

## Treasury Bills (T-Bills) Results

- T-Bills are short term debt strategy of government.
- The week's Government Securities trading results continue to be mixed. The 273 days tenor trading closed the highest in 12-months at 2.64% W.A.R *up 12 bps*<sup>2</sup>. Interesting to note were the W.A.R for 182 days and 273 days tenors differing from past trends with short term higher than the longer term.
- The 364 days tenor continue to trend higher week-by-week, recording its new highest W.A.R at 4.35% - up 19 bps.
- Nil offering was made this week for the 182 days tenor as the Central Bank balances its capital outflows but is highly anticipated to resume trading next week.
- The market is positioned to continue accommodating rising W.A.R for all three tenors as the last two auctions reported an overall undersubscription sum of K214.010m, indicating net loss by the Central Bank to raise adequate capital.
- The previous past two auctions offered volumes that matched total maturities of K466.800m however the reported undersubscriptions could be interpreted as investors not reinvesting their maturities, or having alternative uses for the maturities, and this could possibly influence an upside of interest rates in the market as an incentive to attract investors.

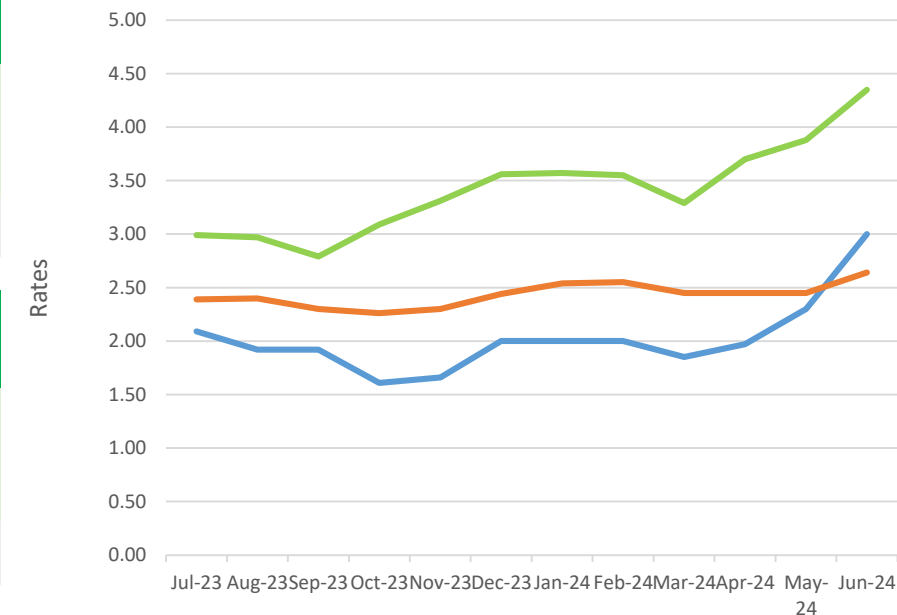
**Table 1 – Last Three Auction Results**

Auction Results 28 June 2024				
Terms	182 days	273 days	364 days	Total
W.A.R	3.00%	2.64%	4.35%	
Amount on offer (K'm)	0.000	30.000	146.800	300.000
Bids received (K'm)	0.00	4.120	130.690	106.920
Successful bids (K'm)	0.00	4.120	130.690	106.920
Successful bid rate <sup>3</sup>	-	100%	100%	100%

Auction Results 21 June 2024				
Terms	182 days	273 days	364 days	Total
W.A.R	3.00%	2.52%	4.16%	
Amount on offer (K'm)	10.000	10.000	146.800	166.800
Bids received (K'm)	11.150	4.000	130.690	145.840
Successful bids (K'm)	11.150	4.000	130.690	145.840
Successful bid rate	100%	100	100%	100%

Auction Results 14 June 2024				
Terms	182 days	273 days	364 days	Total
W.A.R	2.80%	2.52%	4.04%	
Amount on offer (K'm)	15.000	15.000	245.000	275.000
Bids received (K'm)	30.000	15.000	230.200	275.200
Successful bids(K'm)	30.000	0.000	225.200	255.200
Successful bid rate	100%	-	98%	93%

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



	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
182 days	2.09	1.92	1.92	1.61	1.66	2.00	2.00	2.00	1.85	1.97	2.30	3.00
273 days	2.39	2.40	2.30	2.26	2.30	2.44	2.54	2.55	2.45	2.45	2.45	2.64
364 days	2.99	2.97	2.79	3.09	3.31	3.56	3.57	3.55	3.29	3.70	3.88	4.35

