

Treasury Bills (T-Bills) Results

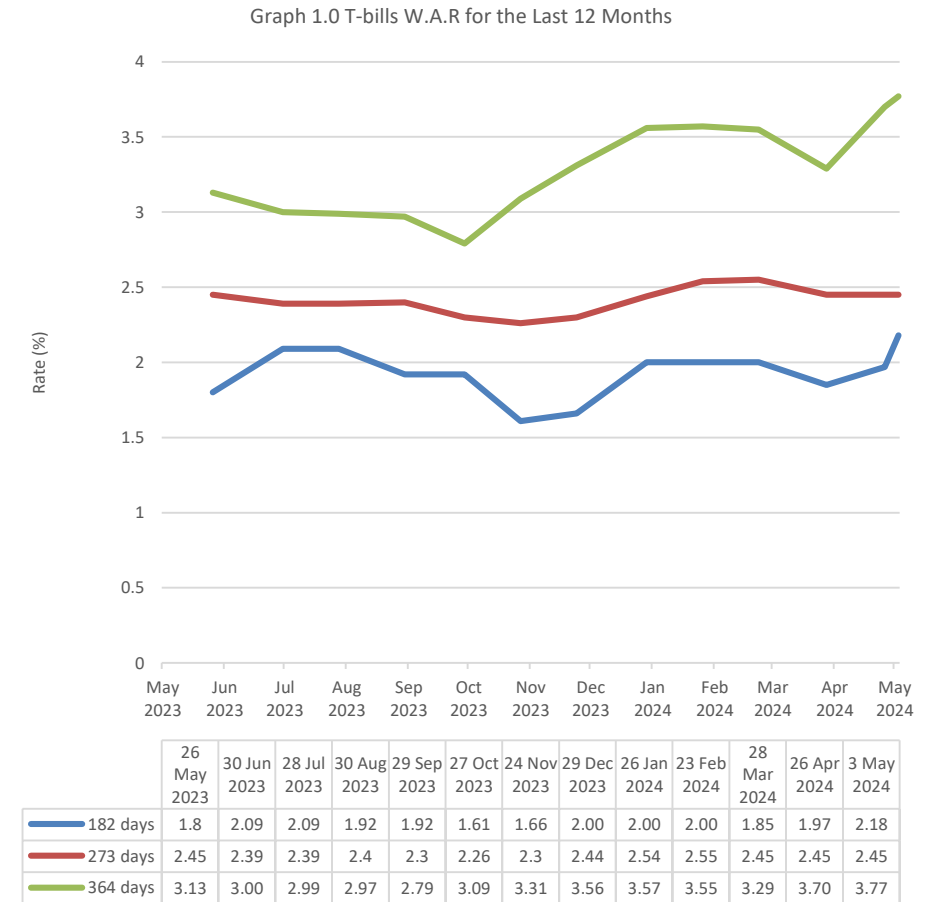
- T-Bills are short term debt strategy of the Government.
- The 182 days bill recorded its first strong bidding and over-subscription in 6 auctions, as investors anticipate higher yields in the Bill following prolonged under-subscriptions; The W.A.R of 2.18% recorded in this tenor for this week's auction is the highest so far for the year.
- The 364 days' Weighted Average Rate (W.A.R) experienced further upswing of 7 basis points in the week's auction to 3.77%, again exceeding its past high. After pro rata allocation, only K111.61m bids were successful from K180.80m total bids received.
- For 3 weeks in a row now, nil offering was made for the 273 days paper.
- Auction for this week was over-subscribed by K20.12m from K181.68m offered, about 55% of the over-subscription came from 182 days tenor.
- The W.A.Rs are expected to remain or trend relatively upward in all three T-Bill tenors on the basis that the Gov't may need to increase revenue than budgeted for consequently raising interest rates in the secondary market.

Table 1 – Last Three Auction Results

Auction Results 03 May 2024				
Terms	182 days	273 days	364 days	Total
W.A.Y - 03/05/24	2.18%	2.45%	3.77%	
Amount on offer (K'm)	10.00	0.00	171.68	181.68
Bids received (K'm)	21.00	0.00	180.80	201.80
Successful bids (K'm)	19.00	0.00	111.61	130.61
Successful bid rate ¹	190%	-	65%	72%

Auction Results 26 April 2024				
Terms	182 days	273 days	364 days	Total
W.A.Y - 26/04/24	1.97%	2.45%	3.70%	
Amount on offer (K'm)	10.00	0.00	243.12	253.12
Bids received (K'm)	6.32	0.00	101.55	107.87
Successful bids (K'm)	4.32	0.00	74.55	78.87
Successful bid rate	43%	-	31%	31%

