

Shorter dated papers recorded lower subscription rates, with investors demonstrating demand for the 364-day paper as rates remain mostly flat.

- A total of K205.3m worth of T-bills were offered this week.
- The shorter dated securities accounted for only K20m whilst most were under the 364 days paper.
- Rates closed flat with the 364 days paper dropping by 3 basis points whilst the 182 days saw an improvement by a basis point to 2.69%. The 273 days paper closed unchanged.
- Graph 1.0 shows movement over a 12-month period for the 182, 273 & 364 days papers.
- Liquidity remained high and inflation expected to moderate to 5.7% in 2023 with monetary policy tightening and projected fall in oil prices.

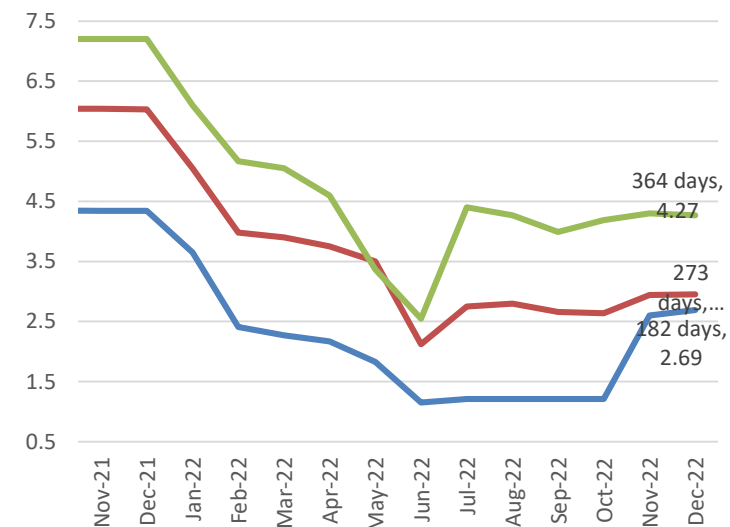
Table 1.0 – Previous auction results

Auction results 14th December 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -23/11	2.69%	2.95%	4.27%	
Amount on offer	10	10	185.3	205.3
Bids received	15	22.4	488.09	525.49
Successful bids	15	22.4	302.79	340.19
Overall-Subscription rate	1.50	2.24	2.63	2.56

Auction results 7th December 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -7/12	2.68%	2.95%	4.30%	
Amount on offer	20	30	297.84	347.84
Bids received	13	58	394.24	465.24
Successful bids	13	58	297.84	368.84
Overall-Subscription rate	0.65	1.93	1.32	1.34

Auction results 30th November 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -30/11	2.60%	2.94%	4.30%	
Amount on offer	10	10	219.06	239.06
Bids received	15	7	388.86	410.86
Successful bids	10	7	304.36	321.36
Overall-Subscription rate	1.50	0.70	1.78	1.72

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, week on week.
- The final Treasury Bond (GIS) issuance was conducted on the 18th of November 2022 with an offer of K188.94m. The total bid subscription was K309.5m.
- The auction was oversubscribed by K120.5m.
- The government indicated to raise K1.75bn from Treasury Bonds in 2022. To date K2.18bn has been raised so far in the last six auctions. This is an increase by 19% from the planned issuance debt.
- The 2023 National Budget which was released last month, 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.

¹KPMG PNG Budget 2023

Table 2.0 – Financial institutions rates and short term government paper rates as at 16th December 2022

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)	1.20%	1.50%	2.15%	2.60%	3.10%	1.20%	1.50%	2.15%	2.60%	3.10%	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%	1.20%	1.30%	2.50%	0.80%	1.00%	1.20%	1.30%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%		
Government Securities																	
Treasury bills (W.A.R)			182	273	364			182	273	364	0.00%	0.00%	0.01%	0.00%	-0.03%		
			2.69%	2.95%	4.27%			2.68%	2.95%	4.30%							
Central Bank																	
Central Bank bills (W.A.R)	28	63	91	182	28	63	91	182	28	63	91	182	0.00%	0.00%	0.00%	0.00%	0.00%
	1.95%	2.45%	2.70%	1.95%	2.45%	2.70%	0.00%										

Table 3.0 – Long dated government paper rates – last auction results in 16th December 2022

Issuer	Term & rates (Current)						
	2	4	5	7	8	9	10
Term (years)							
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)						
	2	4	5	7	8	9	10
Term (years)							
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)							
Treasury bonds (W.A.R)	0.00%	0.19%	-0.20%	-0.37%	-0.74%	-0.91%	-0.84%

Money market insight

- In the Tap facilities market, T-bond Tap and Tbill Tap rates were unchanged.
- The T-bond Tap bonds are available in 2, 4, 8 & 10 year terms at 3.70%, 4.66%, 4.94% & 4.94% respectively.
- T-Bond Tap papers pay coupons bi-annually and have the option of early withdrawal.
- The T-bill Tap papers are available in 63, 91,182,273 and 364 days terms. The rates are at 2.42%, 2.70%, 2.07%, 3.80% and 3.72% respectively.
- Eligible Investors can participate in the Tap Investments¹.

Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 16th December 2022

Issuer	Term & rates (Current)			
Term (years)	2	4	8	10
BPNG TBOND TAP	3.70%	4.66%	4.94%	4.94%

Rates closing 16/12/22

Issuer	Term & rates (Previous)			
Term (years)	2	4	8	10
BPNG TBOND TAP	3.70%	4.66%	4.94%	4.94%

Auction results from 09/12/22

Change/movement				
Term (years)	2	4	8	10
BPNG TBOND TAP	0.00%	0.00%	0.00%	0.00%

Issuer	Term & rates (Current)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	2.42%	2.70%	2.07%	3.80%	3.72%

Rates closing 16/12/22

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	2.42%	2.70%	2.07%	3.80%	3.72%

Auction results from 9/12/22

Change/movement					
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	0.00%	0.00%	0.00%	0.00%	0.00%

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

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