

Treasury Bills (T-Bills) Results

- T-Bills are short term debt strategy of government.
- The 364 days' Weighted Average Rate (W.A.R) increased 13 basis points this week, hitting 12 weeks high at 3.6%. The bid/subscription rate is 43% of K275.21m offered.
- In 182 days tenor, nil bid made against its offering of K10m, its third in a row under such circumstances and a likely signal of investors' preferring high yields in longer term bills.
- The 273 days tenor has nil trading for the week, making it unattractive for 4 straight weeks.
- Overall auction for the week came under-subscribed by K156.81m from K275.21m offered, about 94% of the under-subscription came from the 364 days tenor.
- The significant fall in demand of the 364 day issuance compared to last 5 corresponding periods could largely be attributed to investors spreading their investments across high yielding Treasury Bonds (Government Inscribed Stock) opened for bidding earlier this week.
- The W.A.Rs are however expected to remain relatively high in all three T-Bill tenures on the basis that the gov't could use excess borrowing here to make up for any shortfall in tax revenues in 2024 budget in light of January 10 unrest.

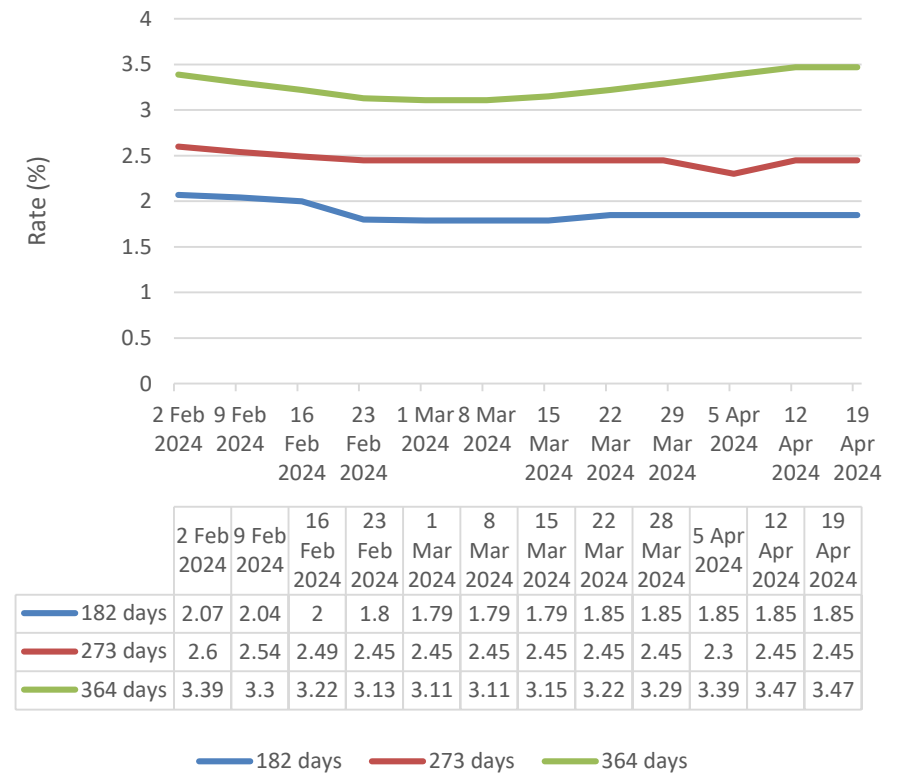
Table 1 – Last Three Auction Results

Auction Results 19 April 2024				
Terms	182 days	273 days	364 days	Total
W.A.Y - 19/04/24	1.85	2.45	3.60	
Amount on offer (K'm)	10.00	0.00	265.21	275.21
Bids received (K'm)	0.00	0.00	118.40	118.40
Successful bids (K'm)	0.00	0.00	118.40	118.40
Overall-Subscription rate (%)	-	-	45%	43%

Auction Results 12 April 2024				
Terms	182 days	273 days	364 days	Total
W.A.Y - 12/04/24	1.85	2.45	3.47	
Amount on offer (K'm)	10.00	10.00	215.00	235.00
Bids received (K'm)	0.00	0.00	248.40	248.40
Successful bids(K'm)	0.00	0.00	226.40	226.40
Overall-Subscription rate (%)	-	-	116%	106%

Auction Results 05 April 2024				
Terms	182 days	273 days	364 days	Total
W.A.Y - 05/04/24	1.85%	2.45%	3.39%	
Amount on offer (K'm)	10	0	263.90	273.90
Bids received (K'm)	0	0	233.80	233.80
Successful bids (K'm)	0	0	233.80	233.80
Overall-Subscription rate (%)	-	-	89%	85%

Graph 1.0 W.A.R Results for Last 12 Auctions



Treasury Bonds (Government Inscribed Stock)

- GIS are long term debt strategy utilized by the government to finance deficit budget – The tentative issuance of GIS for 2024 is given in Table 2.
- Invitations for the third GIS auction of the year were issued on Monday, 15th April 2024, a total of K700m was offered across 2, 3, 5, 6, 7, 8, 9 and 10 year tenors. The auction will be run on the 23rd of April 2024.
- In the second GIS auction conducted in March, results show an under-subscription of K144.3m from a total of K800m offered across 2-10 year periods. The W.A.R for 5-10 year periods reduced marginally between 1-5 basis points compared to rates for the same periods in the first auction result above.
- The first GIS held in February also came undersubscribed by K17.9m. The offered amount was K800m and distributed across 5, 6, 7, 8, 9 and 10 year maturity periods. The W.A.R for the respective periods above were 4.8%, 5.09%, 5.37%, 5.49%, 5.68%, and 5.98%.
- Trading in long term instruments continue to provide an alternative investment option for investors to participate.
- The next issuance of GIS is scheduled for 21st of May 2024.

