

Treasury Bills (T-Bills) Results

- T-Bills are short term debt strategy of the government.
- The 364 days' Weighted Average Rate (W.A.R) received an upswing of 10 basis points in this week's auction, surging it to 13 week high on 3.70%.
- The successful bid rate¹ for the 364 days bill however fell to 31% (or K74.55m) compared to 45% of prior corresponding period. Bids received was only K101.55m reported as received from K243.12m on offer.
- Some appetite showing on the 182 days bill after K6.32m of bids reported from an offer of K10.00m; Of the bids received, only K4.32m was successful at W.A.R of 1.97% (up 12 basis points) after pro rata allocation, bringing the successful bid rate¹ to 43%.
- The 273 days tenor had nil issuance for the week.
- Overall auction for the week came under-subscribed by K145.25m from K253.12m offered, about 97% of the under-subscription came from the 364 days tenor.
- 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.

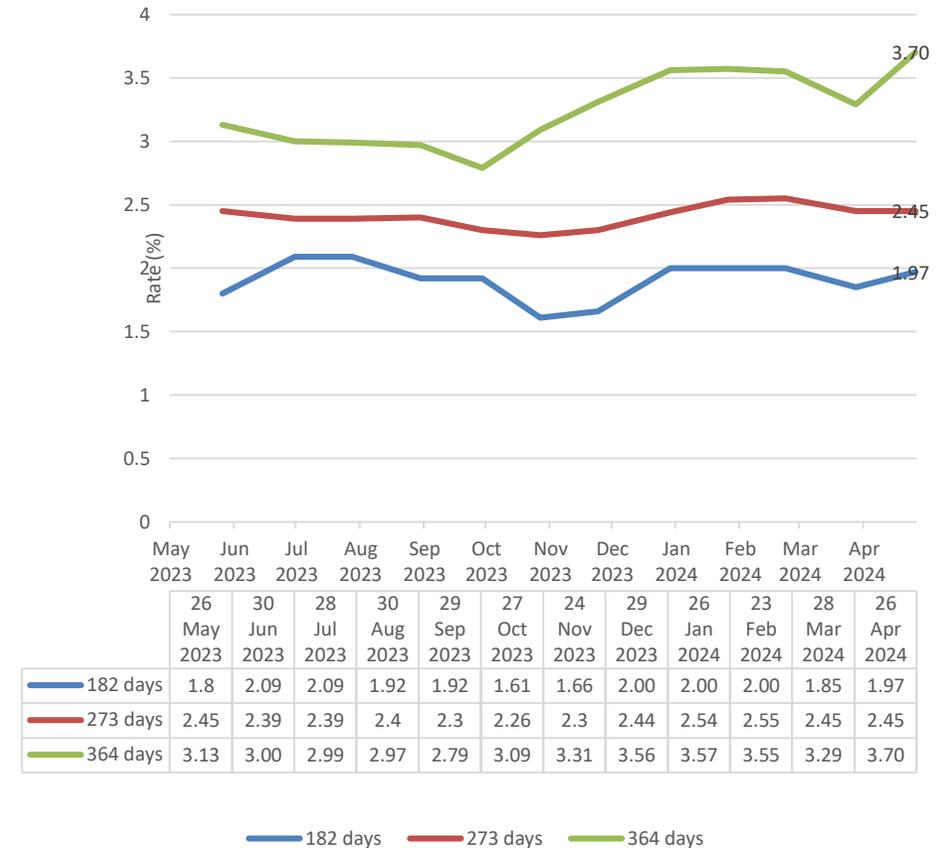
Table 1 – Last Three Auction Results

Auction Results 26 April 2024				
Terms	182 days	273 days	364 days	Total
W.A.Y - 26/04/24	1.97%	2.45%	3.70%	
Amount on offer (K'm)	10.00	0.00	243.12	253.12
Bids received (K'm)	6.32	0.00	101.55	107.87
Successful bids (K'm)	4.32	0.00	74.55	78.87
Successful bid rate ¹	43%	-	31%	31%

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
Successful bid 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
Successful bid rate	-	-	116%	106%

Graph 1.0 T-bills W.A.R Results for the Last 12 Months



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 given in Table 2.
- In the third GIS auction conducted on April 23rd showed an under-subscription of K265.3m from a total of K700.0m offered across 2-10 year terms; The W.A.R for the periods deviated marginally, between 0 -11 basis points, from their Coupon Rates, indicating new line of credit.
- The seconds GIS held in March auctions, also came undersubscribed by K144.3m from a total of K800.0m offered across 2-10 year periods.
- The total under-subscription value for all three auctions conducted in February, March and April of this year now stood at K427.5m from cumulative offer of K2.3b, providing impetus for future rate hikes to lure in significant investments to make up for the losses.
- 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 23/04/24										
Issuer	Term & rates (Current)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon									
	4.30%	4.40%	0.00%	4.70%	5.00%	5.30%	5.40%	5.60%	5.80%	
	Weighted Average Rates									
	4.30%	4.46%	0.00%	4.70%	5.09%	5.40%	5.50%	5.70%	5.91%	
Auction results from 27/03/24										
Issuer	Term & rates (Previous)									
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%	
Change in Results										
Change/movement										
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon									
	-0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.20%	
	Weighted Average Rates									
	0.00%	0.05%	0.00%	-0.03%	0.06%	0.08%	0.01%	0.04%	0.04%	

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 24 April 2024 allocated K1,826.9b 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%	2.45%	3.60%			1.85%	2.45%	3.60%	0.00%	0.00%	0.12%	0.00%	0.10%
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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