

Treasury Bills (T-Bills) Results

'365 days W.A.R¹ recorded 8.66%; Overall auction undersubscribed by K172.77m'

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

- This week's W.A.R for the benchmark bill (364 days) improved by 1bps from 8.65% to 8.66%. The change is the second for the tenor in the month.

- An overall undersubscription of K172.77m was reported in this week's T-bill auction. The 364 days tenor makes up 91% of the undersubscription portion of the overall T-bill auction results.

- Despite the undersubscription, the overall successful bid rate² under the 182 days tenor remained unchanged at 100% whilst the 364 days tenor successful bid rate² improved by 2% to fully allocate all bids received at 100%, 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 for the second consecutive week as W.A.R for respective tenor remained stable at 6.43% for three consecutive weeks as investor's appetite shifted toward higher rates under the 364 days and at the same time maintaining liquidity through short term investment under the 182 days tenor.

- The 182 days recorded 2bps increase from 5.72% to 5.74%, its first increment experienced within a month period. The tenor recorded a successful bid rate of 100% where all bids received were fully allocated.

- Rates across all tenors are anticipated to experience minimal changes in the coming auctions subject to market forces as seen in the past auctions for 2024.

- As the first auction for the year concluded this week, the T-Bills total amount offered stands at K294.820m while total successful bids awarded is K122.050m, a difference of K172.77 m.

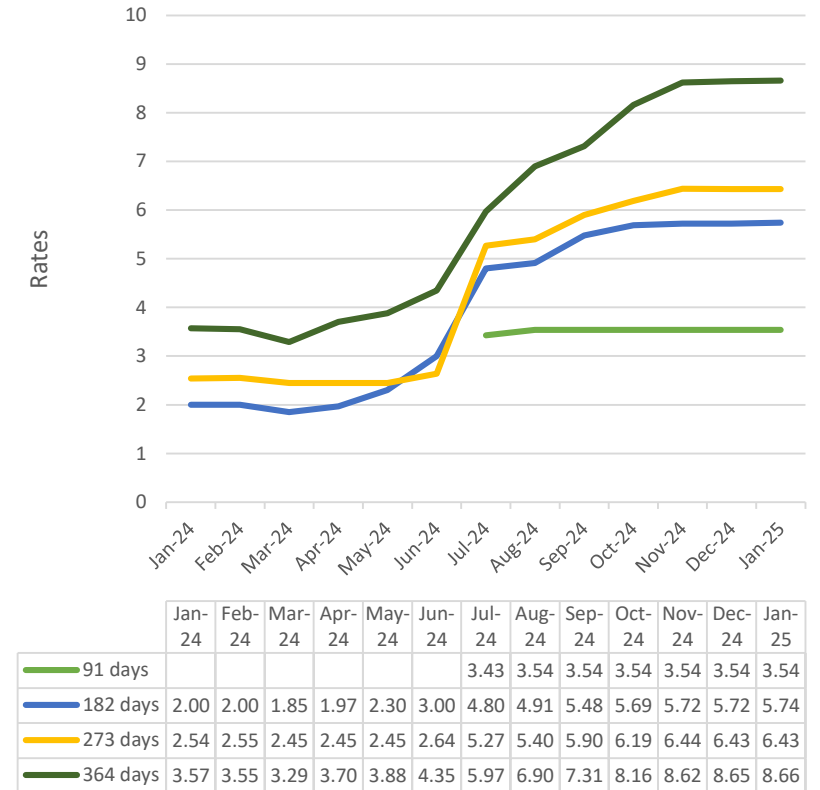
Table 1 – Last Three Auction Results

Auction Results 03 January 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.74%	6.43%	8.66%	
Amount on offer (K'm)	0.000	10.000	10.000	274.820	294.820
Bids received (K'm)	0.000	10.000	0.000	112.050	122.050
Successful bids (K'm)	0.000	10.000	0.000	112.050	122.050
Successful bid rate ²	-	100%	-	100%	100%

Auction Results 27 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	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	-	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%

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)

'No GIS auction as at end of this week'

- Government Inscribed Stocks (GIS) are a long term debt strategy utilized by the government to finance the deficit budget.
- The last GIS auction for 2024 was conducted on the 27/12/2024. The auction recorded successful bids awarded to date to be less by K2,523.960m compared to total bids offered. Total bids offered to date was less by K6,030.000m
- As at the start of the year this week, no GIS auction was conducted.
- Should there be any GIS issuance to the market in the weeks to come, it will be formally communicated in our weekly distribution.

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results as at 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%	

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

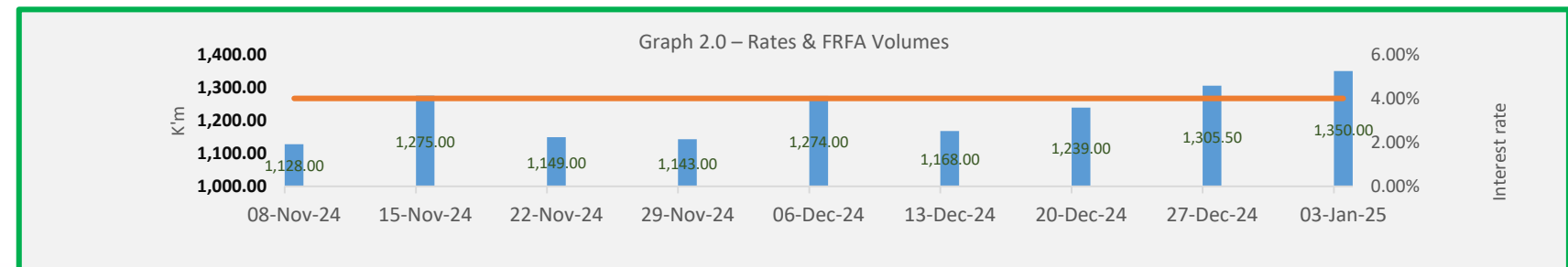
'FRFA W.A.R remains unchanged at 4.00%'

- 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 K1,350.00m total bids received in this auction.
- With K1,305.500m m total CBB maturing this week, there is a net gain of K44.50m (or K1,350.00m - K1,305.500m) by the Central Bank to mop up access liquidity in the market.
- The 7-day FRFA open the year in this week's auction at 4.00%.

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
		-	5.74%	6.43%	8.66%		-	5.72%	6.43%	8.65%		-	0.02%	0.00%	0.01%
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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