

Treasury Bills (T-Bills) Results

- T-Bills are short term debt strategy of government.
- Highest W.A.Rs¹ of the year, 2.52% and 3.97%, were recorded under 182 and 364 day tenors respectively in this week's auction. The rates are 22 bps² and 5 bps higher week-by-week.
- Returning back to its 8-week high, the 273 days tenor closed the auction with 2.52% W.A.R (+6 bps higher), soaring closer towards yearly highs as realized earlier during the year.
- An increase to the W.A.Rs is needed in the market to raise capital to offset this week's maturity of K250.000m across all three tenors. In meeting expectations, the size of total successful bids accepted by the market this week is K127.78m greater than total amount offered across all three tenors – a direct indication of the strong bids strength⁴.
- At this week's auction, total volume of successful bids awarded was K48.780m to date greater than the total amount offered to date. Despite that, the market is expected to show no tendency in reducing W.A.Rs to slash demand in the coming auctions as current economic uncertainties at present are indicating for more capital inflows needed as and when necessary to offset any forthcoming risks to national budget.

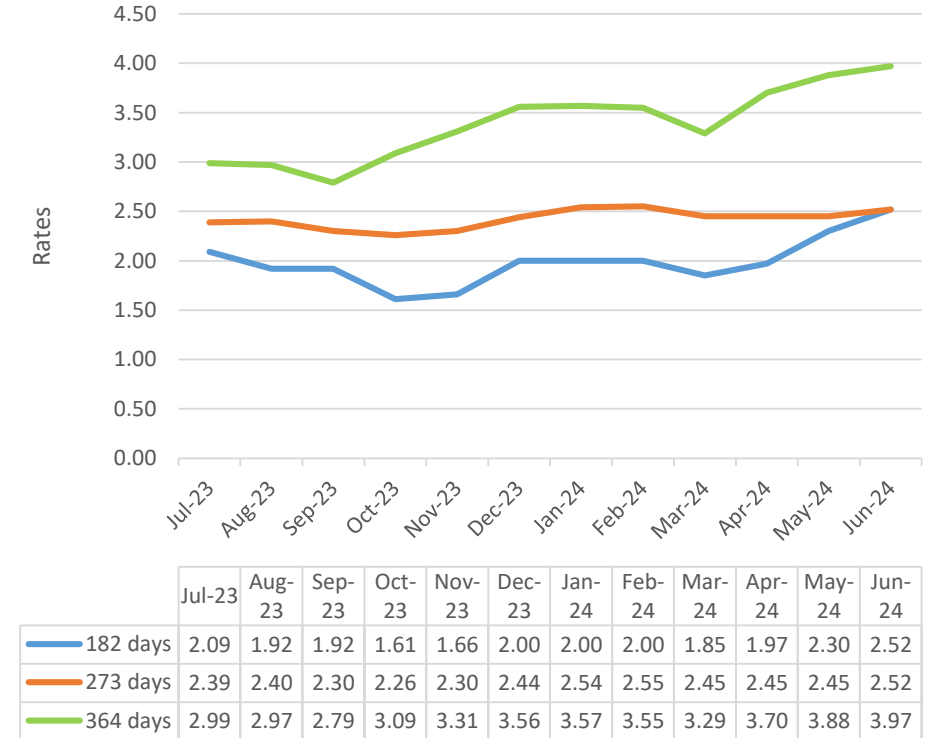
Table 1 – Last Three Auction Results

Auction Results 07 June 2024				
Terms	182 days	273 days	364 days	Total
W.A.R	2.52%	2.52%	3.97%	
Amount on offer (K'm)	10.000	10.000	230.000	250.000
Bids received (K'm)	10.200	10.000	372.580	392.780
Successful bids (K'm)	10.200	10.000	357.580	377.780
Successful bid rate ³	100%	100%	96%	96%

Auction Results 31 May 2024				
Terms	182 days	273 days	364 days	Total
W.A.R	2.30%	2.46%	3.92%	
Amount on offer (K'm)	15.000	10.000	253.000	278.000
Bids received (K'm)	0.000	11.000	435.740	446.740
Successful bids (K'm)	0.000	11.000	369.700	380.700
Successful bid rate	-	100%	85%	85%

