

The 364 days T-Bill paper shows improvement whilst the rest remained flat after reaching a low in June 2022; we expect rates to rise as liquidity levels subsides in Q4.

- There was a total of K225.9m worth of T-bills offered last week.
- The 182 and 273 days papers offered 10 million and 15 million, and the rest was offered under the 364 days paper.
- Rates improved for the 364 days paper. The 182 days remained unchanged whilst the 273 days closed lower by a point.
- Graph 1.0 shows movement in the 182, 273, and 364 days paper for a 12-month period.
- Liquidity and inflation are still high and the tightening of the monetary policy stance may continue.

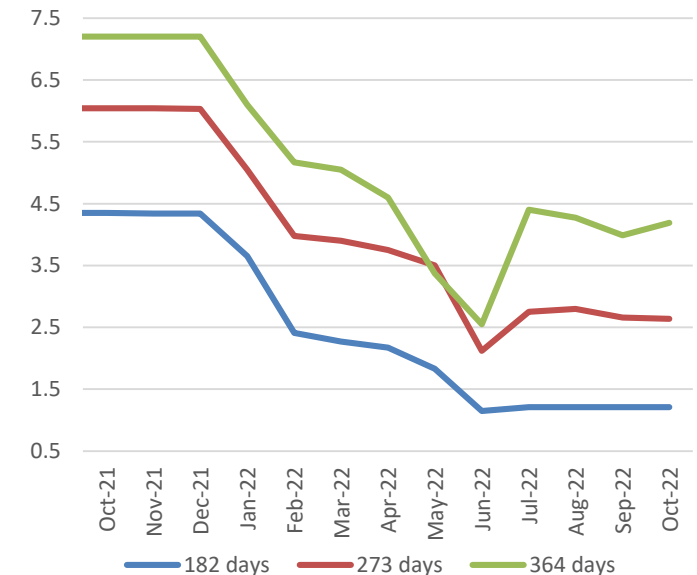
Table 1.0 – Previous auction results

Auction results 26th October 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -26/10	1.21%	2.64%	4.19%	
Amount on offer	10	15	200.9	225.9
Bids received	5	3	298.54	306.54
Successful bids	0	3	233.54	236.54
Overall-Subscription rate	0.50	0.20	1.49	1.36

Auction results 20th October 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -20/10	1.21%	2.65%	4.13%	
Amount on offer	10	20	209.54	239.54
Bids received	0	0	160.03	160.03
Successful bids	0	0	160.03	160.03
Overall-Subscription rate	-	-	0.76	0.67

Auction results 14th October 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -14/10	1.21%	2.65%	4.06%	
Amount on offer	10	20	254.36	284.36
Bids received	0	22	230.98	252.98
Successful bids	0	22	227.58	249.58
Overall-Subscription rate	0	1.10	0.91	0.89

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 closed unchanged across the board.
- Treasury Bond (GIS) 6th issuance was conducted on the 18th of October 2022 with an offer of K450m. The total bid subscription was K431m.
- The auction was oversubscribed by K19m. The weighted rates closed mixed.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022. To date K2.01bn was raised so far in the last six auctions. This is an increase by 15% from the planned issuance debt.
- The final GIS issuance is expected on the 22nd of November 2022.

Table 2.0 – Financial institutions rates and short term government paper rates as at 28th October 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)	0.60%	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)	0.95%	1.25%	1.85%	2.40%	2.85%	0.95%	1.25%	1.85%	2.40%	2.85%	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	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)			182	273	364			182	273	364	0.00%	0.00%	0.00%	-0.01%	0.06%		
			0.00%	2.64%	4.19%			0.00%	2.65%	4.13%							
Central Bank																	
Central Bank bills (W.A.R)	28	63	91	182	28	63	91	182	28	63	91	182	0.07%	-0.21%	0.10%	0.00%	0.00%
	1.91%	2.34%	2.63%	1.84%	2.55%	2.53%	0.00%										

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

Issuer	Term & rates (Current)						
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%
<i>Auction results from 18/10/22</i>							
Issuer	Term & rates (Previous)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	4.37%	5.08%	5.26%	5.91%	6.18%	6.40%	6.35%
<i>Auction results from 23/09/22</i>							
Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	-0.17%	-0.11%	0.18%	0.02%	0.00%	-0.05%	-0.07%

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Money market insight

Issue: #38/2022

- In the Tap facilities market, T-bond Tap rates opened low across the board except for the 8-year paper which was unchanged to previous close.
- The bonds are available in 2, 4, 8 & 10 year terms.
- T-bill Tap rates were mixed, showing improvement in the 63 & 91 days papers whilst the rest opened unchanged or lower.
- The T-bill Tap papers are available in 63, 91,182,273 and 364 days terms.
- Eligible Investors can participate in the Tap Investments¹.

Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 28th October 2022

Issuer	Term & rates (Current)				
Term (years)	2	4	8	10	
BPNG TBOND TAP	3.70%	4.47%	5.68%	5.78%	

Auction results from 28/10/22

Issuer	Term & rates (Previous)				
Term (years)	2	4	8	10	
BPNG TBOND TAP	3.87%	4.58%	5.68%	5.85%	

Auction results from 21/10/22

Change/movement					
Term (years)	2	4	8	10	
BPNG TBOND TAP	-0.17%	-0.11%	0.00%	-0.07%	

Issuer	Term & rates (Current)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	2.34%	2.63%	0.71%	2.14%	3.69%

Auction results from 28/10/22

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	2.10%	2.04%	0.71%	2.31%	3.77%

Auction results from 21/10/22

Change/movement					
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	0.24%	0.59%	0.00%	-0.17%	-0.08%

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

For more information on your bidding strategy, please contact the team on phone 309 8501 or email

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