

## Treasury Bills (T-Bills) Results

**'The 364 days W.A.R recorded an upside movement to 8.65%'**

- T-Bills are a short term debt strategy of the government.
- Once again this week, the 182 days tenor has been excluded for the auction, potentially due to both weak demand and short term debt management strategy by the Issuer.
- Bids received under the 273 days tenor is slightly above that of last week at K4.100m, however, the market awarded all bids received compared to only 38% of last week, indicating proficiency of the investors to stay within the acceptable bid range with their bids.
- Similarly, the demand for the 364 days bill is steady at K238.2000m, down by K1.650m compared to last week. The Central Bank, however, awarded only K180.600m of the bids (or 76%) in an attempt eliminate excessive bids that could distort the W.A.R of the tenor.
- At this week's Tbill auction, the 364 days maintained an upside performance recording an increase of 5 bps to 8.65% in its W.A.R. This marks the 17<sup>th</sup> time in a row that this tenor has increased. The W.A.R is anticipated to remained competitive towards the end of the year for the coming auctions.
- As at this week's auction, the total successful bids awarded year-to-date is less by K1,499.3000m compared to the total amount offered to date.
- The W.A.Rs are expected to be maintained or increased in the remaining auctions of the year to support Government funding of its 2024 annual budget.

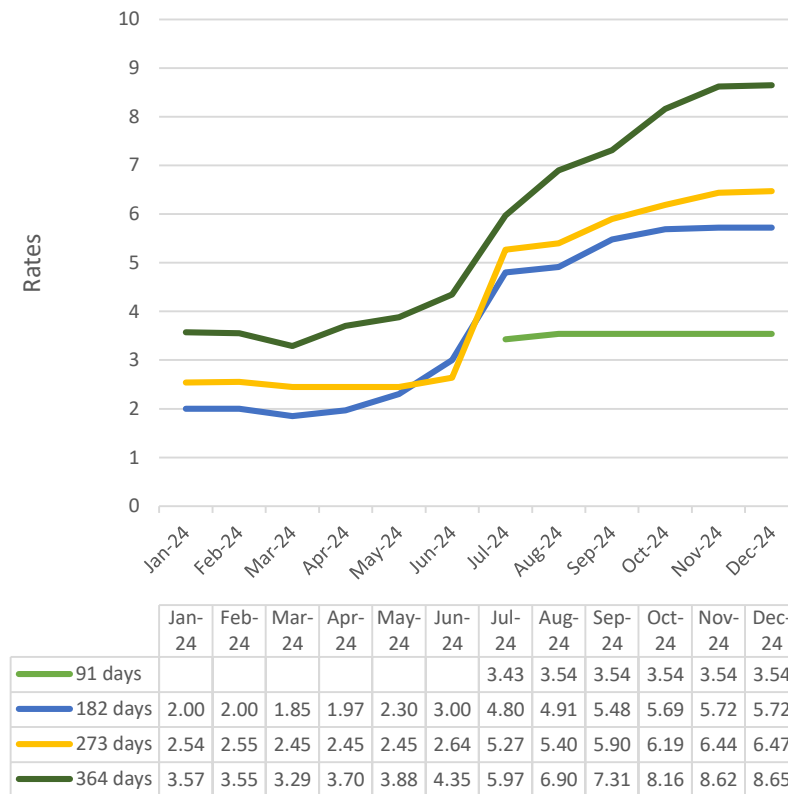
**Table 1 – Last Three Auction Results**

Auction Results 06 December 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R <sup>1</sup>	3.54%	5.72%	6.47%	8.65%	
Amount on offer (K'm)	0.000	0.000	10.000	271.040	281.040
Bids received (K'm)	0.000	0.000	4.100	238.200	242.300
Successful bids (K'm)	0.000	0.000	4.100	180.600	184.700
Successful bid rate <sup>3</sup>	-	-	100%	76%	76%

Auction Results 29 November 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R <sup>1</sup>	3.54%	5.72%	6.44%	8.62%	
Amount on offer (K'm)	0.000	0.000	20.000	264.360	274.360
Bids received (K'm)	0.000	0.000	4.000	239.850	243.850
Successful bids (K'm)	0.000	0.000	1.500	216.850	218.350
Successful bid rate <sup>3</sup>	-	-	38%	90%	90%

Auction Results 22 November 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R <sup>1</sup>	3.54%	5.72%	6.44%	8.57%	
Amount on offer (K'm)	0.000	10.000	30.000	320.880	360.880
Bids received (K'm)	0.000	0.000	26.500	290.150	316.650
Successful bids (K'm)	0.000	0.000	26.500	254.150	280.650
Successful bid rate	-	-	100%	88%	89%

