

**Treasury Bills rates improved in the week's close. Meanwhile, Treasury Bonds closed oversubscribed in the second issuance, in 2022.**

- A total of K491.34m was offered in the Treasury bill auction for the week. Offers were in the 182, 273 and 364 days papers. The 364 days paper offered 341.34m.
- The total subscription was K378.88m representing an oversubscription rate of 0.77 more than the issuance amount.
- Rates improved in the 364 days by 7 basis points compared to last weeks close. The 182 & 273 days rates closed unchanged.
- Graph 1.0 depicts movement within a 7 month period, as the yield curve indicates slight gains.

**Table 1.0 – Previous auction results**

| Auction results 29 June 2022 |          |          |          |        |
|------------------------------|----------|----------|----------|--------|
| Terms                        | 182 days | 273 days | 364 days | Total  |
| W.A.Y -29/6                  | 1.15%    | 2.12%    | 2.55%    |        |
| Amount on offer              | 50       | 100      | 341.34   | 491.34 |
| Bids received                | 15       | 54.7     | 309.18   | 378.88 |
| Successful bids              | 15       | 54.7     | 309.18   | 378.88 |
| Oversubscription rate        | 0.30     | 0.55     | 0.91     | 0.77   |

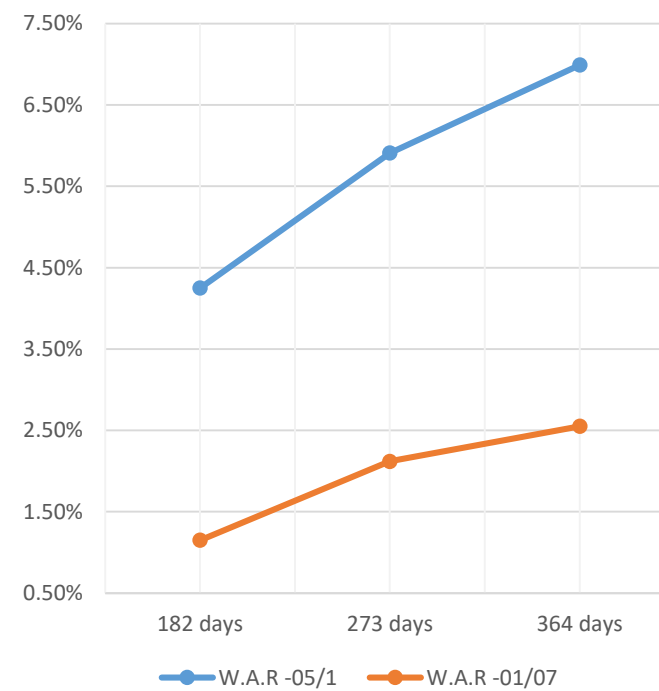
  

| Auction results 22 June 2022 |          |          |          |        |
|------------------------------|----------|----------|----------|--------|
| Terms                        | 182 days | 273 days | 364 days | Total  |
| W.A.Y -22/6                  | 1.15%    | 0.00%    | 2.46%    |        |
| Amount on offer              | 20       | 0        | 217.18   | 237.18 |
| Bids received                | 12.4     | 0        | 199.31   | 211.71 |
| Successful bids              | 12.4     | 0        | 149.31   | 161.71 |
| Oversubscription rate        | 0.62     | -        | 0.92     | 0.89   |

| Auction results 15 June 2022 |          |          |          |       |
|------------------------------|----------|----------|----------|-------|
| Terms                        | 182 days | 273 days | 364 days | Total |
| W.A.Y -15/6                  | 1.27%    | 2.12%    | 2.50%    |       |
| Amount on offer              | 20       | 10       | 277.8    | 307.8 |
| Bids received                | 12.5     | 8.5      | 310.8    | 331.8 |
| Successful bids              | 12.5     | 8.5      | 277.8    | 298.8 |
| Oversubscription rate        | 0.63     | 0.85     | 1.12     | 1.08  |

**Graph 1.0 – yield curve showing movement in T-bills between Jan and July 2022**



# Money market insight

- Term deposit rates closed unchanged for BSP Group and KINA Bank as Westpac adjusted lower. Rates in other financial institutions were relatively stable except for FIFL which closed mixed.
- Treasury Bond (GIS) second issuance was conducted on the 21st June 2022 with an offer of K500m. The auction was oversubscribed by K270m. Rates dropped compared to previous auction.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022.
- Investors will continue to seek yield as a hedge against inflation.

