

Treasury Bills (T-Bills) Results

'364 day's W.A.R¹ jumped to 7.92%; 100% successful bid rate² realized'

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

- The 364 day's W.A.R continues to reach new yearly highs each week. This auction recorded a W.A.R. of 7.92%, up 30 bps³. The result marks the tenth time in a row the tenor reached a new yearly high since August 09 where it remained unchanged at 6.37%.

- The 182 and 273 day's W.A.R remained stable at 5.58% and 6.10% respectively. Nil bids received for both tenors in this week's auction indicating a clear shift of investor's appetite towards higher rates in the 364 days paper.

- The 91 days paper recorded an upside movement by 31 bps³ to close at 3.85% in this week's Tbill auction. The tenor reached a 100% successful bid rate indicating an appetite for shorter term.

- Tbill results for this week clearly indicate that investors are leaning towards higher rates and at the same time considering shorter terms to meeting their liquidity requirements.

- W.A.Rs for all tenors are expected to ascend further in the coming auctions given the tight monetary policy stance spearheaded by the Central Bank and the continuous appetite of the government to raise additional capital where necessary in the T-bills market to fund its budget.

- After this week's auction, the total successful bids awarded year-to-date is less by K858.730m compared to the total amount offered.

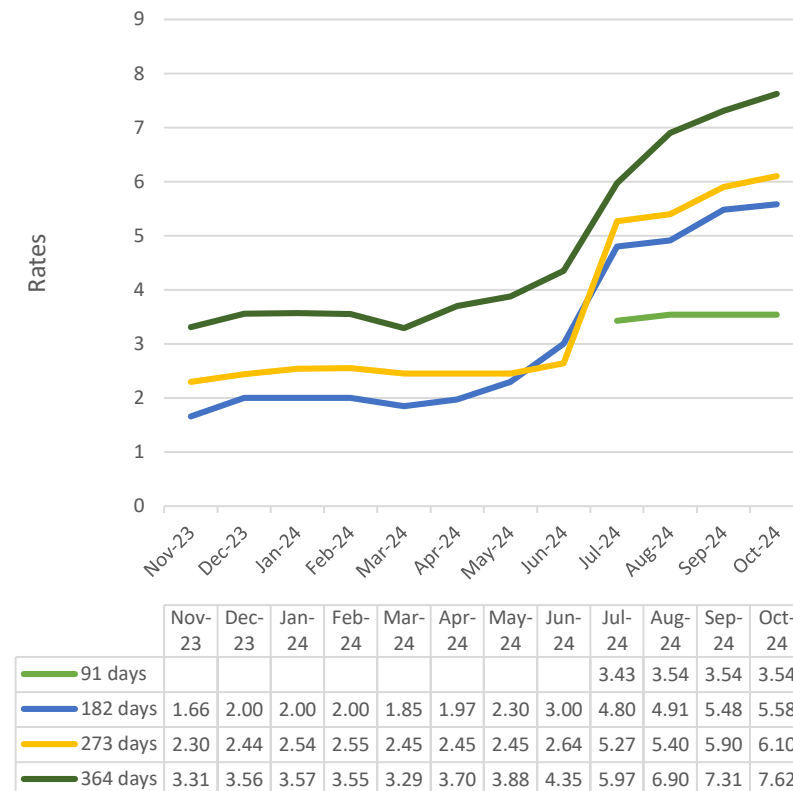
Table 1 – Last Three Auction Results

Auction Results 18 October 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.85%	5.58%	6.10%	7.92%	
Amount on offer (K'm)	50.000	10.000	10.000	226.000	296.000
Bids received (K'm)	15.200	00.000	00.000	110.900	126.100
Successful bids (K'm)	15.200	00.000	00.000	110.900	126.100
Successful bid rate ²	100%	-	-	100%	100%

Auction Results 11 October 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.58%	6.10%	7.62%	
Amount on offer (K'm)	0.000	10.000	10.000	272.000	292.000
Bids received (K'm)	0.000	0.000	10.000	201.440	211.440
Successful bids (K'm)	0.000	0.000	10.000	201.440	211.440
Successful bid rate	-	-	100%	100%	100%

Auction Results 04 October 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.48%	5.90%	7.31%	
Amount on offer (K'm)	0.000	10.000	30.000	269.730	309.730
Bids received (K'm)	0.000	4.520	10.000	265.800	280.320
Successful bids (K'm)	0.000	4.520	10.000	265.800	280.320
Successful bid rate	-	100%	100%	100%	100%

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)

'GIS now issued on weekly basis; Second GIS auction for this month to be conducted next week'

- Government Inscribed Stocks (GIS) are a long term debt strategy utilized by the government to finance the deficit budget – The tentative GIS issuance date for 2024 is given in Table 2.
- For the first time this year, GIS auction is issued on a weekly basis and is likely to continue for the remainder of the year.
- The release of GIS auction invitations yesterday by the Central Bank for the Tuesday 22th October auction marks the third time this month that the GIS auction – a total of K100.000m, is on offer.
- Despite this week's auction being undersubscribed by K37.00m, W.A.Rs for 5, 7, 8, 9 and 10 saw an increase on some purchasing rates week-on-week. Tenors 8,9 & 10 years saw investors bargaining to purchase at lower cost.
- This week's auction result brings the total amount of successful GIS bids awarded to date being less by K2,395.700m compared to total amount offered to date.
- W.A.Rs are expected to trend higher in the coming auctions given the tight monetary policy stance and the need for the market to raise additional capital.

