

Treasury Bills (T-Bills) Results

- T-Bills are short term debt strategy of government.
- Both the 182 and 364 days paper recorded another strong week, closing the Weighted Average Rate (W.A.R) higher by 10 and 4 basis points respectively.
- The increased successful bid rate¹ of +10% for 182 days bill and +18% for the 364 days bill compared to previous corresponding period signifies higher demand in the market and improved tolerance level the market has to accommodate higher bids received.
- The market could potentially cool-off next week as invitations for T-Bonds (Government Inscribed Stocks) are currently opened for auctions on Tuesday May 14, providing investors with additional fixed income investment opportunities.
- For the 4th consecutive week now, nil offering was made for the 273 days T-bill.
- The overall T-bill auction for the week was over-subscribed by K56.710m from K185.300m offered with over 82% of the over-subscription came from 364 days tenor.

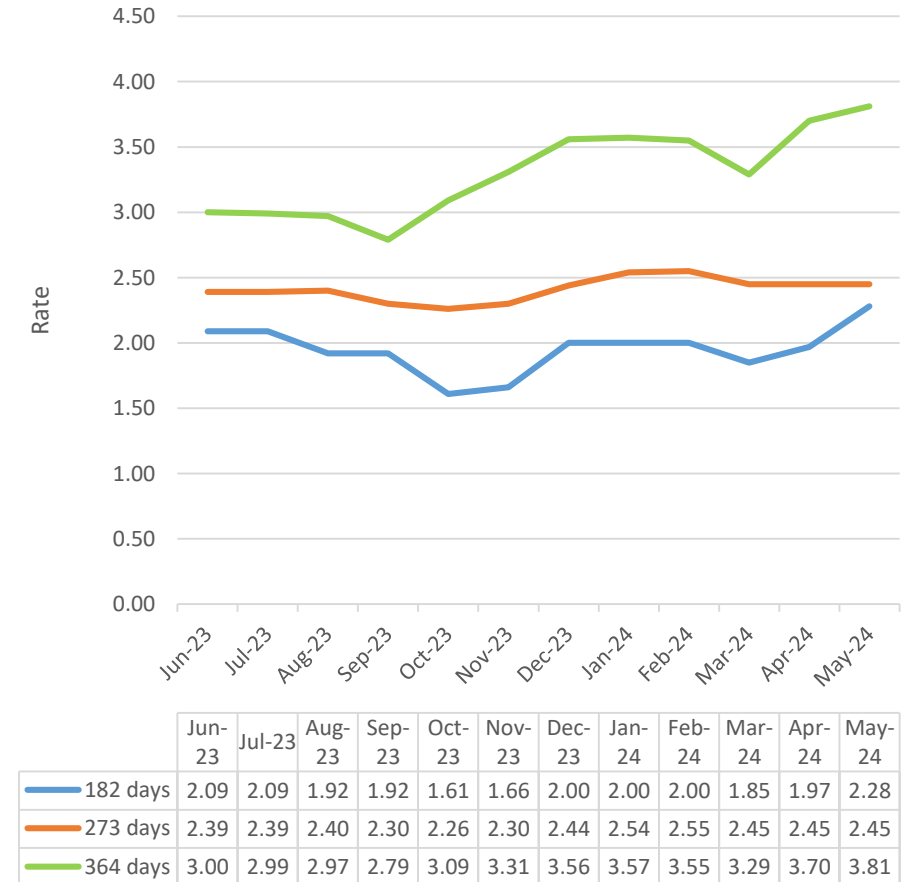
Table 1 – Last Three Auction Results

Terms	Auction Results 10 May 2024			
	182 days	273 days	364 days	Total
W.A.Y - 10/05/24	2.28%	2.45%	3.81%	
Amount on offer (K'm)	10.000	0.00	175.300	185.300
Bids received (K'm)	20.000	0.00	222.010	242.010
Successful bids (K'm)	20.000	0.00	178.010	198.010
Successful bid rate	100%	-	80%	82%

