

## Treasury Bills rates shows a flattening yield curve.

- A total of K307.8m was offered for the Treasury bill auction this week in the 182, 273 and 364 days terms. The 364 days paper offered 277.8m.
- The total subscription was K298.8m representing an oversubscription rate of 1.08x more than the issuance amount.
- The rates dropped further across the board with the 364 days losing 5 basis points lower to close at 2.50%.
- Graph 1.0 depicts movement within a 6 month period, with the 364 days rates almost closing near the 273 and 182 days rates depicting a flattening yield curve.

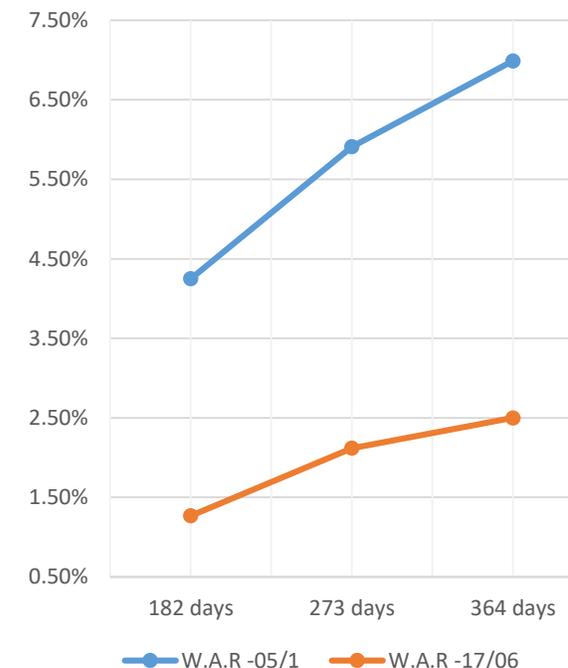
**Table 1.0 – Previous auction results**

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

Auction results 08 June 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -08/6	1.49%	2.49%	2.55%	
Amount on offer	10	50	194.8	254.8
Bids received	17.1	85.87	329.3	432.27
Successful bids	10	50	194.8	254.8
Oversubscription rate	1.71	1.72	1.69	1.70

Auction results 01 June 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -01/6	1.68%	2.90%	2.98%	
Amount on offer	20	40	267.72	327.72
Bids received	22.1	92	470.39	584.49
Successful bids	20	40	267.72	327.72
Oversubscription rate	1.11	-	1.76	1.78

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



# Money market insight

- Term deposit rates remained steady across the commercial banks. Other financial institutions saw mixed results as Moniplus adjusted lower in this week's close .
- The first Treasury Bond (GIS) issuance was conducted on the 19<sup>th</sup> April 2022 with an offer of K700m. The auction was oversubscribed by K512m. Rates dropped compared to previous auction in 2021.
- 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 17 June 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%	0.15%	0.25%	0.50%	1.00%	0.10%	0.15%	0.25%	0.50%	1.00%	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	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%		
Moniplus	1.00%	1.25%	1.50%	2.50%	2.75%	1.00%	1.50%	2.50%	3.50%	3.60%	0.00%	-0.25%	-1.00%	-1.00%	-0.85%		
First Investment Finance	0.60%	1.00%	1.10%	1.15%	2.00%	0.60%	1.00%	1.10%	1.15%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
<b>Government Securities</b>																	
Treasury bills (W.A.R)			1.27%	2.12%	2.50%			1.49%	2.49%	2.55%	0.00%	0.00%	-0.22%	-0.37%	-0.05%		
<b>Central Bank</b>																	
Central Bank bills (W.A.R)	28	63	91	182	28	63	91	182	28	63	91	182	0.00%	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)	6.50%	6.71%	7.50%	0.00%	0.00%	7.80%	7.90%
<i>Auction results from 22/04/22</i>							
Issuer	Term & rates (Previous)						
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	8.50%	9.00%	9.70%	0.00%	9.90%	9.90%	9.90%
<i>Auction results from 28/07/21</i>							
Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	-2.00%	-2.29%	-2.20%	0.00%	-9.90%	-2.10%	-2.00%

# 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 remained steady compared to last week's rates. The bonds are available in 2, 4, 8 & 10 years terms.
- Tbill Tap rates shared similar sentiments to Tbond Tap for the week's close.
- Eligible Investors can participate in the Tap Investments.

**Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 17 June 2022**

Issuer	Term & rates (Current)				
Term (years)	2	4	8	10	
BPNG TBOND TAP	6.00%	6.21%	7.23%	7.40%	

*Auction results from 17/06/22*

Issuer	Term & rates (Previous)				
Term (years)	2	4	8	10	
BPNG TBOND TAP	6.00%	6.21%	7.23%	7.40%	

*Auction results from 10/06/22*

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	1.80%	1.83%	1.67%	3.24%	4.10%	

*Auction results from 17/06/22*

Issuer	Term & rates (Previous)					
Term (Days)	63	91	182	273	364	
BPNG TREASURY BILL TAP	1.80%	1.83%	1.67%	3.24%	4.10%	

*Auction results from 10/06/22*

Change/movement						
Term (Days)	63	91	182	273	364	
BPNG TREASURY BILL TAP	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**

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