Table 2 – Domestic Issuance Calendar (GIS)

2024 Treasury Bond Tentative Issuance Schedule	
Tentative Issuance Date	Tentative Issuance Amount (K'm)
Tuesday 27 February	800.000
Tuesday 19 March	800.000
Tuesday 23 April	700.000
Tuesday 21 May	600.000
Tuesday 18 June	500.000
Tuesday 23 July	400.000
Tuesday 13 August	400.000
Tuesday 24 September	800.000
Tuesday 08 October	180.000
Tuesday 15 October	100.00
Tuesday 22 November	150.000
Tuesday 19 November	100.900
	5,530.900

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 18 October 2024										
Issuer	Term & rates (Current)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)										
Coupon	-	-	-	9.40%	9.50%	9.60%	9.65%	9.70%	9.75%	
Weighted Average Rates	-	-	-	0.00%	0.00%	8.30%	9.65%	9.75%	9.84%	

Auction results from 11 October 2024										
Issuer	Term & rates (Current)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)										
Coupon				8.00%	8.10%	8.30%	8.50%	8.70%	8.90%	
Weighted Average Rates				9.00%	0.00%	8.30%	8.57%	8.78%	9.20%	

Change in Results										
Change/movement										
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)										
Coupon	-	-	-	1.40%	1.40%	1.30%	1.15%	1.00%	0.85%	
Weighted Average Rates	-	-	-	0.00%	0.00%	0.00%	0.00%	1.00%	0.64%	

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

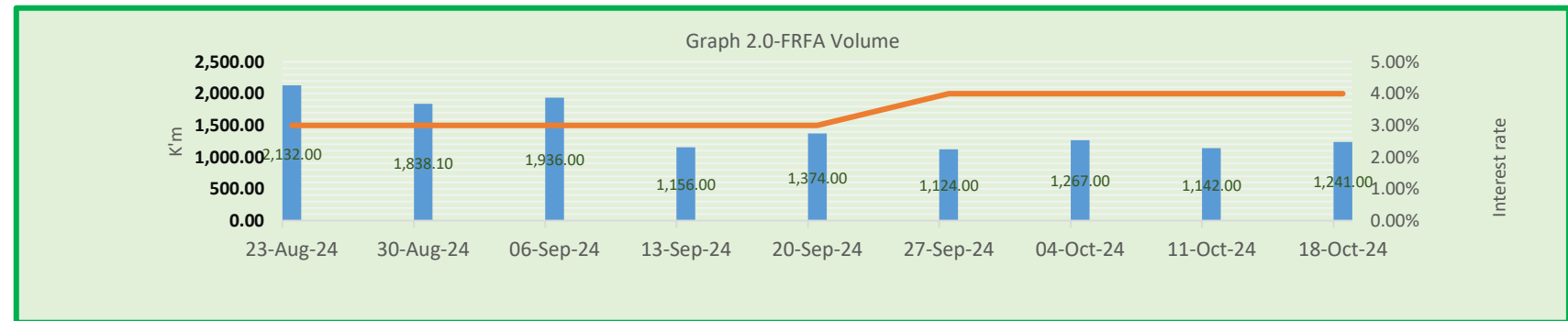
'7-Day FRFA CBB W.A.R remain unchanged at 4%'

- Term deposit rates for all tenors remained unchanged for all issuers except for Westpac– 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 W.A.R remain unchanged at 4% with full allocation made on K1,241.000m total bids received in this auction.
- With K1,142.000m total CBB maturing this week, there is a net loss of K99.000m (or K1241.000m - K1,142.000m) by the Central Bank to mop up access liquidity in the market.

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%
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%	2.20%	2.50%	1.00%	1.20%	1.60%	2.20%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Government Securities															
Treasury bills (W.A.R)		3.85	5.58%	6.10%	7.92%		3.54	5.58%	6.10%	7.62%		-	0.00%	0.00%	0.30%
Central Bank															
Central Bank bills (W.A.R)	4.00%	-	-	-	-	4.00%	-	-	-	-	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	5	8	10	
BPNG Treasury Bond Tap	4.30%	4.70%	0.00%	5.80%	

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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