Issue: #43/2024
25 October 2024

Treasury Bills (T-Bills) Results

'Strong investor appetite for the 364 days as W.A.R[1] jumped to 8.04 %

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

- The 364 day's W.A.R continues to reach new yearly highs each week. This auction recorded a W.A.R. of 8.04%, up 12 *bps*[3] from the previous week, and a 55 *bps*[3] increase in the month, having opened the month at 7.49% to 8.04% in this week's auction.

- The 182 and 273 day's W.AR recorded new yearly highs at 5.69% and 6.19% respectively. Both tenors recorded 100% successful bid rates although results remained undersubscribed respectively as investor appetite shifted towards higher rates in the 364 days paper and GIS auctions for this week.
- Nil issuance for the 91 days paper this week despite a succeful auction for the last week which saw the tenor record a new yearly high of 3.85%.
- Tbill results for this week clearly indicate that investors are leaning towards higher rates and at the same time considering shorter terms to meeting their liquidity requirements.
- Overall T-bill results for this week's auction recorded an under-subscription indicating a shift of investor appetite away from the 364 days T-bills and move towards GIS auction with this week's GIS auction recording an over-subscription by K6.000m.
- W.A.Rs for all tenors are expected to be on the 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.

- After this week's auction, the total successful bids awarded year-to-date is less by K1,088.480m compared to the total amount offered.

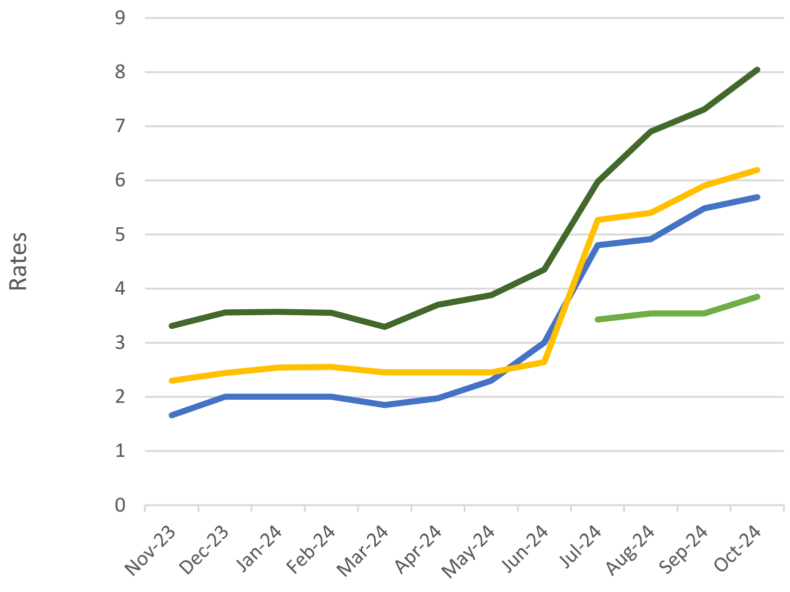
Table 1 – Last Three Auction Results

Auction Results 25 October 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R[1]	3.85%	5.69%	6.19%	8.04%	
Amount on offer (K'm)	-	15.000	15.000	262.570	292.570
Bids received (K'm)	-	2.000	2.000	154.720	158.720
Successful bids (K'm)	-	2.000	2.000	153.720	157.720
Successful bid rate[2]	-	100%	100%	99%	99%

Auction Results 18 October 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R[1]	3.85%	5.58%	6.10%	7.92%	
Amount on offer (K'm)	50.000	10.000	10.000	226.000	296.000
Bids received (K'm)	15.200	00.000	00.000	110.900	126.100
Successful bids (K'm)	15.200	00.000	00.000	110.900	126.100
Successful bid rate[2]	100%	-	-	100%	100%

Auction Results 11 October 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R[1]	3.54%	5.58%	6.10%	7.62%	
Amount on offer (K'm)	0.000	10.000	10.000	272.000	292.000
Bids received (K'm)	0.000	0.000	10.000	201.440	211.440
Successful bids (K'm)	0.000	0.000	10.000	201.440	211.440
Successful bid rate	-	-	100%	100%	100%

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



	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
91 days									3.43	3.54	3.54	3.85
182 days	1.66	2.00	2.00	2.00	1.85	1.97	2.30	3.00	4.80	4.91	5.48	5.69
273 days	2.30	2.44	2.54	2.55	2.45	2.45	2.45	2.64	5.27	5.40	5.90	6.19
364 days	3.31	3.56	3.57	3.55	3.29	3.70	3.88	4.35	5.97	6.90	7.31	8.04

[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 this week over-subscribed'.

