

Treasury Bills (T-Bills) Results

'W.A.R for 364 days T-Bill declined further as the overall auction was undersubscribed by K63.600m last week'

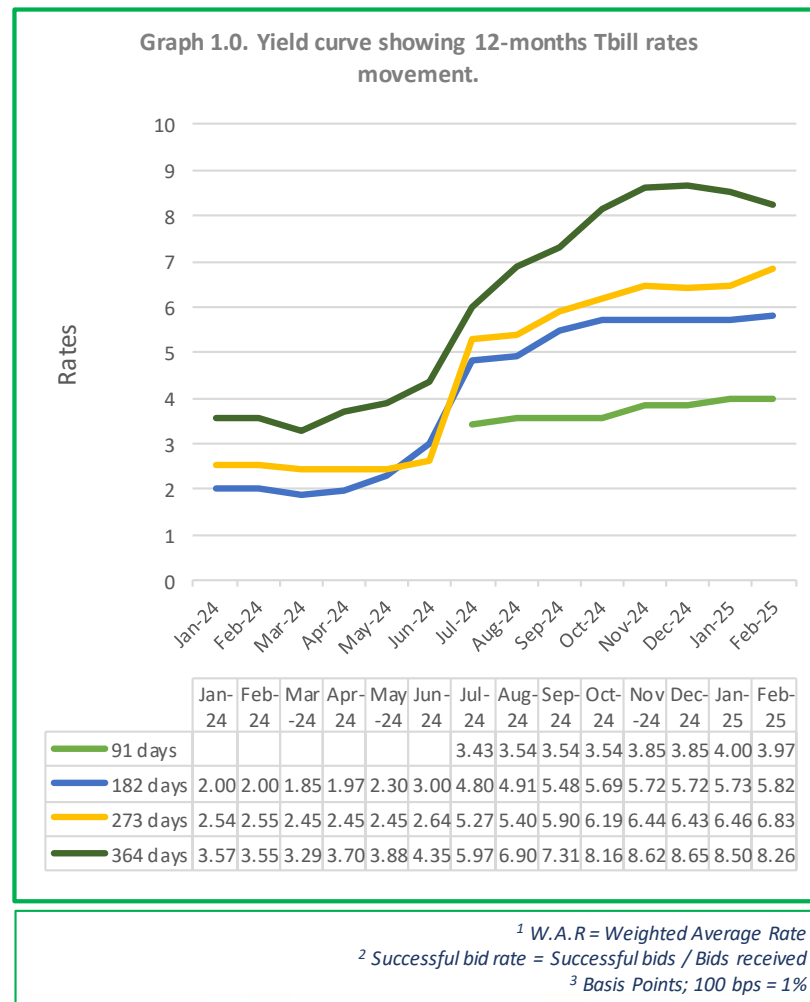
- T-Bills are a short term debt strategy of the government.
- As at last week's Tbill auction, W.A.Rs across all tenors experienced mixed results. The 91 days tenor shed 3bps to close the week at 3.97%. The 182 days tenor recorded nil bids received for the auction as the 273 days experienced an upswing of 24bps to close at 6.83%. The 364 days tenor continue to decline further dropping a basis point last week from 8.27%.
- The 91 days and 273 days tenor recorded 100% successful bid rate each in last week's auction whilst the 364 days paper recorded 93%. There were nil bids received for the 182 days tenor.
- The overall auction was undersubscribed by K63.600m with 76% of the undersubscription recorded under the 364 days tenor. The Tbill auction recorded its first under-subscribed result for the year 2025, as demand from investors shift to longer term bonds due to the availability of Government Inscribed Stock.
- Rates across all tenors are anticipated to experienced minimal movements in the coming auctions subject to market forces as evidenced in the last past eight auctions.
- Total maturities across all tenors so far for the year stood at K3,077.90bn with total bids awarded to date at K3,477.330bn. A net gain of K399.43m by the central bank to mop up excess liquidity in the market.
- As the eight auction for the year concluded this week, the T-Bills total amount offered stands at K3,078.630bn while total successful bids awarded is K3,477.330bn, a difference of K398.70m.
- Graph 1.0 shows yield movement over a 12month period for the 91, 182, 273 and 364 days Treasury Bills.

