

Treasury Bills (T-Bills) Results

'W.A.R¹ remain unchanged at 8.65%; Overall auction undersubscribed by K90.500m'

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

- This week's W.A.R for the benchmark bill (364 days) remain unchanged at 8.65%. This is the second time that tenor has remained unchanged in the last past 20 auctions.

- An overall undersubscription of K90.500m was reported in this week's auction with 92% of it coming from the 364 days tenor, compared to K45.660m overall oversubscription of last week mostly driven by the same tenor (364 days).

- Despite the undersubscription, the overall successful bid rate² has increased by 11% to 98% this week, indicating pricing proficiency of the bids by the investors to stay within the acceptable bid range of the market.

- Nil bids were received under the 273 days tenor this week while the 182 days tenor attracted a very strong demand of K12.500m, up K2.500m from its own offering this week with full allocation made on all bids received under the tenor. The 182 days W.A.R however remain unchanged at 5.72% this week.

- As at the last auction of the year concluded this week, the T-Bills total amount offered stands at K15,044.730m while total successful bids awarded is K13,336.470m, a difference of K1,708.260m.

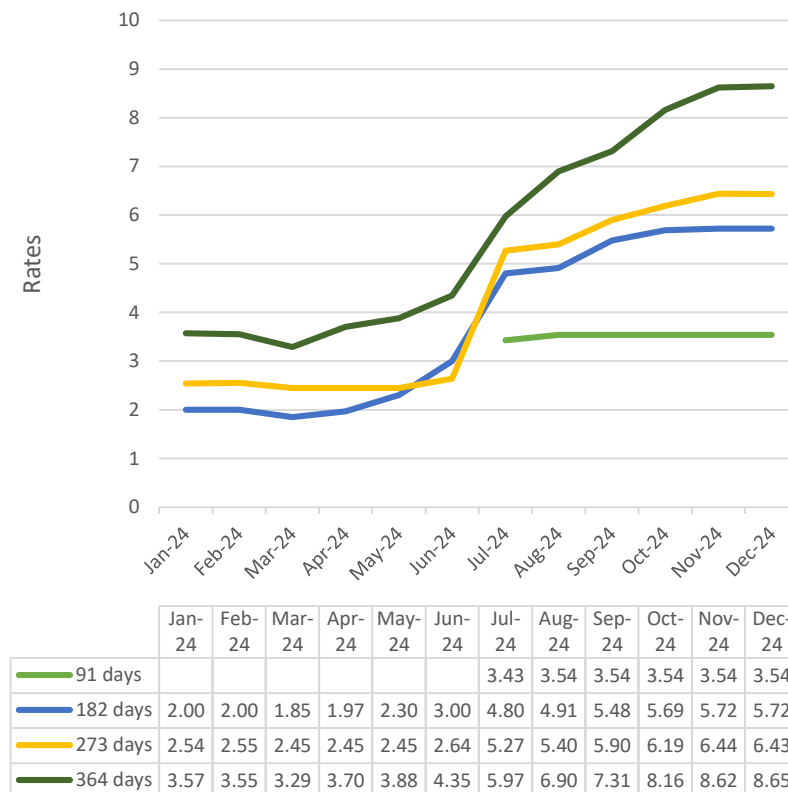
Table 1 – Last Three Auction Results

| Auction Results 27 December 2024 | | | | | |
|----------------------------------|---------|----------|----------|----------|---------|
| Terms | 91 days | 182 days | 273 days | 364 days | Total |
| W.A.R ¹ | 3.54% | 5.72% | 6.43% | 8.65% | |
| Amount on offer (K'm) | 0.000 | 10.000 | 10.000 | 320.440 | 340.440 |
| Bids received (K'm) | 0.000 | 12.500 | 0.000 | 237.440 | 249.940 |
| Successful bids (K'm) | 0.000 | 12.500 | 0.000 | 232.440 | 244.940 |
| Successful bid rate ² | - | 100% | - | 98% | 98% |

| Auction Results 20 December 2024 | | | | | |
|----------------------------------|---------|----------|----------|----------|---------|
| Terms | 91 days | 182 days | 273 days | 364 days | Total |
| W.A.R | 3.54% | 5.72% | 6.43% | 8.65% | |
| Amount on offer (K'm) | 0.000 | 10.000 | 20.000 | 324.450 | 354.450 |
| Bids received (K'm) | 0.000 | 0.310 | 5.000 | 394.800 | 400.110 |
| Successful bids (K'm) | 0.000 | 0.310 | 5.000 | 342.850 | 348.160 |
| Successful bid rate | - | 100% | 100% | 87% | 87% |

| Auction Results 13 December 2024 | | | | | |
|----------------------------------|---------|----------|----------|----------|---------|
| Terms | 91 days | 182 days | 273 days | 364 days | Total |
| W.A.R | 3.54% | 5.72% | 6.47% | 8.64% | |
| Amount on offer (K'm) | 0.000 | 10.000 | 10.000 | 282.790 | 302.790 |
| Bids received (K'm) | 0.000 | 0.000 | 3.000 | 207.620 | 210.620 |
| Successful bids (K'm) | 0.000 | 0.000 | 3.000 | 192.620 | 195.620 |
| Successful bid rate | - | - | 100% | 93% | 93% |

