

Treasury Bills rates remained steady throughout the month.

- In the T-bill auction last week, K300m was offered for the 364 days paper only.
- The auction was oversubscribed by K6.68m.
- Rates remained steady for the whole month.
- 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 and inflation. The Bank aims to achieve price stability and growth for the economy.
- Central Bank in the process of managing excess liquidity and transmission, to short-term domestic interest rates.
- KFR remains at 3.50% since January 2023.

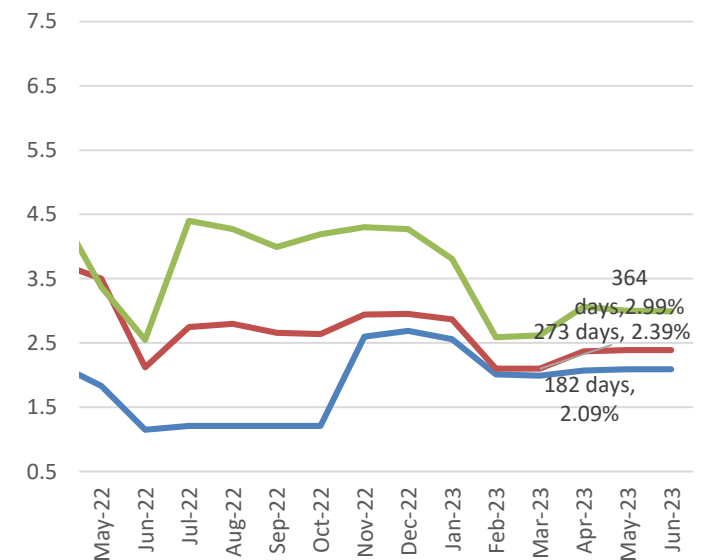
Table 1.0 – Previous auction results

Auction results 28th June 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -14/06	2.09%	2.39%	2.99%	
Amount on offer	0	0	300	300
Bids received	0	0	306.68	306.68
Successful bids	0	0	300	300
Overall-Subscription rate	-	-	1.02	1.02

Auction results 21st June 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -07/06	2.09%	2.39%	2.99%	
Amount on offer	0	0	151	151
Bids received	0	0	200.22	200.22
Successful bids	0	0	151	151
Overall-Subscription rate	-	-	1.33	1.33

Auction results 14th June 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -14/06	2.09%	2.39%	2.99%	
Amount on offer	0	0	245	245
Bids received	0	0	332.86	332.86
Successful bids	0	0	245	245
Overall-Subscription rate	-	-	1.36	1.36

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 flat across the board.
- The Central Bank Bills (CBB) have introduced 7 and 14 days papers as per the monetary policy stance on its transmission to short-term papers to mop up excess liquidity.
- Last week’s CBB auction was oversubscribed by K207.80m indicating that short term papers remain attractive. Rates improved in the 7-days, 63-days and 91-days terms whilst the rest closed unchanged.
- 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)¹.
- Third tranche of Treasury Bond issuance was held on the 20th June 2023. Debt issuance were for 2,3,4,6,7,8,9 and 10 years, total issuance amount of K400m. The overall auction was oversubscribed by K250.5m.
- GIS weighted rates dropped compared to previous auction.

¹KPMG PNG Budget 2023

Table 2.0 – Financial institutions rates and short term government paper rates as at 28th June 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
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	0.50%	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%
ADIs															
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%	1.75%	2.00%	2.25%	0.50%	1.00%	1.75%	2.00%	2.25%	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)			2.09%	2.39%	2.99%			2.09%	2.39%	2.99%	0.00%	0.00%	0.00%	0.00%	0.00%
Central Bank															
Central Bank bills (W.A.R)	7	14	28	63	91	7	14	28	63	91	0.01%	0.00%	0.00%	0.01%	0.01%

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

Issuer	Term (years)	Term & rates (Current)								
		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.40%	4.65%	4.90%	0.00%	5.40%	5.65%	5.80%	6.00%	6.20%
	Weighted Average Rates	4.25%	4.42%	4.73%	0.00%	5.27%	5.49%	5.64%	5.86%	5.91%
<i>Auction results from 23/06/23</i>										
Issuer	Term (years)	Term & rates (Previous)								
		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.40%	4.65%	4.90%	0.00%	5.40%	5.60%	5.80%	6.00%	6.20%
	Weighted Average Rates	4.32%	4.52%	4.80%	0.00%	5.40%	5.60%	5.80%	5.95%	6.05%
<i>Auction results from 19/05/23</i>										
Term (years)		Change/movement								
		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.00%	0.00%	0.00%
	Weighted Average Rates	-0.07%	-0.10%	-0.07%	0.00%	-0.13%	-0.11%	-0.16%	-0.09%	-0.14%

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 June 2023

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

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

¹ <https://www.bankpng.gov.pg/wp-content/uploads/2018/06/BPNG-TAP-FACILITY-TBILL-TBOND.pdf>

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