Table 1 – Last Three Auction Results

Auction Results 28 February 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.97%	5.82%	6.83%	8.26%	
Amount on offer (K'm)	10.000	20.000	20.000	187.600	237.600
Bids received (K'm)	6.000	0.000	25.000	143.000	174.000
Successful bids (K'm)	6.000	0.000	25.000	133.000	164.000
Successful bid rate ²	100%	-	100%	93%	94%

Auction Results 21 February 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	4.00%	5.82%	6.59%	8.27%	
Amount on offer (K'm)	20.000	30.000	40.000	316.640	406.640
Bids received (K'm)	6.000	10.400	35.000	602.730	654.130
Successful bids (K'm)	6.000	10.400	35.000	406.590	457.990
Successful bid rate ²	100%	100%	100%	67%	70%

Auction Results 14 February 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	4.00%	5.66%	6.44%	8.33%	
Amount on offer (K'm)	20.000	40.000	50.000	275.040	385.040
Bids received (K'm)	12.000	4.000	32.000	612.300	660.300
Successful bids (K'm)	12.000	4.000	32.000	550.800	598.800
Successful bid rate ²	100%	100%	100%	90%	91%



Treasury Bonds (Government Inscribed Stock - GIS)

'GIS auction for last week undersubscribed by K19.97m'

Government Inscribed Stocks (GIS) are a long term debt strategy utilized by the government to finance the deficit budget.

- Second GIS issuance of the year recorded an undersubscription of K19.97m.
- Last week's GIS auction saw tenors 2,4,6,7,8,9 and 10 years recorded 100% successful bid rates whilst nil bids were received for the 5 year tenor.
- All coupon rates across all tenors declined by 10bps compared to previous GIS auction results.
- All W.A.Rs across all tenors also experienced downside performance compared to previous GIS auction results.
- GIS invitations for this week have been disseminated with auction set for the 04th March 2025.
- National Budget for 2025 was tabled last year on November 29th with a total expenditure expected to be at PGK28.4billion. Total Revenue to finance this Budget will be PGK25.4billion, with a forecasted fiscal deficit of PGK2.9billion.
- The Government plans to finance the deficit of PGK2.9billion through net domestic borrowing of PGK861million and net external borrowing of PGK2.1billion.

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results as at 28 February 2025										
Issuer	Term & rates (Current)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)										
Coupon	8.50%	-	8.90%	9.00%	9.10%	9.20%	9.30%	9.40%	9.50%	9.50%
Weighted Average Rates	8.50%	-	8.90%	9.19%	9.08%	9.17%	9.27%	9.37%	9.48%	9.48%
Auction results from 21 February 2025										
Issuer	Term & rates (Current)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)										
Coupon	8.70%	-	9.10%	9.20%	9.30%	9.40%	9.50%	9.60%	9.70%	9.70%
Weighted Average Rates	8.68%	-	9.08%	9.19%	9.29%	9.39%	9.48%	9.57%	9.68%	9.68%
Change in Results										
	Change/movement									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)										
Coupon	-0.20%	-	-0.20	-0.20%	-0.20%	-0.20%	-0.20%	-0.20%	-0.20%	-0.20%
Weighted Average Rates	-0.18%	-	-0.18	-	-0.21%	-0.22%	-0.21%	-0.20%	-0.20%	-0.20%