Terms	Auction Results 03 May 2024			
	182 days	273 days	364 days	Total
W.A.Y - 03/05/24	2.18%	2.45%	3.77%	
Amount on offer (K'm)	10.000	0.000	171.680	181.680
Bids received (K'm)	21.000	0.000	180.800	201.800
Successful bids (K'm)	19.000	0.000	111.610	130.610
Successful bid rate	90%	-	62%	65%

Terms	Auction Results 26 April 2024			
	182 days	273 days	364 days	Total
W.A.Y – 26/04/24	1.97%	2.45%	3.70%	
Amount on offer (K'm)	10.000	0.000	243.120	253.120
Bids received (K'm)	6.320	0.000	101.550	107.870
Successful bids(K'm)	4.320	0.000	74.550	78.870
Successful bid rate	68%	-	73%	73%

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



Treasury Bonds (Government Inscribed Stock)

- Government Inscribed Stocks (GIS) are long term debt strategy utilized by the government to finance deficit budget – The tentative GIS issuance date for 2024 is given on Table 2.
- Invitations for this month’s GIS were released on Tuesday, 07 May for upcoming auctions on Tuesday, 14 May – A total of K600m is on offer for 2, 3, 5, 6, 7, 8, 9 and 10 year bonds.
- Due to undersubscriptions in all three GIS auction results of the year, the market could likely show an appetite to entertain marginally higher bids in this auction to make up for the losses - The cumulative under-subscription value for all three previous auctions stood at K427.50m from total offer of K2.30b.
- With K340.000m of GIS maturing this week signals that there is adequate liquidity available to investors to re-invest in this month’s GIS auction – The maturing amount, all under the 2 years tenor, makes up 57% of the total amount offer for this month’s GIS auction, and can potentially dictate the market conditions if all is put into bid with enough appetite is shown on them.
- The next GIS issuance is tentatively scheduled for 18th June 2024.

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	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%	

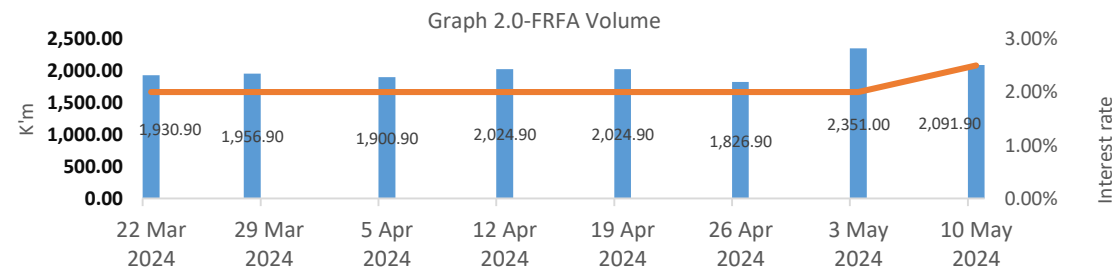
Fix Rate Full Allotment Auction (FRFA) & Financial Institution Term Deposit Rates

- 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) and is exclusive to authorized deposit takers, such as commercial banks, Savings & Loans Societies and Finance Companies.
- The 7-Day Fixed Rate Full Allocation (FRFA) rate has increased this week by 50 basis points to 2.50% with the intention to absorb that excess liquidity and improve interest rates by bringing them closer to the rates set by the Central bank.
- The Central Bank has increased the Kina Facility Rate (KFR) by 50 basis points in May to 2.50% to support the tightening of the Monetary Policy due to expectations of higher inflationary pressure due primarily to the continued depreciation in the Kina. Rate is highest in 14 weeks after it remained unchanged for the last couple of months.
- The total FRFA bids received for the week equaled K2.091b with full allocation made on all bids received.

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	0.25%	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%	0.10%	0.00%	0.04%
			2.28%	2.45%	3.81%			2.18%	2.45%	3.77%					
Central Bank															
Central Bank bills (W.A.R)	7	14	28	63	91	7	14	28	63	91	0.50%	0.00%	0.00%	0.00%	0.00%
	2.50%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%					

Graph 2 – FRFA Rates & Volume



- 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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