

**The Treasury Bills rates were steady for the third week.**

- A total of K195.3m was offered in Treasury Bill's auction last week with only K145m being accepted.
- There were no issuance in the 182 and 273 days papers.
- The auction was oversubscribed by an aggregate amount of K264.27m.
- Rates remained flat.
- Graph 1.0 shows movement over a 12-month period for the 182, 273 & 364 days papers.
- Central Bank will continue to pursue a neutral stance of monetary policy in the next six months to September 2023 at the back of a projected fall in global growth.
- Central Bank in the process of managing excess liquidity and transmission, to short-term domestic interest rates .

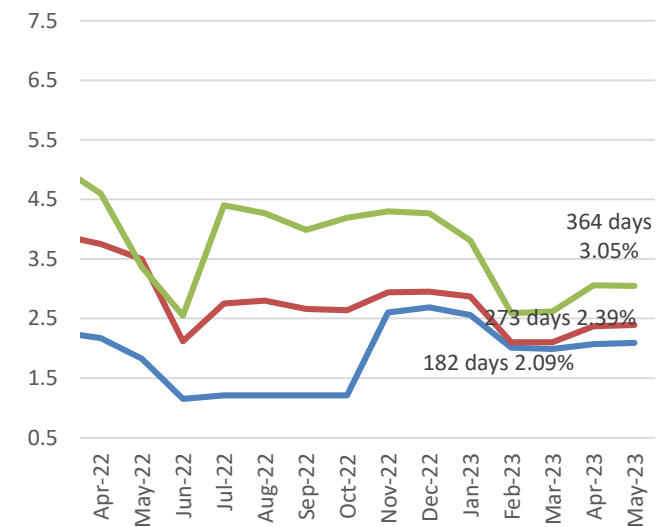
**Table 1.0 – Previous auction results**

Auction results 10th May 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -10/05	2.09%	2.39%	3.05%	
Amount on offer	0	0	195.3	195.3
Bids received	0	0	459.57	459.57
Successful bids	0	0	145.3	145.3
Overall-Subscription rate	-	-	2.35	2.35

Auction results 3rd May 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -03/05	2.09%	2.39%	3.06%	
Amount on offer	5	5	131.68	141.68
Bids received	5.11	5	369.73	379.84
Successful bids	5	5	131.68	141.68
Overall-Subscription rate	1.02	1.00	2.81	2.68

Auction results 26th April 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -26/04	2.07%	2.37%	3.06%	
Amount on offer	10	20	218.12	248.12
Bids received	15.11	7	444.22	466.33
Successful bids	10	7	218.12	235.12
Overall-Subscription rate	1.51	0.35	2.04	1.88

**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 remained unchanged across the board.
- The Central Bank Bills have issued 7 and 14 days papers as per the monetary policy stance on its transmission to short-term papers to mop up excess liquidity. Other terms remained unchanged with minimal changes in the rates. A total of K394.90m was offered in the CBB auction last week.
- 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)<sup>1</sup>.
- The 2<sup>nd</sup> Treasury Bond issuance was held today 16<sup>th</sup> May 2023. The debt issuance were for 2,3,4,6,7,8,9 and 10 years with a total issuance of K400m.

<sup>1</sup>KPMG PNG Budget 2023

**Table 2.0 – Financial institutions rates and short term government paper rates as at 12th May 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
<b>Commercial banks</b>															
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	0.50%	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%
<b>ADIs</b>															
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)	0.85%	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	0.50%	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	0.90%	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%
<b>Government Securities</b>															
Treasury bills (W.A.R)			2.09%	2.39%	3.05%			2.09%	2.39%	3.05%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Central Bank</b>															
Central Bank bills (W.A.R)	2.14%	2.20%	2.34%	2.67%	2.82%	0.00%	2.35%	2.67%	2.82%	0.00%	-0.01%	0.00%	0.00%	0.00%	0.00%

**Table 3.0 – Long dated government paper rates – last auction results in April 2023**

Issuer		Term & rates (Current)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.50%	4.75%	4.75%	0.00%	5.50%	5.70%	5.90%	6.10%	6.30%
	Weighted Average Rates	4.37%	4.46%	4.87%	0.00%	5.33%	5.39%	5.44%	5.62%	5.75%
<i>Auction results from 28/04/23</i>										
Issuer		Term & rates (Previous)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	0.00%	0.00%	5.35%	5.60%	0.00%	6.20%	6.45%	6.65%	6.85%
	Weighted Average Rates	0.00%	0.00%	5.16%	5.24%	0.00%	5.56%	5.44%	5.44%	5.44%
<i>Auction results from 18/11/22</i>										
		Change/movement								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.50%	4.75%	-0.60%	-5.60%	5.50%	-0.50%	-0.55%	-0.55%	-0.55%
	Weighted Average Rates	4.37%	4.46%	-0.29%	-5.24%	5.33%	-0.17%	0.00%	0.18%	0.31%

# 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 14th April 2023**

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

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

<sup>1</sup> <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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