Auction Results 24 May 2024				
Terms	182 days	273 days	364 days	Total
W.A.R	2.30%	2.45%	3.88%	
Amount on offer (K'm)	27.000	0.000	290.000	317.000
Bids received (K'm)	0.200	0.000	396.130	396.330
Successful bids(K'm)	0.200	0.000	311.130	311.330
Successful bid rate	100%	-	79%	79%

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



¹ W.A.R = Weighted Average Rate

² Basis points; 100 bps = 1%

³ Successful bid rate = Successful bid / Bids received

⁴ Bid strength rate = Successful bids / Bids received

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.
- Despite Treasury Bill auctions registering predominantly oversubscriptions in May, the month's Treasury Bond auction result reported an undersubscription of K87.540m, making it third consecutive undersubscriptions in a row from 4 auctions this year.
- The W.A.Rs for all tenors in May's Treasury Bond auction however increased month-on-month except for the 5 year tenor by $+0.18$, $+0.05\%$, -0.01% , $+0.07\%$, $+0.09\%$, $+0.01\%$, 0.05% and $+0.07\%$ for 2, 3, 5, 6, 7, 8, 9 and 10 year tenors respectively.
- After last month's Treasury Bond auction, the total volume of successful bids awarded to date is K2.300b, exactly K600.000m short of the total amount offered to date, signaling once again for market to move towards higher W.A.Rs in coming monthly auctions to offset the losses.
- 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 14 May 2024										
Issuer		Term & rates (Current)								
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%
Auction results from 23 April 2024										
Issuer		Term & rates (Previous)								
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%
Change in Results										
		Change/movement								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	0.00%	0.10%	0.00%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
	Weighted Average Rates	0.18%	0.05%	0.00%	-0.01%	0.07%	0.09%	0.01%	0.05%	0.07%

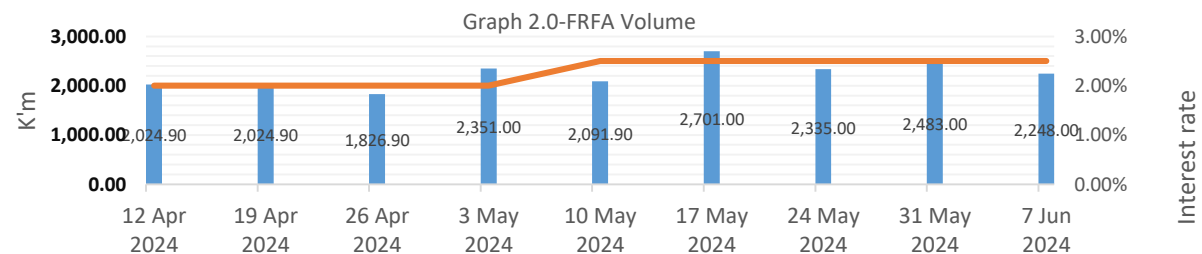
Fix Rate Full Allotment Auction (FRFA) & Financial Institution Term Deposit Rates

- Term deposit rates for all tenors remained relatively 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.
- This week's CBB rate remained unchanged at 2.50% with K2.242b in total bids received – full allocation was made on all the bids received.
- K2.483b is the total maturity amount for the week, about K0.241b more than the full allocation amount above, signaling net weekly loss by Central Bank to mop up excess liquidity.
- Since 2.50% has been announced as the interest rate (or CBB rate) for the first trading of June, it is likely to remain static for all auctions throughout the month throughout the month unless publication of Kina Facility Rate by the Central Bank confirm otherwise.

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%	0.22%	0.06%	0.05%
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%

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

Phoebe Endose

Manager-Funds Management

Ph: +675 309 8505

Email: pendose@bsp.com.pg

Michelle Koredong

Investment Analyst – Money Markets

Ph: +675 309 8507

Email: mkoredong@bsp.com.pg

Darren Terupo

Investment Analyst-Funds Management

Ph: +675 309 8531

Email: DTerupo@bsp.com.pg

Abigail Pepson

Senior Portfolio Analyst

Ph: +675 305 6149

Email: apepson2@bsp.com.pg

Sirak Sengin

Assistant Portfolio Analyst -Funds Management

Ph: +675 309 8530

Email: SSengin@bsp.com.pg

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