<sup>1</sup> W.A.R = Weighted Average Rate

<sup>2</sup> Basis points; 100 bps = 1%

<sup>3</sup> Successful bid rate = Successful bid / Bids received

## Treasury Bonds (Government Inscribed Stock)

- Government Inscribed Stocks (GIS) are long term debt strategy utilized by the government to finance deficit budget – The tentative GIS issuance date for 2024 is given on Table 2.
- June’s auction result came undersubscribed by K369.500m, the fourth undersubscription in a row of the year.
- The result is the highest undersubscription of the year and brings the total successful bids awarded to date to only K2.6695b, exactly K969.5m less than the total amount on offer in all five (5) GIS auctions this year.
- In contrast to May’s GIS auction, investors showed significantly reduced to nil appetite on 5, 6, 7, 8, 9 and 10 year bonds in this month’s results, while full allocations (or 100% successful bid rate) have been made on those limited bids received under each tenor.
- The predominant undersubscriptions throughout the year stemming from lack of demand in bonds have led to net capital loss by the issuer (Central Bank), providing a stimuli for rising W.A.Rs in coming auctions to lure investors.
- The next GIS auction is tentatively scheduled for Tuesday, 23<sup>rd</sup> July 2024.

Table 2 – Domestic Issuance Calendar (GIS)

2024 Treasury Bond Tentative Issuance Schedule	
Tentative Issuance Date	Tentative Issuance Amount (K'm)
Tuesday 27 February	800.00
Tuesday 19 March	800.00
Tuesday 23 April	700.00
Tuesday 21 May	600.00
Tuesday 18 June	500.00
Tuesday 23 July	300.00
Tuesday 20 August	200.00
Tuesday 17 September	150.00
Tuesday 22 November	150.00
Tuesday 19 November	100.90
	<b>4,300.90</b>

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 18 June 2024										
Issuer		Term & rates (Current)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.40%	4.60%	0.00%	4.70%	5.10%	5.40%	5.50%	5.70%	5.90%
	Weighted Average Rates	4.93%	5.96%	0.00%	0.00%	5.20%	0.00%	5.57%	5.79%	5.94%

Auction results from 14 May 2024										
Issuer		Term & rates (Previous)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.30%	4.50%	0.00%	4.70%	5.10%	5.40%	5.50%	5.70%	5.90%
	Weighted Average Rates	4.48%	4.51%	0.00%	4.69%	5.16%	5.49%	5.51%	5.75%	5.98%

Change in Results										
		Change/movement								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	0.10%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Weighted Average Rates	0.45%	1.45	0.00	-4.69%	0.04%	-4.49%	0.06%	0.04%	-0.04%

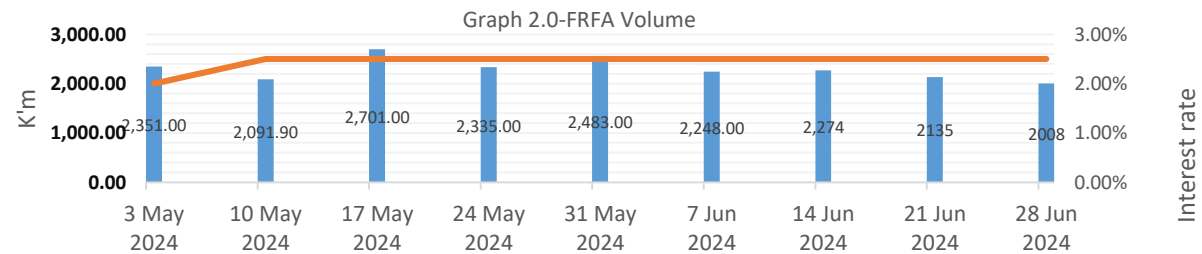
## Fix Rate Full Allotment Auction (FRFA) & Financial Institution Term Deposit Rates

- Term deposit rates for all tenors remained unchanged for almost 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.
- This week's CBB rate remained unchanged at 2.50% following the announcement of June's KFR of by Central Bank.
- Full allocation was made on K2.008b total bids received in this week's auction.
- With K2.135b total CBB maturing this week, there is a net loss of K0.127b (or K2.008b – K2.135b) by Central Bank to mop up access liquidity in the market.
- July's CBB W.A.R is subject to the announcement of Kina Facility Rate (KFR) by the Central Bank.

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 (PNG)	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%
<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%
Credit Corporation (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%
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	0.75%	1.00%	1.25%	1.75%	2.00%	0.75%	1.00%	1.25%	1.75%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Investment Finance	1.00%	1.20%	1.30%	1.40%	2.40%	1.00%	1.20%	1.30%	1.40%	2.40%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Government Securities</b>															
Treasury bills (W.A.R)			182	273	364			182	273	364	0.00%	0.00%	0.00%	0.12%	0.19%
			3.00%	2.64%	4.35%			3.00%	2.52%	4.16%					
<b>Central Bank</b>															
Central Bank bills (W.A.R)	7	14	28	63	91	7	14	28	63	91	0.00%	0.00%	0.00%	0.00%	0.00%
	2.50%	0.00%	0.00%	0.00%	0.00%	2.50%	0.00%	0.00%	0.00%	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 [bcapenquiries@bsp.com.pg](mailto:bcapenquiries@bsp.com.pg)**

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