

Government Bonds rates remained sluggish at the back of high liquidity and deposits in the financial system.

- The mid October Tbill auction offered K284.36m. Offers were in the 182, 273 and 364 days papers. The 364 days paper had K254.36 on offer.
- The total bid received was K252.98m representing a subscription rate of 0.89x. The 182 days paper saw nil subscription.
- Rates were mostly stable except for the 364 days which saw a minimal increase. The overall auction was undersubscribed by K31.38m.
- Graph 1.0 depicts movement in the 182, 273 and 364 days paper for a 12 month period.
- Liquidity, deposits and inflation remains high and tightening of the monetary policy may continue for the next 6 months.

Table 1.0 – Previous auction results

Auction results 14th October 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -14/10	1.21%	2.65%	4.06%	
Amount on offer	10	20	254.36	284.36
Bids received	0	22	230.98	252.98
Successful bids	0	22	227.58	249.58
Overall-Subscription rate	0	1.10	0.91	0.89

Auction results 5th October 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -5/10	1.21%	2.65%	4.02%	
Amount on offer	0	50	294.15	344.15
Bids received	0	18	460.85	478.85
Successful bids	0	18	326.15	344.15
Overall-Subscription rate	0	0.36	1.57	1.39

Auction results 28th September 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -28/09	1.21%	2.66%	3.99%	
Amount on offer	0	10	303.44	313.44
Bids received	0	22	295.73	317.73
Successful bids	0	10	295.73	305.73
Overall-Subscription rate	0	2.20	0.97	1.01

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 closed unchanged across the board.
- Treasury Bond (GIS) 5th issuance was conducted on the 23rd of September 2022 with an offer of K300m. The total bid subscription was K332.86m.
- The auction was oversubscribed by K189.86m. The weighted interest rates edged lower for all papers as demand surged.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022. K1.59bn was raised so far in the last five auctions.
- The next GIS issuance is expected on the 18th of October 2022.

Table 2.0 – Financial institutions rates and short term government paper rates as at 14th October 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	0.60%	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%				
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)	0.10%	0.10%	0.15%	0.25%	0.50%	0.10%	0.10%	0.15%	0.25%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%				
ADIs																			
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%				
Credit Corporation (PNG)	0.95%	1.25%	1.85%	2.40%	2.85%	0.95%	1.25%	1.85%	2.40%	2.85%	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	0.70%	1.00%	1.10%	0.70%	2.50%	0.70%	1.00%	1.10%	0.70%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%				
Government Securities																			
Treasury bills (W.A.R)				0.00%	2.65%	4.06%				0.00%	2.65%	4.02%				0.00%	0.04%		
Central Bank																			
Central Bank bills (W.A.R)	1.84%	2.27%	2.53%			1.72%	2.14%	2.15%	0.00%						0.12%	0.13%	0.38%	0.00%	0.00%

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

Issuer	Term & rates (Current)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	4.37%	5.08%	5.26%	5.91%	6.18%	6.40%	6.35%

Auction results from 23/09/22

Issuer	Term & rates (Previous)						
Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	4.84%	5.35%	5.60%	6.20%	6.44%	6.67%	6.92%

Auction results from 23/08/22

Change/movement							
Term (years)	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	-0.47%	-0.27%	-0.34%	-0.29%	-0.26%	-0.27%	-0.57%

Money market insight

- In the Tap facilities, the Tbond Tap rates saw no movement in the weeks close.
- The bonds are available in 2, 4, 8 & 10 year terms.
- Tbill Tap rates shared similar sentiments.
- The Tbill Tap papers are available in 63, 91,182,273 and 364 days terms.
- Eligible Investors can participate in the Tap Investments.

Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 14th October 2022

Issuer	Term & rates (Current)			
Term (years)	2	4	8	10
BPNG TBOND TAP	3.87%	4.58%	5.68%	5.85%

Auction results from 14/10/22

Issuer	Term & rates (Previous)			
Term (years)	2	4	8	10
BPNG TBOND TAP	3.87%	4.58%	5.68%	5.85%

Auction results from 10/10/22

	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	2.10%	2.04%	0.71%	2.31%	3.77%

Auction results from 14/10/22

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
BPNG TREASURY BILL TAP	2.10%	2.04%	0.71%	2.31%	3.77%

Auction results from 10/10/22

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

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

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