Table 2 – Domestic Issuance Calendar (GIS)

2024 Treasury Bond Tentative Issuance Schedule	
Tentative Issuance Date	Tentative Issuance Amount (K'm)
Tuesday 27 February	800.00
Tuesday 19 March	800.00
Tuesday 23 April	700.00
Tuesday 21 May	600.00
Tuesday 18 June	500.00
Tuesday 23 July	300.00
Tuesday 20 August	200.00
Tuesday 17 September	150.00
Tuesday 22 November	150.00
Tuesday 19 November	100.90
	4,300.90

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 27/03/24										
Issuer	Term & rates (Current)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon									
	4.31%	4.40%	0.00%	4.70%	5.00%	5.30%	5.40%	5.60%	5.80%	
	Weighted Average Rates									
	4.30%	4.41%	0.00%	4.73%	5.03%	5.32%	5.49%	5.66%	5.87%	
Auction results from 27/02/24										
Issuer	Term & rates (Previous)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon									
	0.00%	0.00%	0.00%	4.80%	5.10%	5.40%	5.50%	5.70%	6.00%	
	Weighted Average Rates									
	0.00%	0.00%	0.00%	4.80%	5.09%	5.37%	5.49%	5.68%	5.98%	
Change in Results										
Change/movement										
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon									
	4.31%	4.40%	0.00%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.20%	
	Weighted Average Rates									
	4.30%	4.41%	0.00%	-0.07%	-0.06%	0.05%	0.00%	-0.02%	-0.11%	

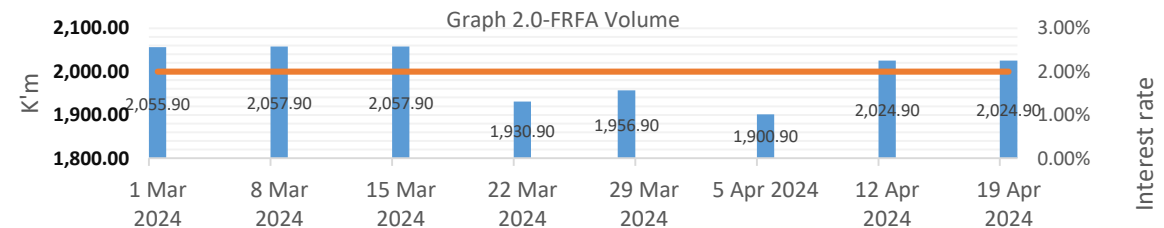
Fix Rate Full Allotment Auction (FRFA) & Financial Institution Term Deposit Rates

- Term deposit rates for all tenors remained relatively unchanged.
- The Central Bank continues to strengthen the monetary policy operational framework by intensifying efforts to mop up excess liquidity and adopt more effective short-term liquidity management instruments. One of the measures introduced by BPNG is the 7-Day Fixed Rate Full Allocation (FRFA) Central Bank Bill.
- The FRFA Auction is exclusive to authorized deposit takers, such as commercial banks, Savings & Loans Societies and Finance Companies. The fixed rate remained constant at 2.00% for the last two weeks with this week's results yet to be announced.
- FRFA CBBs continue to support the transmission of monetary policy, as BPNG remain focused to align its monetary policy instruments to better influence domestic market interest rates' response to changes in the monetary policy rate -the KFR. As a result, the 7-day Central Bank Bill, the short-term liquidity instrument under the Fixed Rate Full Allotment auction continues to be offered at 2.00 percent.
- The FRFA offering on 17 April 2024 allocated K2,024.9b at a fixed rate of 2.00% with overall result indicating full allotment.

Table 4 – Financial Institutions Term Deposit Rates

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	0.55%	0.55%	0.60%	1.05%	1.55%	0.55%	0.55%	0.60%	1.05%	1.55%	0.00%	0.00%	0.00%	0.00%	0.00%
Kina Bank	0.25%	0.50%	0.65%	0.90%	1.00%	0.25%	0.50%	0.65%	0.90%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Westpac (PNG)	0.50%	0.50%	0.50%	1.00%	1.00%	0.50%	0.50%	0.50%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ADI															
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)	0.85%	1.15%	1.50%	1.95%	2.35%	0.85%	1.15%	1.50%	1.95%	2.35%	0.00%	0.00%	0.00%	0.00%	0.00%
FinCorp	0.90%	1.15%	1.50%	2.00%	2.35%	0.90%	1.15%	1.50%	2.00%	2.35%	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	0.90%	1.10%	1.20%	1.20%	2.10%	0.90%	1.10%	1.20%	1.20%	2.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Government Securities															
Treasury bills (W.A.R)			1.82%	2.73%	3.64%			1.82%	2.73%	3.64%	0.00%	0.00%	0.00%	0.00%	0.13%
Central Bank															
Central Bank bills (W.A.R)	2.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Graph 2 – FRFA Rates & Volume



Fix Rate Full Allotment Auction (FRFA) & Financial Institution Term Deposit Rates

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

Table 5 - Long dated papers T-Bill Tap and GIS Tap as at June 2023

Issuer		Term & rates (Current)				
Term (Years)		2	4	8	10	
BPNG Treasury Bond Tap		CLOSED UNTIL FURTHER NOTICE				
Issuer		Term & rates (Previous)				
Term (Days)		63	91	182	273	364
BPNG Treasury Bill Tap		CLOSED UNTIL FURTHER NOTICE				

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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