

Treasury Bills (T-Bills) Results

'364-Day T-bill Inches up to 8.24% as auction was oversubscribed by K7.190m'

Key observations;

- Auction results:** The overall auction was oversubscribed, with 3.5% more in total bids received compared to amount on offer. The 364 days tenor alone was oversubscribed by K37.190m indicating investor's appetite in longer-term tenors. The 182 and 273 days tenors were undersubscribed recording 100% successful bid rates as total bids received in both tenors were fully allocated. The 91 days tenor recorded nil bids received in this auction.
- Yield Trends:** W.A.Rs for the 91 and 273 days remained unchanged at 4.55% and 8.23% respectively compared to previous auction results. The 182 days recorded an upswing by 11bps to close at 6.50% compared to 6.39% in last auction whilst the 364 days recorded a basis point increase to close at 8.24%.
- Preference for Tenors:** The 364-day bills attracted the highest demand, with bids totaling K207.200 million against an offer of K170.010 million, suggesting investor preference for longer-term investments.
- Overall subscription results:** Out of the 19 Tbill auction so far this year, four (4) auction recorded undersubscription.

Comparative Insights;

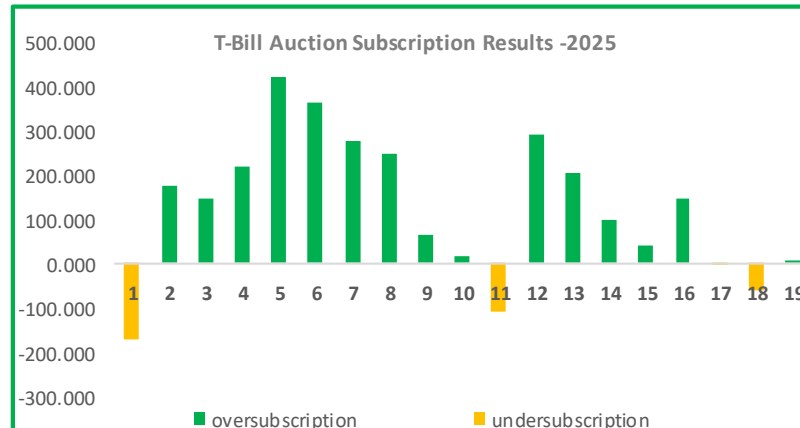
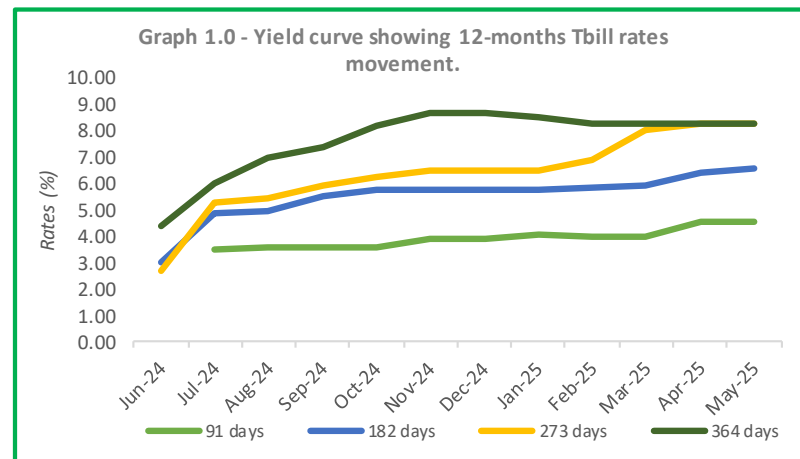
- The 364-day bill at the start of the year had a W.A.R of 8.66%, the W.A.R so far has experienced a downward trend which saw this week's auction now at 8.24%. This could indicate a marginal easing on expected returns to investors or improved confidence in the government's fiscal position.
- The slight increase in this week's W.A.R does not break the downward trend but it might be an early signal that rates are bottoming out, or that the market is testing where the equilibrium rates should be for the 364 day instrument.
- Total maturities across all tenors so far for the year stood at K5,226.78 billion with total bids awarded to date at K6,019.95 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 09 th May 2025					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	4.55%	6.50%	8.23%	8.24%	
Amount on offer (K'm)	5.000	20.000	20.000	170.010	215.010
Bids received (K'm)	-	5.000	10.000	207.200	222.200
Successful bids (K'm)	-	5.000	10.000	122.000	137.000
Successful bid rate ²	-	100%	100%	59%	62%