- 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.
- For the first time this year, GIS auction is issued on a weekly basis and is likely to continue for the remainder of the year.
- GIS Invitations to be communicated through our distribution list should there be a GIS auction in next week.
- GIS auction this week recorded an over-subscription by K6.000m as coupon rates increased which saw investors shift in tenor preference to longer term at a much improved coupon rate. The auction recording its first over-subscription for the year.
- This week's auction result brings the total amount of successful GIS bids awarded to date being less by K2,252.790m compared to total amount offered to date.
- W.A.Rs are expected to trend higher in the coming auctions given the tight monetary policy stance and the need for the market to raise additional capital.

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 November	150.000
Tuesday 19 November	100.900
	5,530.900

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 25 October 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%	9.65%	9.70%	9.75%
	Weighted Average Rates	-	-	-	9.59%	9.70%	9.87%	9.65%	9.70%	9.75%

Auction results from 18 October 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%	9.65%	9.70%	9.75%
	Weighted Average Rates				0.00%	0.00%	8.30%	9.65%	9.75%	9.84%

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%	0.85%
	Weighted Average Rates	-	-	-	9.59%	9.70%	1.57%	0.00%	0.05%	0.09%

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.

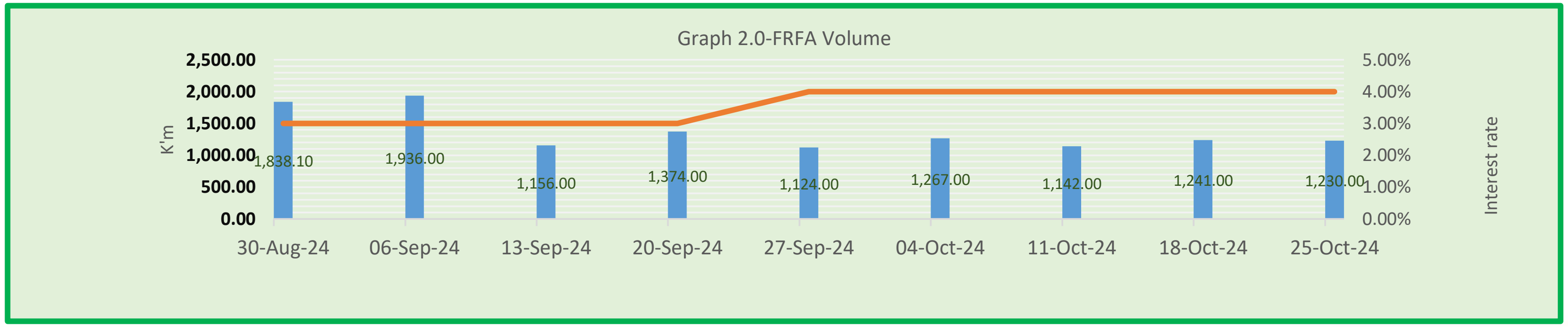
- The W.A.R remain unchanged at 4% with full allocation made on K1,230.000m total bids received in this auction.

- With K1,241.000m total CBB maturing this week, there is a net loss of K11.000m (or K1230.000m - K1,241.000m) 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				
Commercial banks	30	60	90	180	365	30	60	90	180	365	30	60	90	180	365
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%
ADI	30	60	90	180	365	30	60	90	180	365	30	60	90	180	365
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%
Government Securities		91	182	273	364		91	182	273	364		91	182	273	364
Treasury bills (W.A.R)		3.85	5.69%	6.19%	8.04%		3.85	5.58%	6.10%	7.92%		-	0.11%	0.09%	0.12%
Central Bank	7	14	28	63	91	7	14	28	63	91	7	14	28	63	91
Central Bank bills (W.A.R)	4.00%	-	-	-	-	4.00%	-	-	-	-	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 October 2024

Issuer	Term & rates (Current)				
Term (Years)	2	5	8	10	
BPNG Treasury Bond Tap	4.30%	4.70%	0.00%	5.80%	

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
BPNG Treasury Bill Tap	CLOSED UNTIL FURTHER NOTICE				

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