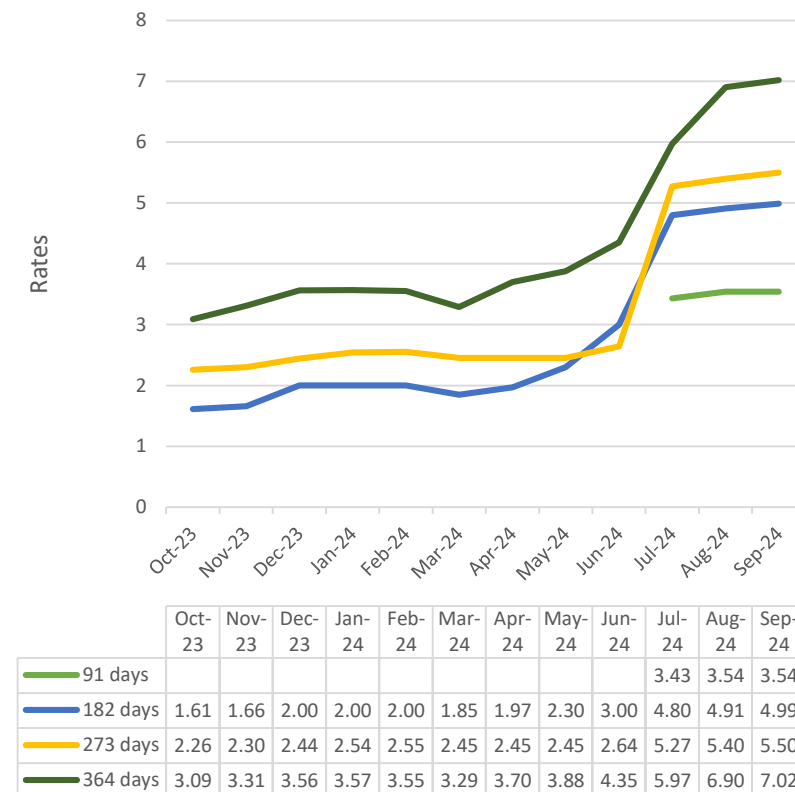
**Table 1 – Last Three Auction Results**

Auction Results 06 September 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R <sup>1</sup>	3.54%	4.99%	5.50%	7.02%	
Amount on offer (K'm)	0.000	30.000	10.000	234.700	274.700
Bids received (K'm)	0.000	31.300	2.000	325.410	358.710
Successful bids (K'm)	0.000	31.300	2.000	325.410	358.710
Successful bid rate	-	100%	100%	100%	100%

Auction Results 30 August 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R <sup>1</sup>	3.54%	4.91%	5.40%	6.90%	
Amount on offer (K'm)	0.000	50.000	10.000	196.000	256.000
Bids received (K'm)	0.000	75.000	23.000	346.090	444.090
Successful bids (K'm)	0.000	68.000	20.000	260.090	348.090
Successful bid rate	-	91%	87%	75%	78%

Auction Results 23 August 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R <sup>1</sup>	3.54%	4.82%	5.35%	6.73%	
Amount on offer (K'm)	0.000	80.000	20.000	275.100	375.100
Bids received (K'm)	0.000	84.000	10.000	206.900	300.900
Successful bids (K'm)	0.000	84.000	10.000	205.900	299.900
Successful bid rate	-	100%	100%	99%	99%

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



<sup>1</sup> Successful bid rate = Successful bids / Bids received

<sup>2</sup> W.A.R = Weighted Average Rate

<sup>3</sup> Basis Points; 100 bps = 1%

## Treasury Bonds (Government Inscribed Stock - GIS)

*'August GIS cancelled and September's tentatively scheduled for the 17<sup>th</sup>'.*

