

Treasury bill bids received was 3.6x higher with all bids accepted despite an offering of only K150.3m for the 364D issue.

- Rates dropped to 5.2% for the 364D paper likewise the shorter terms.
- Bids of more than K750m was received across the auction, that pushed the Weighted Average Rates (W.A.R) lower.
- Interestingly, all bids received were successful despite a small offering of only K150.3m in the 364D paper.
- Indicates the government’s appetite for short term debt maybe increasing.
- That should ease the free fall in the rates since January.

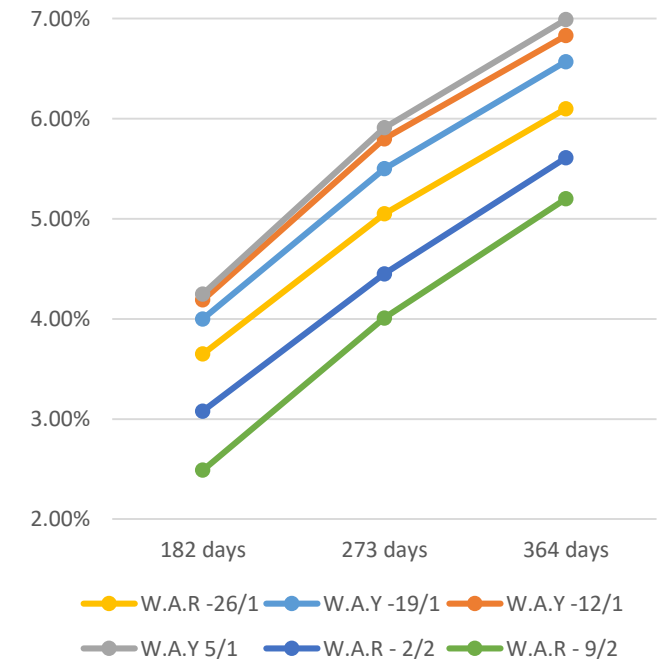
Table 1.0 – Previous auction results

Auction results 9 Feb 2022				
Terms	182 days	273 days	364 days	Total
W.A.R - 9/2	2.49%	4.01%	5.20%	
Amount on offer	50	10	150.26	210.26
Bids received	130.4	53	571.17	754.57
Successful bids	130.4	53	571.17	754.57
oversubscription rate	2.61x	5.30x	3.80x	3.59x

Auction results 2 Feb 2022				
Terms	182 days	273 days	364 days	Total
W.A.R - 2/2	3.08%	4.45%	5.61%	
Amount on offer	30	40	108.85	178.85
Bids received	114	168.17	485.18	767.35
Successful bids	30	40	230.01	300.01
oversubscription rate	3.80x	4.20x	4.46x	4.29x

Auction results 26 Jan 2022				
Terms	182 days	273 days	364 days	Total
W.A.R -26/1	3.65%	5.05%	6.10%	
Amount on offer	80	10	121.45	211.45
Bids received	202.5	47.61	647.88	897.99
Successful bids	160	20	293.58	473.58
oversubscription rate	2.53x	4.76x	5.33x	4.25x

Graph 1.0 – depicts T-bills yield curve



Money market insight

- The rates are expected to move lower in the quarter, and therefore we do not expect commercial banks to raise interest rates soon.
- Rates from FIFL saw slight reduction in the 180 and 365 terms.
- No movements were noted for commercial bank papers week on week (refer Table 3.0)
- Treasury bonds are yet to be issued for 2022, pending the issuance calendar from Department of Treasury.

Table 3.0 – Financial institutions rates and short term government paper rates as at 11 Feb 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	0.10%	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%
Kina Bank	0.75%	1.00%	1.25%	1.50%	1.75%	0.75%	1.00%	1.25%	1.50%	1.75%	0.00%	0.00%	0.00%	0.00%	0.00%
Westpac (PNG)	0.10%	0.15%	0.25%	0.50%	1.00%	0.10%	0.15%	0.25%	0.50%	1.00%	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	1.50%	2.00%	3.00%	4.00%	5.10%	1.50%	2.00%	3.00%	4.00%	5.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Moniplus	1.50%	n.a	3.50%	4.50%	5.50%	1.50%	n.a	3.50%	4.50%	5.50%	0.00%	n.a	0.00%	0.00%	0.00%
First Investment Finance	1.00%	1.10%	1.25%	2.00%	4.50%	1.00%	1.10%	1.25%	3.25%	5.25%	0.00%	0.00%	0.00%	-1.25%	-0.75%
Government Securities															
Treasury bills (W.A.R)			2.49%	4.01%	5.20%			3.08%	4.45%	5.61%	0.00%	0.00%	-0.59%	-0.44%	-0.41%
Central Bank															
Central Bank bills (W.A.R)	1.09%					1.13%					-0.04%	0.00%	0.00%	0.00%	0.00%

Table 4.0 – Long dated government paper rates – last auction results in 2021

Issuer - GoPNG	Term & rates (Current)						
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	8.50%	9.00%	9.70%		9.90%	9.90%	9.90%
<i>Auction results from 28/07/21</i>							
Issuer	Term & rates (Previous)						
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	8.50%	9.00%	9.70%	9.80%	9.90%	9.90%	9.90%
<i>Auction results from 25/06/21</i>							
Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	0.00%	0.00%	0.00%	-9.80%	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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