Auction Results 19 April 2024				
Terms	182 days	273 days	364 days	Total
W.A.Y - 19/04/24	1.85%	2.45	3.60	
Amount on offer (K'm)	10.00	0.00	265.21	275.21
Bids received (K'm)	0.00	0.00	118.40	118.40
Successful bids(K'm)	0.00	0.00	118.40	118.40
Successful bid rate	-	-	45%	43%



Treasury Bonds (Government Inscribed Stock)

- GIS are long term debt strategy utilized by the Government to support deficit budget – The tentative issuance of GIS for 2024 is given in Table 2.
- The third GIS auction conducted on April 23rd resulted in an under-subscription of K265.30m from a total of K700.00m offered across tenors of 2-10 years.
- The seconds GIS held in March auctions, also came undersubscribed by K144.30m from a total of K800.00m offered across 2-10 year periods.
- The total under-subscription value for all three auctions conducted in February, March and April of this year now stood at K427.50m from cumulative offer of K2.30b, providing impetus for future rate hikes to lure in significant investments to make up for the losses.
- The next issuance of GIS is scheduled for 21st of May 2024.

Table 2 – GIS Issuance Calendar

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
	4,300.90

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 23/04/24										
Issuer	Term & rates (Current)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon	4.30%	4.40%	0.00%	4.70%	5.00%	5.30%	5.40%	5.60%	5.80%
	Weighted Average Rates	4.30%	4.46%	0.00%	4.70%	5.09%	5.40%	5.50%	5.70%	5.91%

Auction results from 27/03/24										
Issuer	Term & rates (Previous)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon	4.31%	4.40%	0.00%	4.70%	5.00%	5.30%	5.40%	5.60%	5.80%
	Weighted Average Rates	4.30%	4.41%	0.00%	4.73%	5.03%	5.32%	5.49%	5.66%	5.87%

Change in Results										
Change/movement										
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon	-0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.20%
	Weighted Average Rates	0.00%	0.05%	0.00%	-0.03%	0.06%	0.08%	0.01%	0.04%	0.04%

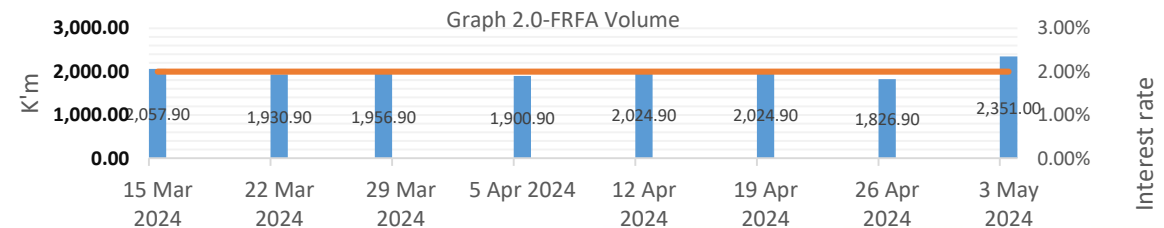
Fix Rate Full Allotment Auction (FRFA) & Financial Institution Term Deposit Rates

- Term deposit rates for all tenors remained relatively unchanged.
- 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. One of the measures introduced by BPNG is the 7-Day Fixed Rate Full Allocation (FRFA) Central Bank Bill (CBB).
- The FRFA Auction is exclusive to authorized deposit takers, such as commercial banks, Savings & Loans Societies and Finance Companies.
- At the constant rate of 2.00%, an increase in volume was experienced for this first week in May auction. A total K2.351b was fully allocated in the week.

Table 4 – Financial Institutions Term Deposit Rates

Issuer	Term & rates (Current)					Term & rates (Previous)					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	0.25%	0.50%	0.65%	0.90%	1.00%	0.25%	0.50%	0.65%	0.90%	1.00%	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	0.75%	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	0.90%	1.10%	1.20%	1.20%	2.10%	0.90%	1.10%	1.20%	1.20%	2.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Government Securities															
Treasury bills (W.A.R)			182	273	364			182	273	364	0.00%	0.00%	0.21%	0.00%	0.07%
			2.18%	2.45%	3.77%			1.97%	2.45%	3.70%					
Central Bank															
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%
	2.00%	0.00%	0.00%	0.00%	0.00%	2.00%	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

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