

Treasury Bills (T-Bills) Results

'W.A.R for 273 and 364 days T-Bill on par at 8.23%'

Key observations;

- Auction results:** The overall auction was significantly undersubscribed, with 23% less in total bids received compared to amount on offer. The 273 days tenor alone was oversubscribed by K11.000m which was fully allocated, indicating investor's appetite in shorter-term tenors. The 91 and 182 days tenors were undersubscribed but recorded 100% successful bid rates as both tenors allocated for all bids received. The 364 days tenor also recorded an undersubscription which makes up 76% of the total undersubscriptions.
- Yield Trends:** W.A.Rs for the 91 and 182 days remained unchanged at 4.55% and 6.39% respectively compared to previous auction results. The 273 days recorded a one basis point fall to close at 8.23% compared to 8.24% in last auction whilst the 364 days recorded upswing of two basis point to close at 8.23%.
- Preference for Shorter Tenors:** The 273-day bills attracted the highest demand, with bids totaling K31.000 million against an offer of K20.000 million, suggesting investor preference for shorter-term investments.

Comparative Insight;

- Compared to the first Tbill auction on January 2025, where the 364-day bills had a W.A.R of 8.66%, the W.A.R so far has recorded an aggregated 43 basis point fall which saw the May auction now at 8.23%. This could indicate a marginal easing on expected returns to investors or improved confidence in the government's fiscal position.
- Total maturities across all tenors so far for the year stood at K5,011.77 billion with total bids awarded to date at K5,882.95 billion.
- Graph 1.0 shows yield movement over a 12 month period for the 91, 182, 273 and 364 days Treasury Bills.

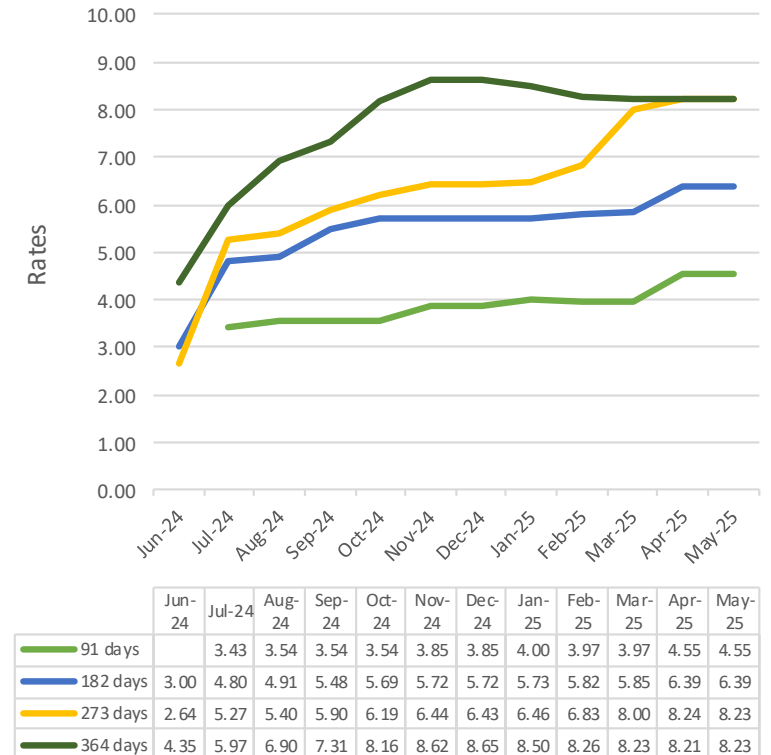
Table 1 – Last Three Auction Results

Auction Results 02 nd May 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	4.55%	6.39%	8.23%	8.23%	
Amount on offer (K'm)	5.000	20.000	20.000	206.410	251.410
Bids received (K'm)	2.000	2.500	31.300	156.930	192.730
Successful bids (K'm)	2.000	2.500	31.300	144.930	180.730
Successful bid rate ²	100%	100%	67%	65%	69%

Auction Results 25 th April 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	4.55%	6.39%	8.24%	8.21%	
Amount on offer (K'm)	5.000	20.000	20.000	276.550	321.55
Bids received (K'm)	7.020	25.000	46.000	241.720	319.74
Successful bids (K'm)	7.020	25.000	31.000	157.72	220.74
Successful bid rate ²	100%	100%	67%	65%	69%

Auction Results 17 th April 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	4.55%	6.15%	8.23%	8.22%	
Amount on offer (K'm)	5.000	10.000	20.000	103.400	138.400
Bids received (K'm)	10.000	21.000	40.000	211.800	282.800
Successful bids (K'm)	10.000	21.000	30.000	108.400	172.800
Successful bid rate ²	100%	100%	75%	51%	61%

Graph 1.0 - Yield curve showing 12-months Tbill rates movement.



¹ W.A.R = Weighted Average Rate

² Successful bid rate = Successful bids / Bids received

³ Basis Points; 100 bps = 1%

Treasury Bonds (Government Inscribed Stock - GIS)
‘GIS auction for this week over-subscribed by K8.000m’

Key observations;

- Over-subscription: The week's auction was over-subscribed by K8.000 million, indicating a higher-than-expected investor appetite for government bonds during this period.
- Investor Preferences: Investors showed a preference for longer term securities, with full subscriptions in the 5 and 10 year series. The 2 year tenor recorded no participation in this week's auction indicating a shift of investor's appetite for longer investment horizons.
- Yield Trends: W.A.R for the 2 and 10 year tenor remained stable at 8.63% and 9.50% respectively whilst the 5 year tenor declined by 5 basis points to close at 9.10%. The 5-year Inscribed Stock tenor exhibited notable investor interest, underscoring strong market confidence in medium-term sovereign instruments.