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



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)

'Overall auction oversubscribed by K1.100m'

- Government Inscribed Stocks (GIS) are a long term debt strategy utilized by the government to finance the deficit budget – The GIS issuance dates for 2024 are given in Table 2.
- The overall auction was oversubscribed by K1.100m this week following last week's oversubscription of K61.000m.
- As opposed to last week, all traded tenors for this week had strong demand with their bids matched with their respective amount on offer except for the 10-year tenor which went over its own offer by K1.100m.
- The total amount on offer this week went up by K100.000m to K200.000m but still received solid demand compared to the last 5 auctions – the last 5 auctions were offered at K100.000m each.
- The coupon rates remain unchanged this week at 9.30%, 9.40%, 9.50%, 9.60%, 9.70% and 9.80% for 5, 6, 7, 8, 9 and 10 year bonds respectively.
- As at the last auction of the year concluded this week, the successful bids awarded to date is less by K2,523.960m compared to total bids offered to date – total bids offered to date is K6,030.000m.

Table 2 – Domestic Issuance Calendar (GIS)

| 2024 Treasury Bond Schedule | |
|--------------------------------|----------------------------|
| Actual Issued Date | Actual Issued 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 |
| Tuesday 10 December | 100.000 |
| Tuesday 17 December | 100.000 |
| Tuesday 24 December | 200.000 |
| | 6,430.000 |

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 27 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% | |

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 | | | | | | | | | |
| | 8.90% | 9.00% | - | 9.30% | 9.40% | 9.50% | 9.60% | 9.70% | 9.80% | |
| Weighted Average Rates | | | | | | | | | | |
| | 8.77% | - | - | - | 9.40% | 9.50% | 9.60% | 9.70% | 9.80% | |

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 | | | | | | | | | | |
| | - | - | - | - | -0.06% | -0.06% | -0.06% | -0.06% | -0.06% | |

⁴ Cancelled auction

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

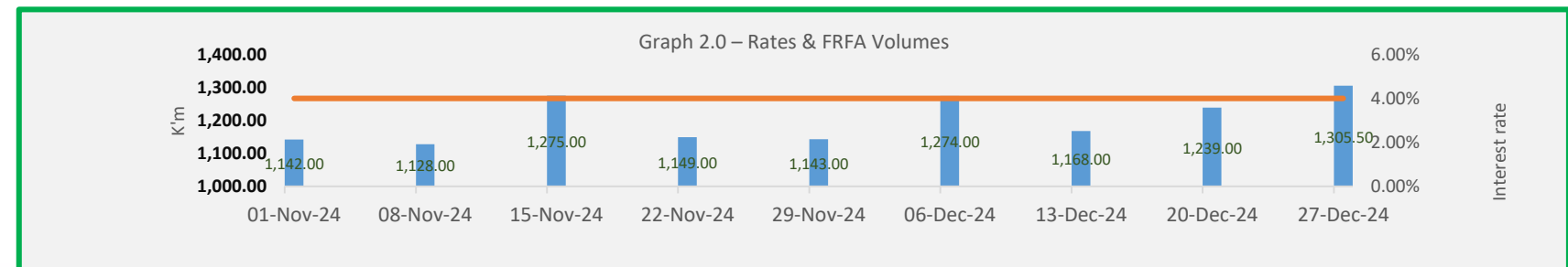
'FRFA W.A.R remains unchanged at 4.00%'

- 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 K1,305.500m total bids received in this auction.
- With K1,239.000m total CBB maturing this week, there is a net gain of K66.500m (or K1,305.500m - K1,239.000m) by the Central Bank to mop up access liquidity in the market.
- The 7-day FRFA bill closed the year off at 4.00% W.A.R after opening the year off at 2.50%.

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 |
| | | - | 5.72% | 6.43% | 8.65% | | - | 5.72% | 6.47% | 8.64% | | - | 0.00% | 0.00% | 0.00% |
| Central Bank | | | | | | | | | | | | | | | |
| Central Bank bills (W.A.R) | 4.00% | - | - | - | - | 4.00% | - | - | - | - | 0.00% | - | - | - | - |

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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