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



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

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

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

## Treasury Bonds (Government Inscribed Stock - GIS) 'Third consecutive weekly oversubscriptions of GIS'

- 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.
- This week's GIS auction was oversubscribed by K109.000m, up K39.000m from last week and marks the third consecutive week the security has been oversubscribed – a total of K209.000m bids were this week received from a total offering of K100.000m.
- The market awarded almost all bids received under each tenor from 5 to 10 years except for the 9 year tenor. The 9 year tenor had a 2% successful bid rate which saw only K1.000m was awarded from K46.000m bids received under the tenor.
- Again this week, mixed W.A.R results were realized for each tenor on offer. The 6 and 10 year bonds' W.A.Rs remain unchanged at 9.60% and 9.94% respectively while 5, 7 and 8 year bonds each saw 1 bp increase to 9.41%, 9.70% and 9.90% respectively. Only the 9 year bond W.A.R dropped 10 bps to 9.87%.
- As at this week's auction the successful bids awarded to date is less by K2,552.560m compared to total bids offered to date.
- Next week's GIS auction invitations are yet to be released by the Central Bank.

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 <sup>4</sup>	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
	<b>5,930.900</b>

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 06 December 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%	9.70%	9.80%	9.90%	
	Weighted Average Rates									
	-	-	-	9.41%	9.60%	9.70%	9.90%	9.87%	9.94%	

Auction results from 29 November 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%	9.70%	9.80%	9.90%	
	Weighted Average Rates									
	-	-	-	9.40%	9.60%	9.69%	9.89%	9.97%	9.94%	

Change in Results										
Change/movement										
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon									
	-	-	-	0.00%	0.00%	0.0%	0.00%	0.00%	0.00%	
	Weighted Average Rates									
	-	-	-	0.01%	0.00%	0.01%	0.01%	-0.10%	0.00%	

<sup>4</sup> Cancelled auction

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

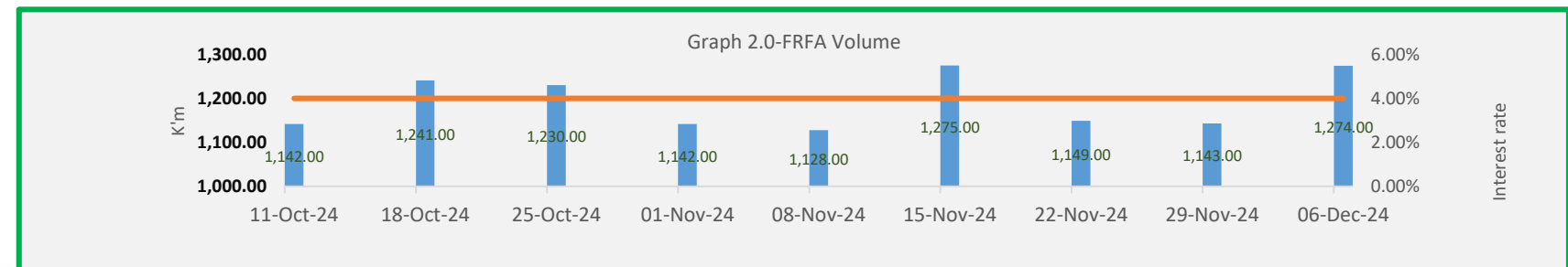
### '4% W.A.R for 7 days FRFA CBB to start of December'

- 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.
- To start off December, the 7 day CBB's W.A.R remain unchanged at 4% with full allocation made on K1,274.000m total bids received in this auction.
- With K1,143.000m total CBB maturing this week, there is a net gain of K131m (or K1,274.000m - K1,143.000m) by the Central Bank to mop up access liquidity in the market.
- CBB's rate for this month's auctions is subjected to the announcement of the Kina Facility Rate by the Central Bank. The rate is likely to remain at 4.00% to close off the month.

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	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%
<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	0.75%	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%	1.60%	2.50%	3.00%	1.00%	1.20%	1.60%	2.50%	3.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Government Securities</b>															
Treasury bills (W.A.R)															
		91	182	273	364		91	182	273	364		91	182	273	364
		-	-	6.47%	8.65%		-	-	6.44%	8.62%		-	-	0.03%	0.03%
<b>Central Bank</b>															
Central Bank bills (W.A.R)	4.00%	-	-	-	-	4.00%	-	4.13%	-	-	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	
<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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