Comparative Insight;

- At this week's GIS auction, amount on offer reduced from K50.000 million in last week's auction to K10.000 million. The reduction in bond issuance from K50 million to K10 million suggests a strategic adjustment in government borrowing, possibly due to reduced short-term funding needs, improved revenue flows, or a deliberate effort to support bond pricing by tightening supply.
- The Government has raised K830 million since opening of the year, 2025, which makes up approximately 96% of the net domestic borrowing.
- National Budget for 2025 was tabled last year on November 29th with a total expenditure expected to be at PGK28.4billion. Total Revenue to finance this Budget will be PGK25.4billion, with a forecasted fiscal deficit of PGK2.9billion.
- The Government plans to finance the deficit of PGK2.9billion through net domestic borrowing of PGK861million and net external borrowing of PGK2.1billion.

Table 2 – 2025 GIS Auction Results & Change in Rates

Auction results as at 02 nd May 2025										
Issuer		Term & rates (Current)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	8.50%	-	-	9.00%	-	-	-	-	9.50%
	Weighted Average Rates	8.63%	-	-	9.10%	-	-	-	-	9.50%
Auction results as at 25 th April 2025										
Issuer		Term & rates (Current)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	8.50%	-	8.90%	9.00%	9.10%	9.20%	9.30%	9.40%	9.50%
	Weighted Average Rates	8.63%	-	9.19%	9.15%	9.10%	9.20%	9.30%	9.40%	9.50%

		Change in Results								
		Change/movement								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	0.00%	-	-	0.00%	-	-	-	-	0.00%
	Weighted Average Rates	0.00%	-	-	0.05%	-	-	-	-	0.00%

Fix Rate Full Allotment Auction (FRFA) & Financial Institution Term Deposit Rates

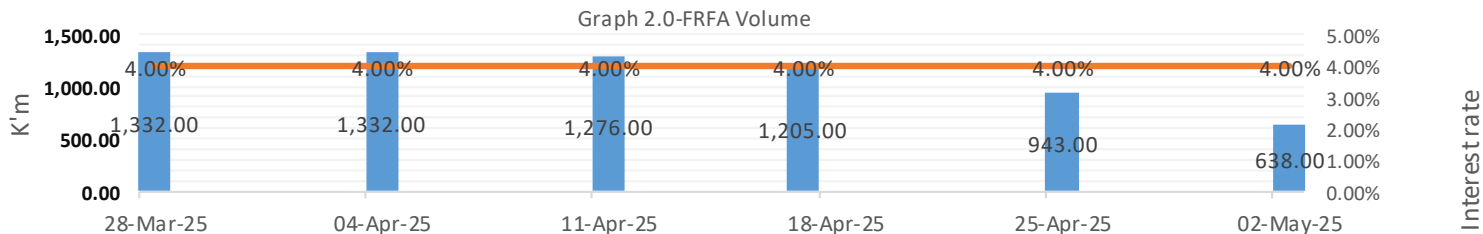
‘FRFA W.A.R remain unchanged at 4.00% at full allocation’.

- Term deposit rates for all tenors remained unchanged except for FIFL which closed mixed– refer Table 3.
- 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. The introduction of 7-Day FRFA Central Bank Bill (CBB) exclusively to authorized deposit takers (ADI) in commercial banks, savings & loans societies and & finance companies is an example.
- As the start of the month, the Bank of Papua New Guinea remained vigilant in its monetary policy stance, as inflationary pressures continued to persist. In response, the central bank maintained its interest rates, aiming to support overall economic stability while addressing rising consumer prices. This decision was well-received by market participants, offering a level of certainty in a fluctuating environment.
- The 7 day CBB’s W.A.R remain unchanged at 4% with full allocation made on K638.00 million total bids received in this week’s auction.
- Additionally, the 28 days CBB is now offered monthly every third week. Last month’s issuance saw K20.000 million was offered as respective tenor closed the month of April at 4.45%. This month’s bill issuance will be on the third week.

Table 3 – Financial Institutions Term Deposit Rates

Issuer	Current Term & Rates					Previous Term & Rates					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	0.20%	0.45%	0.60%	0.70%	0.90%	0.20%	0.45%	0.60%	0.70%	0.90%	0.00%	0.00%	0.00%	0.00%	0.00%
Westpac	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CreditBank 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%
National Banking Corp.	1.00%	1.25%	1.60%	1.95%	2.40%	1.00%	1.25%	1.60%	1.95%	2.40%	0.00%	0.00%	0.00%	0.00%	0.00%
Tisa Bank	-	-	2.00%	2.50%	3.00%	-	-	2.00%	2.50%	3.00%	-	-	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%
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	0.90%	1.20%	1.50%	2.15%	2.45%	0.90%	1.20%	1.50%	2.15%	2.45%	0.00%	0.00%	0.00%	0.00%	0.00%
First Investment Finance	1.30%	1.40%	1.80%	2.40%	3.30%	1.30%	1.40%	1.80%	2.40%	3.30%	0.00%	0.00%	0.00%	0.00%	0.00%
Government Securities		91	182	273	364		91	182	273	364		91	182	273	364
Treasury bills (W.A.R)		4.55%	6.39%	8.23%	8.23%		4.55%	6.39%	8.23%	8.21%		0.00%	0.00%	0.00%	0.02
Central Bank	7	14	28	63	91	7	14	28	63	91	7	14	28	63	91
Central Bank bills (W.A.R)	4.00%	-	-	-	-	4.00%	-	-	-	-	0.00%	-	0.00%	-	-

Graph 2 – 7 Day FRFA Rates & Volumes



T-Bill Tap and T-Bond Tap are Temporarily Unavailable.

- The T-bill Tap and T-bond Tap papers remain temporarily closed until further notice.

Table 4 - 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				

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