

Treasury Bill rates declined further as demand for short term paper continue..

- BPNG opened the mid-month Treasury Bill auction with a total offer of K463.04m last week. K575.44m was accepted from an aggregate bid amount of K817.09m.
- The 182 and 273 days papers shared an issuance K100m equally. Both were oversubscribed.
- Rates retracted further week on week across the board with the 364 days shedding 12 basis points to close at 2.75%.
- Graph 1.0 shows movement over a 12-month period for the 182, 273 & 364 days papers.
- Liquidity remains high and inflation expected to moderate to 5.7% in 2023 with the tightening of the monetary policy.

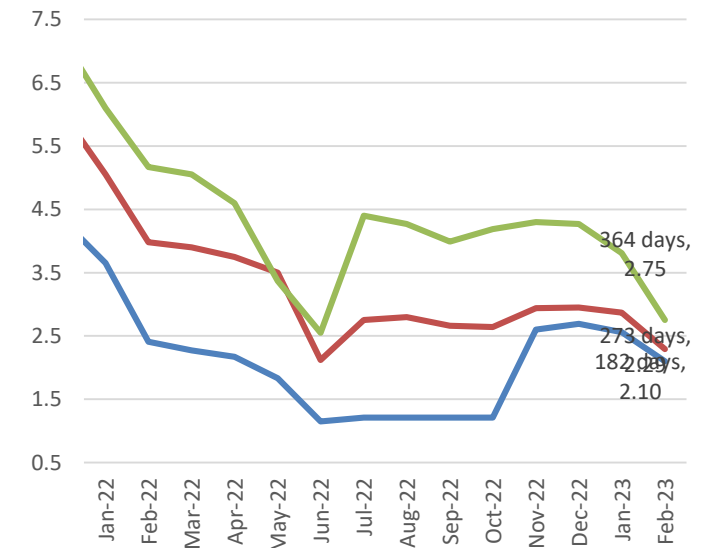
Table 1.0 – Previous auction results

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

Auction results 8th February 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -8/02	2.19%	2.42%	2.87%	
Amount on offer	130	100	341.17	571.17
Bids received	251.2	199.2	590.67	1041.07
Successful bids	130	100	341.17	571.17
Overall-Subscription rate	1.93	1.99	1.73	1.82

Auction results 1st February 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -01/02	2.28%	2.52%	2.96%	
Amount on offer	30	20	210.01	260.01
Bids received	140.11	95	824.82	1059.93
Successful bids	110.11	40	310.01	460.12
Overall-Subscription rate	4.67	4.75	3.93	4.08

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 mostly unchanged from prior week except for Fifi which saw a decline in its 90, 180 and 365 days papers.
- The Central Bank Bills shared similar sentiments to Treasury Bills rates closing in red week on week.
- 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.
- New Treasury Bond issuance is yet to be announced.

¹KPMG PNG Budget 2023

Table 2.0 – Financial institutions rates and short term government paper rates as at 17th February 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	0.35%	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%
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)	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	1.00%	1.25%	1.50%	2.00%	2.50%	1.00%	1.25%	1.50%	2.00%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%
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%
Government Securities															
Treasury bills (W.A.R)			1.82%	2.73%	2.75%			1.82%	2.73%	2.87%	0.00%	0.00%	-0.09%	-0.13%	-0.12%
Central Bank															
Central Bank bills (W.A.R)	1.84%	2.32%	2.49%			1.89%	2.37%	2.57%	0.00%		-0.05%	-0.05%	-0.08%	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 February 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>

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

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