

T-Bills rates slipped further week on week...

- A total of K233.2m was offered in the Treasury bill auction for the week. Offers were only in the 273 and 364 days papers. The 364 days paper had K203.2m on offer.
- The total bid subscription was K283.77m representing an oversubscription rate of 1.22x.
- Rates closed lower on all papers.
- The overall auction was oversubscribed by K50.57m.
- Graph 1.0 depicts movement in the 182, 273 and 364 days paper for a 12 month period.
- Rates expected to stabilize as liquidity subsides.

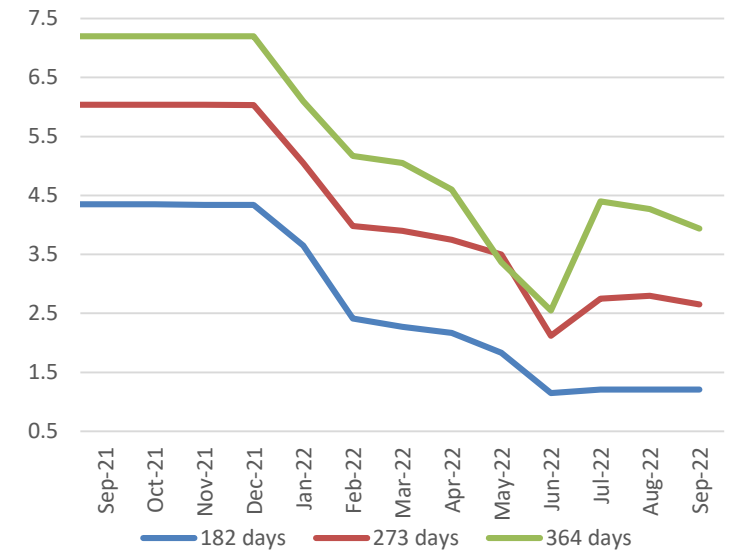
Table 1.0 – Previous auction results

Auction results 14 September 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -14/09	1.21%	2.65%	3.94%	
Amount on offer	0	30	203.20	233.20
Bids received	0	10	273.77	283.77
Successful bids	0	10	203.20	213.20
Overall-Subscription rate	0	0.33	1.35	1.22

Auction results 07 September 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -07/09	1.21%	2.69%	4.01%	
Amount on offer	10	20	196.7	226.7
Bids received	0	12	417.91	429.91
Successful bids	0	12	196.7	208.7
Overall-Subscription rate	0	0.60	2.12	1.90

Auction results 31 August 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -31/8	1.21%	2.80%	4.18%	
Amount on offer	0	0	250.00	250.00
Bids received	0	0	557.09	557.09
Successful bids	0	0	250.00	250.00
Overall-Subscription rate	-	-	2.23	2.23

Graph 1.0 – yield curve showing movement in the 182, 273 and 364 days T-bills in the 12 month period.



Money market insight

- Term deposit rates closed relatively unchanged. FinCorp saw a decline in the 90, 180 and 365 days.
- Treasury Bond (GIS) 4th issuance was conducted on the 23rd of August 2022 with an offer of K350m.
- The auction was oversubscribed by K288.50. Rates were mixed with the 10 year bond edging higher whilst the 8 and 9 year bonds dropped compared to previous auction results.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022. K1.26bn was raised so far in the last four auctions.
- The next GIS issuance is expected on the 20th of September 2022.

Table 2.0 – Financial institutions rates and short term government paper rates as at 15 September 2022

Issuer	Term & rates (Current)					Term & rates (Previous)					Change/movement					
	30	60	90	180	365	30	60	90	180	365	30	60	90	180	365	
Commercial banks																
BSP	0.60%	0.60%	0.65%	1.10%	1.60%	0.60%	0.60%	0.65%	1.10%	1.60%	0.00%	0.00%	0.00%	0.00%	0.00%	
Kina Bank	0.50%	0.75%	0.90%	1.15%	1.25%	0.50%	0.75%	0.90%	1.15%	1.25%	0.00%	0.00%	0.00%	0.00%	0.00%	
Westpac (PNG)	0.10%	0.10%	0.15%	0.25%	0.50%	0.10%	0.10%	0.15%	0.25%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	
ADIs																
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)	1.00%	1.50%	2.50%	3.50%	4.60%	1.00%	1.50%	2.50%	3.50%	4.60%	0.00%	0.00%	0.00%	0.00%	0.00%	
FinCorp	0.50%	1.00%	1.50%	1.75%	1.85%	0.50%	1.00%	2.00%	2.50%	3.00%	0.00%	0.00%	-0.50%	-0.75%	-1.15%	
Moniplus	1.00%	1.25%	1.50%	2.00%	2.50%	1.00%	1.25%	1.50%	2.00%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%	
First Investment Finance	0.70%	1.00%	1.10%	0.70%	2.50%	0.70%	1.00%	1.10%	0.70%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%	
Government Securities																
Treasury bills (W.A.R)			1.21%	2.65%	3.94%			1.21%	2.68%	4.01%	0.00%	0.00%	0.00%	-0.03%	-0.07%	
Central Bank																
Central Bank bills (W.A.R)	1.58%	2.03%	2.07%			1.57%	2.02%	2.04%	0.00%			0.01%	0.01%	0.03%	0.00%	0.00%

Table 3.0 – Long dated government paper rates – last auction results in August 2022

Issuer	Term & rates (Current)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	4.84%	5.35%	5.60%	6.20%	6.44%	6.67%	6.92%

Auction results from 23/08/22

Issuer	Term & rates (Previous)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	5.00%	0.00%	0.00%	6.20%	6.45%	6.70%	6.80%

Auction results from 22/07/22

Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	-0.16%	5.35%	5.60%	0.00%	-0.01%	-0.03%	0.12%

Money market insight

- The Central Bank announced the trading for new TAP investments (BPNG Bills and Bonds) effective 2nd March, 2022. Bids are done via e-mails and e-payment modes only.
- In the tap facilities, the Tbond Tap rates closed unchanged.
- The bonds are available in 2, 4, 8 & 10 year terms.
- Tbill Tap rates shared similar sentiments across the board.
- The Tbill Tap papers are available in 63, 91,182,273 and 364 days terms.
- Eligible Investors can participate in the Tap Investments.

Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 15 September 2022

Issuer	Term & rates (Current)			
Term (years)	2	4	8	10
BPNG TBOND TAP	4.34%	4.85%	5.94%	6.42%

Auction results from 15/09/22

Issuer	Term & rates (Previous)			
Term (years)	2	4	8	10
BPNG TBOND TAP	4.34%	4.85%	5.94%	6.42%

Auction results from 09/09/22

Change/movement					
Term (years)	2	4	8	10	
BPNG TBOND TAP	0.00%	0.00%	0.00%	0.00%	

Issuer	Term & rates (Current)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	2.03%	2.04%	0.71%	2.30%	3.77%

Auction results from 15/09/22

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	2.03%	2.04%	0.71%	2.30%	3.77%

Auction results from 09/09/22

Change/movement					
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	0.00%	0.00%	0.00%	0.00%	0.00%

For more information on your bidding strategy, please contact the team on phone 309 8501 or email bcapenquiries@bsp.com.pg

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