

# Money Market Insight

25 January, 2022

**Table 1.0 – Previous auction results**

Auction results 19 Jan 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -19/1	4.00%	5.50%	6.57%	
Amount on offer	50.00	70.00	229.31	349.31
Bids received	123.00	166.38	812.11	1,101.49
Successful bids	50.00	70.00	229.31	349.31
oversubscription rate	2.46	2.38	3.54	3.15

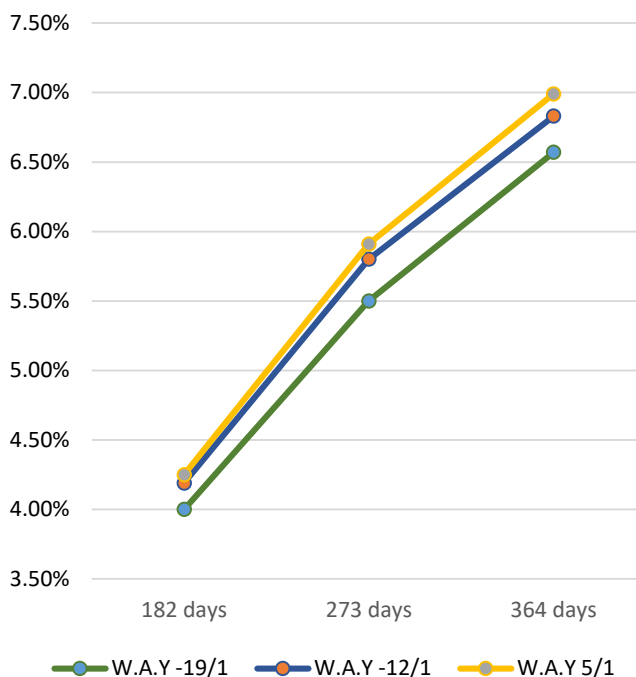
Auction results 12 Jan 2022				
Terms	182	273	364	Total
W.A.Y -12/1	4.19%	5.80%	6.83%	
Amount on offer	20.00	50.00	296.04	366.04
Bids received	65.01	121.38	712.39	898.78
Successful bids	20.00	50.00	296.04	366.04
oversubscription rate	3.25	2.43	2.41	2.46

Auction results 5 Jan 2022				
Terms	182	273	364	Total
W.A.Y 5/1	4.25%	5.91%	6.99%	
Amount on offer	10.00	60.00	328.64	398.64
Bids received	20.00	91.00	556.69	667.69
Successful bids	10.00	60.00	328.64	398.64
oversubscription rate	2.00	1.52	1.69	1.67

## Treasury Bill rates plummet reflecting high levels of liquidity in the system as interest rates from ADIs remained steady...

- Last week saw K296.1m offered in the T-Bills auctions for the 364 days paper, with total maturities of K359.4m.
- There were oversubscriptions noted for all auctions so far since the New Year.
- Weighted Average Rates (WAR) dropped 26 basis points (0.26%) to 6.57% from 6.83% in the 364 day paper. Y/Y the rate fell 0.63% from a high of 7.20%
- This week's auction should see a total of maturity of K345.51m.
- The shorter dated bills also saw rates slide by 19 and 30 basis points respectively.

**Graph 1.0 – depicts T-bills yield curve**



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**Table 3.0 – Long dated government paper rates – last auction results in 2021**

Issuer	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%

- Rates from the commercial banks have been mostly stable with no change over the last 12 months (refer Table 4.0)
- Treasury bonds are yet to be issued for 2022, pending the issuance calendar from Department of Treasury.
- The Government intends to raise K1.7bn from Treasury bonds in 2022 according to the 2022 National Budget.
- The government has indicated to restructure its debt portfolio which will likely see some pullback in the rates going forward.

**Table 4.0 – Financial institutions rates and short term government paper rates as at 19 Jan 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
<b>Commercial banks</b>															
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%
<b>ADIs</b>	<b>30</b>	<b>60</b>	<b>90</b>	<b>180</b>	<b>365</b>	<b>30</b>	<b>60</b>	<b>90</b>	<b>180</b>	<b>365</b>	<b>30</b>	<b>60</b>	<b>90</b>	<b>180</b>	<b>365</b>
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%	3.25%	5.25%	1.00%	1.10%	1.25%	3.25%	5.25%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>GOPNG</b>			<b>182</b>	<b>273</b>	<b>364</b>			<b>182</b>	<b>273</b>	<b>364</b>			<b>182</b>	<b>273</b>	<b>364</b>
Treasury bills (W.A.R)			4.00%	5.50%	6.57%			4.19%	5.80%	6.83%	0.00%	0.00%	-0.19%	-0.30%	-0.26%
<b>BPNG</b>	<b>28</b>	<b>63</b>	<b>91</b>	<b>182</b>	<b>28</b>	<b>63</b>	<b>91</b>	<b>182</b>	<b>28</b>	<b>63</b>	<b>91</b>	<b>182</b>			
Central Bank bills (W.A.R)	1.21%					1.21%					0.00%	0.00%	0.00%	0.00%	0.00%

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For more information on your bidding strategy, please contact the dealing team on phone 309 8501 or email [bcapenquiries@bsp.com.pg](mailto:bcapenquiries@bsp.com.pg)

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