- 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.
- GIS auction scheduled for this month (Tuesday 17<sup>th</sup>) is tipped to go ahead as planned despite the cancellation of last month's auction by Treasury Department.
- The amount on offer in the coming auctions may likely go up given last month's cancellation of GIS auction.
- The tightening monetary policy stance that led to rising W.A.Rs in the T-bills market compounded with the predominant undersubscription of bonds in the year are expected to drive bond rates higher in coming auctions.
- Total successful bids awarded to date is less by K1.387b compared to total amount 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 17 September	150.000
Tuesday 22 November	150.000
Tuesday 19 November	100.900
	<b>4,600.900</b>

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 16 July 2024										
Issuer		Term & rates (Current)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	-	-	-	5.70%	6.10%	6.40%	6.50%	6.70%	6.90%
	Weighted Average Rates	-	-	-	5.70%	0.00%	0.00%	0.00%	0.00%	6.08%

Auction results from 18 June 2024										
Issuer		Term & rates (Previous)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.40%	4.60%	-	4.70%	5.10%	5.40%	5.50%	5.70%	5.90%
	Weighted Average Rates	4.93%	5.96%	-	4.69%	5.20%	5.49%	5.57%	5.79%	5.94%

Change in Results										
		Change/movement								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	-	-	-	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
	Weighted Average Rates	-	-	-	1.01%	-	-	-	-	0.14%

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

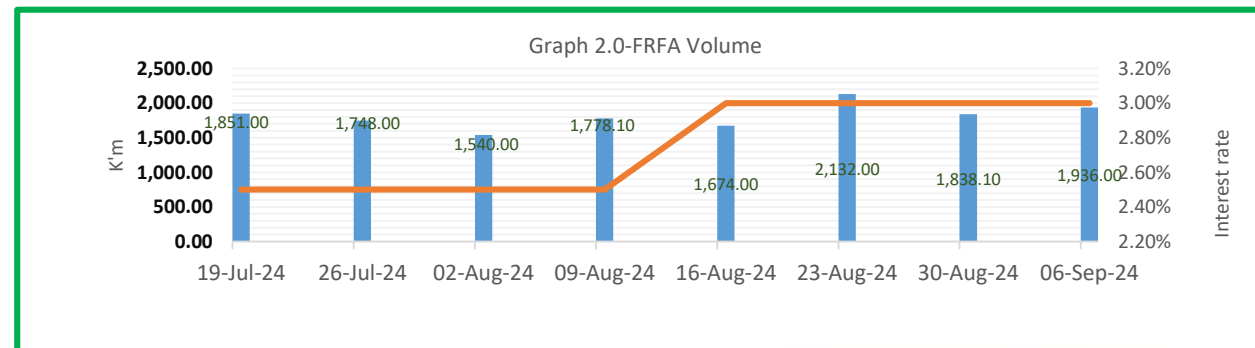
**'7-Day FRFA CBB W.A.R remain unchanged at 3% for the second time'.**

- 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 CBB rate remain unchanged at 3% in September's first, trading even though the official Kina Facility Rate (KFR) for the month is yet to be announced by the Central Bank.
- Full allocation was made on K1,936.0m for total bids received this week.
- With K1,838.1m total CBB maturing this week, there is a net gain of K97.9m (or K1,936.0m - K1,838.1m) by the Central Bank to mop up access liquidity in the market.

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		
<b>Commercial banks</b>																	
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	0.50%	0.50%	0.50%	1.00%	1.00%	0.50%	0.50%	0.50%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Credit Bank	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%		
<b>ADI</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%		
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%	2.20%	2.50%	1.00%	1.20%	1.60%	2.20%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%		
<b>Government Securities</b>																	
Treasury bills (W.A.R)		91	182	273	364		91	182	273	364		91	182	273	364		
		-	4.99%	5.50%	7.02%		-	4.91%	5.40%	6.90%		-	0.08%	0.10%	0.12%		
<b>Central Bank</b>																	
Central Bank bills (W.A.R)	3.00%	7	14	28	63	91	3.00%	7	14	28	63	91	7	14	28	63	91
		-	-	-	-	-		-	-	-	-	-	0.00%	-	-	-	-

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	
<b>BPNG Treasury Bond Tap</b>	CLOSED UNTIL FURTHER NOTICE				

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
<b>BPNG Treasury Bill Tap</b>	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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