

**Treasury Bill rates dropped further despite undersubscription in last week's auction.**

- BPNG opened the month with a total offer of K238m in Treasury Bill's auction. A total of K254.36m worth of bids were received and all were deemed successful.
- The 182 and 273 days papers offered K20m and K10m respectively.
- The overall auction was undersubscribed.
- Rates dropped further week on week across the board with the 364 days shedding 6 basis points to close at 2.59%.
- Graph 1.0 shows movement over a 12-month period for the 182, 273 & 364 days papers.
- A significant drop in the bids received was noted in last week's auction result.
- Rates are expected to improve once other securities become available.

**Table 1.0 – Previous auction results**

Auction results 01st March 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -01/03	2.01%	2.10%	2.59%	
Amount on offer	20	10	238	268
Bids received	13	0.1	241.26	254.36
Successful bids	13	0.1	241.26	254.36
Overall-Subscription rate	0.65	0.01	1.01	0.95

Auction results 22nd February 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -22/02	2.02%	2.20%	2.65%	
Amount on offer	50	30	379.46	459.46
Bids received	175	90	629.41	894.41
Successful bids	75	55	419.46	549.46
Overall-Subscription rate	3.50	3.00	1.66	1.95

Auction results 15th February 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -15/02	2.10%	2.29%	2.75%	
Amount on offer	50	50	363.04	463.04
Bids received	197.2	105.2	514.69	817.09
Successful bids	137.2	55.2	383.04	575.44
Overall-Subscription rate	3.94	2.10	1.42	1.76

**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 were unchanged for the commercial banks. Other ADI's were mostly same except for Moniplus and FIFL. Moniplus rates dropped across the board, similarly FIFL reduced rates across its 90, 180 and 365 days papers.
- The Central Bank Bills had mixed results, improving in its 28 days term and dropping in the 63 and 91 days terms.
- 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)<sup>1</sup>.
- New Treasury Bond issuance is yet to be announced.

<sup>1</sup>KPMG PNG Budget 2023

**Table 2.0 – Financial institutions rates and short term government paper rates as at 3rd March 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		
<b>Commercial banks</b>																	
BSP	0.35%	0.35%	0.40%	0.85%	1.35%	0.35%	0.35%	0.40%	0.85%	1.35%	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%		
<b>ADIs</b>																	
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)	1.00%	1.25%	1.75%	2.20%	2.75%	1.00%	1.25%	1.75%	2.20%	2.75%	0.00%	0.00%	0.00%	0.00%	0.00%		
FinCorp	0.50%	1.00%	1.50%	1.75%	1.85%	0.50%	1.00%	1.50%	1.75%	1.85%	0.00%	0.00%	0.00%	0.00%	0.00%		
Moniplus	0.75%	1.00%	1.25%	1.75%	2.00%	1.00%	1.25%	1.50%	2.00%	2.50%	-0.25%	-0.25%	-0.25%	-0.25%	-0.50%		
First Investment Finance	0.80%	1.00%	1.10%	1.20%	2.00%	0.80%	1.00%	1.20%	1.30%	2.50%	0.00%	0.00%	-0.10%	-0.10%	-0.50%		
<b>Government Securities</b>																	
Treasury bills (W.A.R)			182	273	364			182	273	364	0.00%	0.00%	-0.01%	-0.10%	-0.06%		
<b>Central Bank</b>																	
Central Bank bills (W.A.R)	28	63	91	182	28	63	91	182	28	63	91	182	0.02%	-0.01%	-0.04%	0.00%	0.00%

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

Issuer	Term & rates (Current)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	4.20%	5.16%	5.24%	5.56%	5.44%	5.44%	5.44%

*Auction results from 18/11/22*

Issuer	Term & rates (Previous)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	4.20%	4.97%	5.44%	5.93%	6.18%	6.35%	6.28%

*Auction results from 21/10/22*

Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	0.00%	0.19%	-0.20%	-0.37%	-0.74%	-0.91%	-0.84%

# Money market insight

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

**Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 3rd March 2023**

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

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

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

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

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