

Treasury Bills (T-Bills) Results

'91 days tenor introduced to the market with W.A.R at 3.11%.

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

- The 91 days tenor opened its first trading of the year with 3.11% W.A.R – the highest opening W.A.R so far for any new short term credit line.

- The three existing tenors of 182, 273 and 364 days also recorded their new weekly highest W.A.Rs at 4.07%, 4.34% and 5.18% respectively - the rates increased by 89, 160 and 57 bps² week on week.

- All tenors experienced 100% *successful bid rate*³ for the 4th consecutive week, with all bids deemed subscribed.

- The market, however, corrected the mixed trading result experienced over the last four weeks when the 182 days' W.A.R used to be higher than that of 273 days. In this auction, the 273 days rate surged higher to 4.34% leaving 182 days W.A.R at 4.07%.

- Given that the total successful bid volume to date is K471.060m less than the total amount offered to date, all four tenors are expected to be on trading again next week to raise capital.

- The above also positioned the market to accommodate raising W.A. Rs in coming auctions to boost investment in the market.

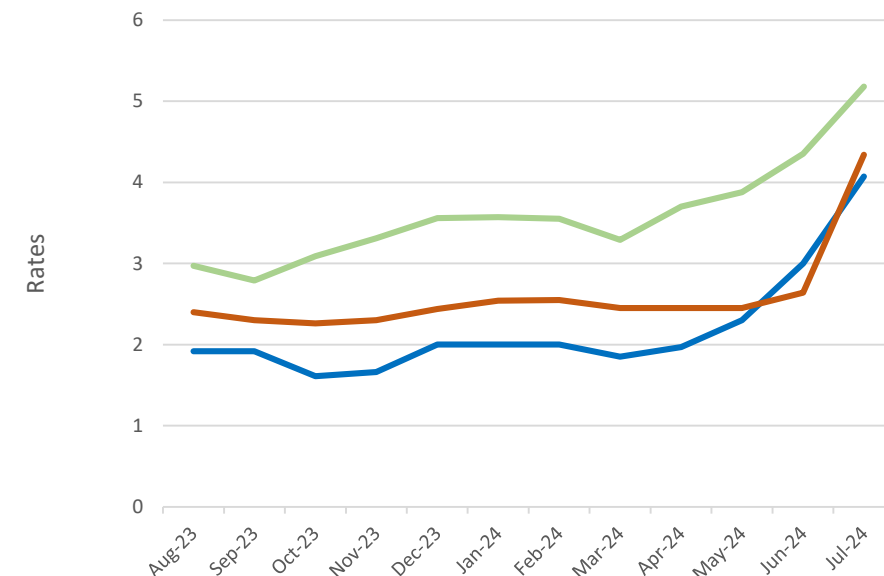
Table 1 – Last Three Auction Results

Auction Results 12 July 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R	3.11%	4.07%	4.34%	5.18%	
Amount on offer (K'm)	10.000	10.000	10.000	243.000	273.000
Bids received (K'm)	10.000	14.500	16.500	107.200	148.200
Successful bids (K'm)	10.000	14.500	16.500	107.200	148.200
Successful bid rate ³	100%	100%	100%	100%	100%

Auction Results 05 July 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R	-	3.18%	2.74%	4.61%	
Amount on offer (K'm)	-	10.000	10.000	266.500	286.500
Bids received (K'm)	-	15.000	13.000	97.300	125.300
Successful bids (K'm)	-	15.000	13.000	97.300	125.300
Successful bid rate	-	100%	100%	100%	100%

Auction Results 28 June 2024					
Terms	91 days	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	-	-	100%	100%	100%

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



	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
91 days												3.11
182 days	1.92	1.92	1.61	1.66	2.00	2.00	2.00	1.85	1.97	2.30	3.00	4.07
273 days	2.40	2.30	2.26	2.30	2.44	2.54	2.55	2.45	2.45	2.45	2.64	4.34
364 days	2.97	2.79	3.09	3.31	3.56	3.57	3.55	3.29	3.70	3.88	4.35	5.18

¹ W.A.R = Weighted Average Rate

² Basis points; 100 bps = 1%

³ Successful bid rate = Successful bid / Bids received

Treasury Bonds (Government Inscribed Stock)

- 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.
- July's auction invitations have been released with Tuesday, 16th July confirmed as the date of the auction – Total offering is K400m and distributed across 5, 6, 7, 8, 9 and 10 tenors.
- The previous month's auction result came undersubscribed by K369.500m, the fourth undersubscription in a row of the year. It is indeed 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 the last 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 undersubscription throughout the year stemming from lack of demand for bonds has led to net capital loss by the issuer (Central Bank), providing a stimulus for rising W.A.Rs in coming auctions to lure investors.

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	400.00
Tuesday 20 August	200.00
Tuesday 17 September	150.00
Tuesday 22 November	150.00
Tuesday 19 November	100.90
	4,400.90

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%

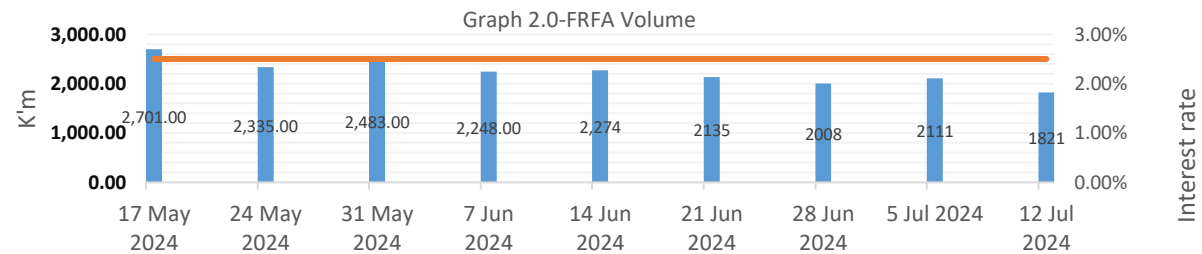
Fix Rate Full Allotment Auction (FRFA) & Financial Institution Term Deposit Rates

- 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.
- The CBB rate remained unchanged at 2.50% in July's second trading this week.
- Full allocation was made on K1.821b total bids received in this week's auction.
- With K2.111b total CBB maturing this week, there is a net loss of K0.290b (or K1.821b – K2.111b) by Central Bank to mop up access liquidity in the market.
- July's CBB W.A.R is subject to change pending 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
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 (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%
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%
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	0.90%	1.20%	1.50%	2.15%	2.45%	0.75%	1.00%	1.25%	1.75%	2.00%	0.15%	0.20%	0.25%	0.40%	0.45%
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%
Government Securities															
Treasury bills (W.A.R)		91	182	273	364		91	182	273	364	0.00%	3.11%	0.89%	1.60%	0.57%
		3.11%	4.07%	4.34%	5.18%			3.18%	2.74%	4.61%					
Central Bank															
Central Bank bills (W.A.R)	2.50%	0.00%	0.00%	0.00%	0.00%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	7	14	28	63	91	7	14	28	63	91	0.00%	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	
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 bcapenquiries@bsp.com.pg

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