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

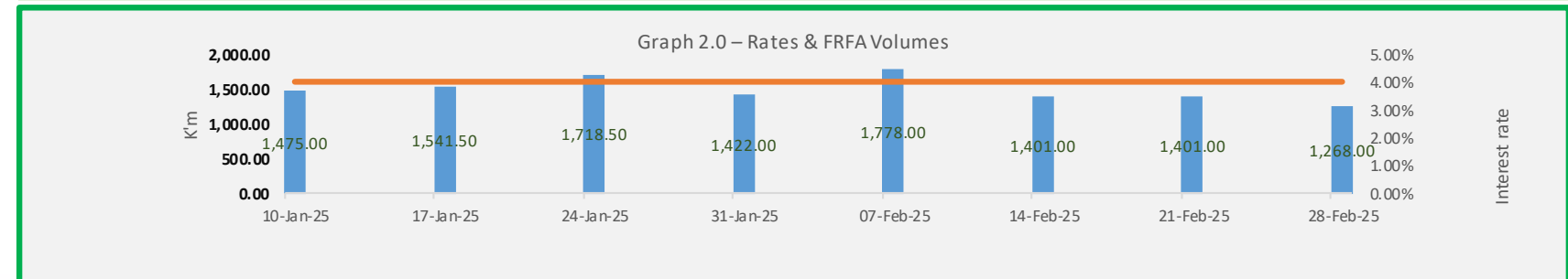
'FRFA W.A.R remain unchanged at 4.00% in last week's auction'

- 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 K1,268.00bn total bids received in last week's auction.
- With K1,206.00bn total CBB maturing last week, there is a difference of K62.00m (or K1,268.00bn – K1,206.00bn) indicating more was accepted compared to total maturities for this week.
- For eight consecutive weeks, the 7-day FRFA rate still remained stable 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)		4.00%	5.82%	6.83%	8.26%		4.00%	5.82%	6.59%	8.27%		0.00%	0.00%	0.24%	0.01%
Central Bank															
Central Bank bills (W.A.R)	4.00%	-	-	-	-	4.00%	-	-	-	-	0.00%	-	0.00%	-	-

Graph 2 – 7 Day FRFA Rates & Volumes



T-Bill Tap and T-Bond Tap are Temporarily Unavailable.

- 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

Head of BSP Capital

Ph: +675 309 8505

Email: pendose@bsp.com.pg

Michelle Koredong

Senior Portfolio Manager – Retail

Ph: +675 309 8507

Email: mkoredong@bsp.com.pg

Abigail Pepson

Senior Portfolio Manager - Wholesale

Ph: +675 305 6149

Email: apepson2@bsp.com.pg

Darren Terupo

Portfolio Manager - Wholesale

Ph: +675 309 8531

Email: DTerupo@bsp.com.pg

Disclaimer

This Research comprises general market information and does not take account of your objectives, financial situation or needs. Before acting on this general advice, you should consider the appropriateness of the advice having regard to your situation. We recommend you obtain financial, legal and taxation advice before making any financial investment decision. This information has been prepared for the use of the clients of the BSP Capital Limited (BSPCL) and must not be copied, either in whole or in part, or distributed to any other person. If you are not the intended recipient, you must not use or disclose this research in any way. If you received it in error, please tell us immediately by return e-mail and delete the document. We do not guarantee the integrity of any e-mails or attached files and are not responsible for any changes made to them by any other person. Nothing in this report shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any transaction. This report is based on information obtained from sources believed to be reliable, but BSPCL does not make any representation or warranty that it is accurate, complete or up to date. We accept no obligation to correct or update the information or opinions in it. Opinions expressed are subject to change without notice. The BSPCL accepts no liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. BSP Capital Limited produces a variety of research products, recommendations contained in one type of research product may differ from recommendations contained in other types of research. BSPCL has established and implemented a conflicts policy at group level, which may be revised and updated from time to time, pursuant to regulatory requirements; which sets out how we must seek to identify and manage all material conflicts of interest. BSP Capital Limited, its officers and employees may have conflicting roles in the financial products referred to in this research and, as such, may effect transactions which are not consistent with the recommendations (if any) in this research. BSP Capital Limited may receive fees, brokerage or commissions for acting in those capacities and the reader should assume that this is the case. BSP Capital Limited employees or officers may provide oral or written opinions to its clients which are contrary to the opinions expressed in this report.