

**Treasury Bonds(GIS) saw an over-subscription in the August auction. T-Bills and Indicative rates surrendered.**

- A total of K311.61m was offered in the Treasury bill auction for the week. Offers were only in the 273 and 364 days papers. The 364 days paper had K301.61m on offer.
- The total bid subscription was K420.53m representing an oversubscription rate of 1.35x.
- Rates closed lower on both papers after opening the month with slight gains.
- The overall auction was oversubscribed by K108.92m.
- Graph 1.0 depicts movement in the 182, 273 and 364 days paper for a 12 month period.
- Rates expected to improve as liquidity subsides.

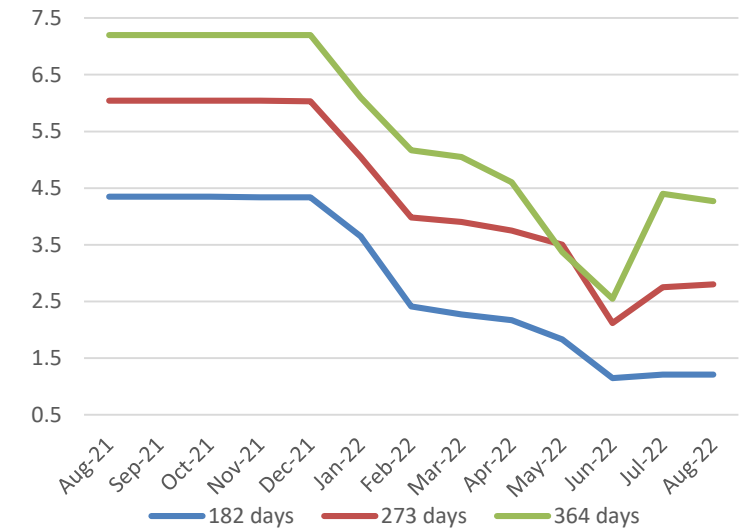
**Table 1.0 – Previous auction results**

Auction results 24 August 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -24/8	1.21%	2.80%	4.27%	
Amount on offer	0	10	301.61	311.61
Bids received	0	17.1	403.43	420.53
Successful bids	0	10	301.61	311.61
Overall-Subscription rate	-	1.71	1.34	1.35

Auction results 17 August 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -17/8	1.21%	2.82%	4.32%	
Amount on offer	0	50	229.92	279.92
Bids received	0	85	369.89	454.89
Successful bids	0	15	229.92	244.92
Overall-Subscription rate	-	1.70	1.61	1.63

Auction results 10 August 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -10/8	1.21%	2.81%	4.39%	
Amount on offer	0	50	191.7	241.7
Bids received	0	50	417.5	467.5
Successful bids	0	50	191.7	241.7
Overall-Subscription rate	-	1.00	2.18	1.93

**Graph 1.0 – yield curve showing movement in the 182, 273 and 364 days T-bills in the 12 month period.**



# Money market insight

- Term deposit rates closed mixed. The changes were noted as Kina's 180 and 365 days edged higher on both terms as FinCorp 180 days paper closed lower.
- Treasury Bond (GIS) 4th issuance was conducted on the 23<sup>rd</sup> of August 2022 with an offer of K350m.
- The auction was oversubscribed by K288.50m from the overall subscription of K638.5m. Rates were mixed with the 10 year bond edging higher whilst the 8 and 9 year bonds dropped compared to previous auction results.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022. K1.26bn was raised so far in the last four auctions.
- The next GIS issuance is expected on the 20th of September 2022.

**Table 2.0 – Financial institutions rates and short term government paper rates as at 25 August 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	0.50%	0.75%	0.90%	1.15%	1.25%	0.50%	0.75%	0.90%	1.00%	1.20%	0.00%	0.00%	0.00%	0.15%	0.05%
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%
<b>ADIs</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	0.50%	1.00%	2.00%	2.50%	3.50%	0.50%	1.00%	2.00%	3.00%	3.50%	0.00%	0.00%	0.00%	-0.50%	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%
<b>Government Securities</b>															
Treasury bills (W.A.R)			1.21%	2.80%	4.27%			1.21%	2.82%	4.32%	0.00%	0.00%	0.00%	-0.02%	-0.05%
<b>Central Bank</b>															
Central Bank bills (W.A.R)	1.58%	2.03%	2.04%			1.59%	2.03%	2.06%	0.00%		-0.01%	0.00%	-0.02%	0.00%	0.00%

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

Issuer	Term & rates (Current)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	4.84%	5.35%	5.60%	6.20%	6.44%	6.67%	6.92%

*Auction results from 23/08/22*

Issuer	Term & rates (Previous)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	5.00%	0.00%	0.00%	6.20%	6.45%	6.70%	6.80%

*Auction results from 22/07/22*

Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	-0.16%	5.35%	5.60%	0.00%	-0.01%	-0.03%	0.12%

# Money market insight

- The Central Bank announced the trading for new TAP investments (BPNG Bills and Bonds) effective 2<sup>nd</sup> March, 2022. Bids are done via e-mails and e-payment modes only.
- In the tap facilities, the Tbond Tap rates closed unchanged.
- The bonds are available in 2, 4, 8 & 10 year terms.
- Tbill Tap rates shared similar sentiments.
- The Tbill Tap papers are available in 63, 91,182,273 and 364 days terms.
- Eligible Investors can participate in the Tap Investments.

**Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 25 August 2022**

Issuer	Term & rates (Current)			
Term (years)	2	4	8	10
BPNG TBOND TAP	4.50%	4.98%	5.95%	6.30%

*Auction results from 25/08/22*

Issuer	Term & rates (Previous)			
Term (years)	2	4	8	10
BPNG TBOND TAP	4.50%	4.98%	5.95%	6.30%

*Auction results from 19/08/22*

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

Issuer	Term & rates (Current)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	1.88%	1.99%	0.71%	2.25%	3.90%

*Auction results from 25/08/22*

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	1.88%	1.99%	0.71%	2.25%	3.90%

*Auction results from 19/08/22*

Change/movement					
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	0.00%	0.00%	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](mailto:bcapenquiries@bsp.com.pg)**

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