

The 364 days Treasury Bill rate showed a slight improvement from last week.

- A total of K230.45m was offered in Treasury Bill's auction last week. Results were oversubscribed by an aggregate amount of K166.95m. The Central Bank accepted access of K78m from total bids.
- The 182 and 273 days papers offered K20m and K10m respectively.
- Rates were mixed. The 364 days improved by 30 basis points after closing at 2.59% week on week.
- Graph 1.0 shows movement over a 12-month period for the 182, 273 & 364 days papers.
- A minimal increase in the bids received was noted after dropping in the previous week's auction results.
- Rates are expected to improve once other securities become available.

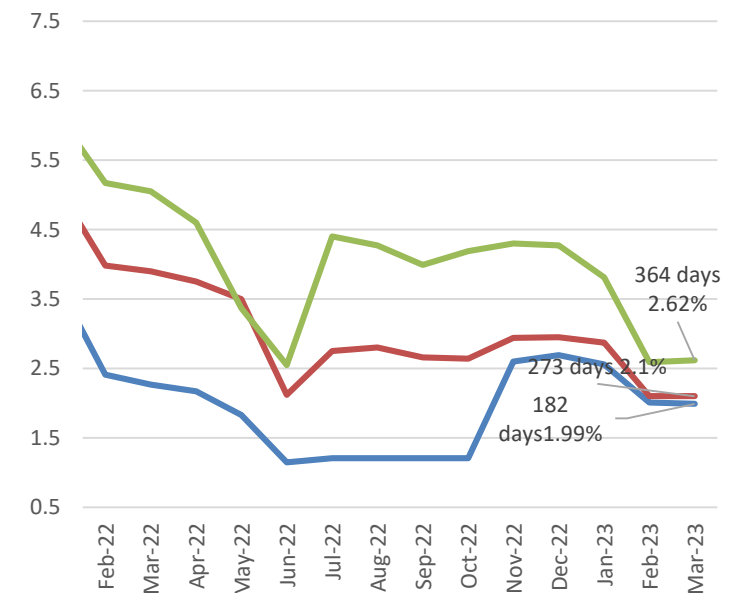
Table 1.0 – Previous auction results

Auction results 8th March 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -08/03	1.99%	2.10%	2.62%	
Amount on offer	20	10	200.45	230.45
Bids received	25	3	369.4	397.4
Successful bids	25	3	280.45	308.45
Overall-Subscription rate	1.25	0.30	1.84	1.72

Auction results 01st March 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -01/03	2.01%	2.10%	2.59%	
Amount on offer	20	10	238	268
Bids received	13	0.1	241.26	254.36
Successful bids	13	0.1	241.26	254.36
Overall-Subscription rate	0.65	0.01	1.01	0.95

Auction results 22nd February 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -22/02	2.02%	2.20%	2.65%	
Amount on offer	50	30	379.46	459.46
Bids received	175	90	629.41	894.41
Successful bids	75	55	419.46	549.46
Overall-Subscription rate	3.50	3.00	1.66	1.95

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



Money market insight

- Term deposit rates were unchanged across the board.
- The Central Bank Bills remained mostly flat except for the 182 days paper which further improved from previous close.
- The 2023 National Budget which was released late December 2022, showed an increase in expenditure by K2.5bn to K24.6bn compared to 2022.
- Budget deficit of K5.0bn is expected to be financed through external borrowing (K3.5bn) and domestic disbursements (K1.5bn)¹.
- New Treasury Bond issuance is yet to be announced. We expect an announcement in April 2023.

¹KPMG PNG Budget 2023

Table 2.0 – Financial institutions rates and short term government paper rates as at 10th March 2023

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	0.35%	0.35%	0.40%	0.85%	1.35%	0.35%	0.35%	0.40%	0.85%	1.35%	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)	0.05%	0.05%	0.05%	0.10%	0.25%	0.05%	0.05%	0.05%	0.10%	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%		
ADIs																	
BSP Finance (PNG)	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%		
Credit Corporation (PNG)	1.00%	1.25%	1.75%	2.20%	2.75%	1.00%	1.25%	1.75%	2.20%	2.75%	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%	1.50%	1.75%	1.85%	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	0.80%	1.00%	1.10%	1.20%	2.00%	0.80%	1.00%	1.10%	1.20%	2.00%	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%	-0.02%	0.00%	0.03%
				1.99%	2.10%	2.62%				2.01%	2.10%	2.59%					
Central Bank																	
Central Bank bills (W.A.R)	28	63	91	182	28	63	91	182	28	63	91	182	0.05%	0.00%	0.00%	0.00%	0.00%
	1.87%	2.29%	2.36%	1.82%	2.29%	2.36%	0.00%										

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

Issuer	Term & rates (Current)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	4.20%	5.16%	5.24%	5.56%	5.44%	5.44%	5.44%

Auction results from 18/11/22

Issuer	Term & rates (Previous)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	4.20%	4.97%	5.44%	5.93%	6.18%	6.35%	6.28%

Auction results from 21/10/22

Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	0.00%	0.19%	-0.20%	-0.37%	-0.74%	-0.91%	-0.84%

Money market insight

- The T-bill Tap and T-bond Tap papers remain **temporarily closed** until further notice.

Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 10th March 2023

Issuer	Term & rates (Current)			
Term (years)	2	4	8	10
BPNG TBOND TAP	CLOSED UNTIL FURTHER NOTICE			

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	CLOSED UNTIL FURTHER NOTICE				

¹ <https://www.bankpng.gov.pg/wp-content/uploads/2018/06/BPNG-TAP-FACILITY-TBILL-TBOND.pdf>

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