**Table 2.0 – Financial institutions rates and short term government paper rates as at 1 July 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% | 1.15% | 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%                   | 0.15% | 0.25% | 0.50% | 1.00% | 0.00%           | -0.05% | -0.10% | -0.25% | -0.50% |
| <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% | 3.00% | 3.50% | 0.50%                   | 1.00% | 2.00% | 3.00% | 3.50% | 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     | 0.60%                  | 1.00% | 1.00% | 0.80% | 2.00% | 0.60%                   | 1.00% | 1.10% | 1.00% | 1.85% | 0.00%           | 0.00%  | -0.10% | -0.20% | 0.15%  |
| <b>Government Securities</b> |                        |       |       |       |       |                         |       |       |       |       |                 |        |        |        |        |
| Treasury bills (W.A.R)       |                        |       | 1.15% | 2.12% | 2.55% |                         |       | 1.15% | 2.12% | 2.50% | 0.00%           | 0.00%  | 0.00%  | 0.00%  | 0.05%  |
| <b>Central Bank</b>          |                        |       |       |       |       |                         |       |       |       |       |                 |        |        |        |        |
| Central Bank bills (W.A.R)   | 1.13%                  | 0.00% | 0.00% |       |       | 0.00%                   | 0.00% | 0.00% | 0.00% |       | 1.13%           | 0.00%  | 0.00%  | 0.00%  | 0.00%  |

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

| Issuer                 | Term & rates (Current) |       |       |       |       |       |       |
|------------------------|------------------------|-------|-------|-------|-------|-------|-------|
| Term (years)           | 2                      | 4     | 5     | 7     | 8     | 9     | 10    |
| Treasury bonds (W.A.R) | 5.22%                  | 5.74% | 6.38% | 6.70% | 6.82% | 6.99% | 7.00% |

*Auction results from 21/06/22*

| Issuer                 | Term & rates (Previous) |       |       |       |       |       |       |
|------------------------|-------------------------|-------|-------|-------|-------|-------|-------|
| Term (years)           | 2                       | 4     | 5     | 7     | 8     | 9     | 10    |
| Treasury bonds (W.A.R) | 6.50%                   | 6.71% | 7.50% | 0.00% | 0.00% | 7.80% | 7.90% |

*Auction results from 22/04/22*

|                        | Change/movement |        |        |       |       |        |        |
|------------------------|-----------------|--------|--------|-------|-------|--------|--------|
| Term (years)           | 2               | 3      | 5      | 6     | 8     | 9      | 10     |
| Treasury bonds (W.A.R) | -1.28%          | -0.97% | -1.12% | 0.00% | 0.00% | -0.81% | -0.90% |

# 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.
- Tbond rates closed mixed for the week showing improvements in the 10 and 4 year bonds. The 2 and 8 year papers closed lower. The bonds are available in 2, 4, 8 & 10 years terms.
- Tbill Tap rates closed lower across the board. The Tbill 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 1 July 2022**

| Issuer         | Term & rates (Current) |       |       |       |  |
|----------------|------------------------|-------|-------|-------|--|
| Term (years)   | 2                      | 4     | 8     | 10    |  |
| BPNG TBOND TAP | 4.72%                  | 5.24% | 6.32% | 6.50% |  |

*Auction results from 01/07/22*

| Issuer         | Term & rates (Previous) |       |       |       |  |
|----------------|-------------------------|-------|-------|-------|--|
| Term (years)   | 2                       | 4     | 8     | 10    |  |
| BPNG TBOND TAP | 4.82%                   | 4.84% | 6.35% | 6.48% |  |

*Auction results from 24/06/22*

| Change/movement |        |       |        |       |  |
|-----------------|--------|-------|--------|-------|--|
| Term (years)    | 2      | 4     | 8      | 10    |  |
| BPNG TBOND TAP  | -0.10% | 0.40% | -0.03% | 0.02% |  |

| Issuer                 | Term & rates (Current) |       |       |       |       |
|------------------------|------------------------|-------|-------|-------|-------|
| Term (Days)            | 63                     | 91    | 182   | 273   | 364   |
| BPNG TREASURY BILL TAP | 1.65%                  | 1.59% | 0.65% | 1.62% | 1.96% |

*Auction results from 01/07/22*

| Issuer                 | Term & rates (Previous) |       |       |       |       |
|------------------------|-------------------------|-------|-------|-------|-------|
| Term (Days)            | 63                      | 91    | 182   | 273   | 364   |
| BPNG TREASURY BILL TAP | 1.71%                   | 1.80% | 1.61% | 3.00% | 3.50% |

*Auction results from 24/06/22*

| Change/movement        |        |        |        |        |        |
|------------------------|--------|--------|--------|--------|--------|
| Term (Days)            | 63     | 91     | 182    | 273    | 364    |
| BPNG TREASURY BILL TAP | -0.06% | -0.21% | -0.96% | -1.38% | -1.54% |

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

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