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%



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)

‘Subdued Demand for a 4 year tenor weighs down this week’s auction results’

Key observations;

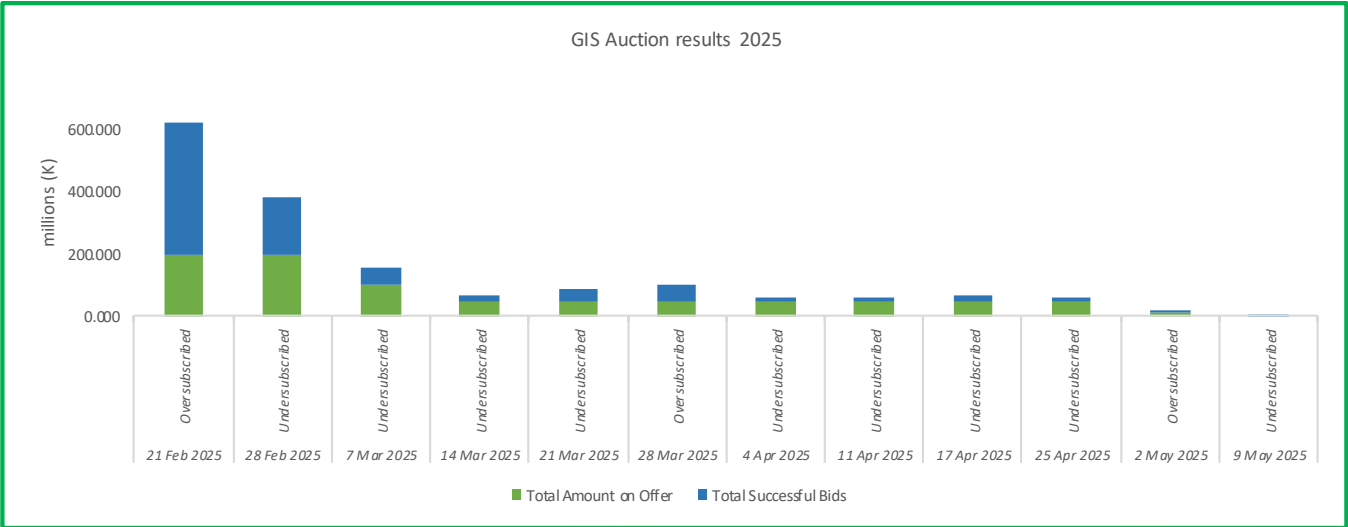
- Auction results: The week’s auction was under-subscribed by K1.970 million, indicating a lower-than-expected investor appetite for government bonds during this period.
- Investor Preferences: Investors showed a preference for longer term securities, with full subscriptions in the 9 and 10 year series. The 4 year tenor recorded less 88% in bids received against amount on offer indicating a shift of investor’s appetite for longer investment horizons.
- Yield Trends: W.A.Rs across all tenors remained stable at this week’s auction. The undersubscription with stable W.A.Rs at this week’s auction indicate low investor appetite at current rates-but the government isn’t budging. It’s more a sign of a cautious or hesitant market, not necessarily a crisis, but worth watching if the trend continues.

Comparative Insights;

- Investor appetite shifted this week as the auction of 4-9 and 10 year bonds was undersubscribed , contrasting with strong demand for shorter tenors in last week’s 2,5 and 10 year offering-highlighting market caution towards medium and long-term instruments.
- The Government has raised K838.86 million since opening of the year, 2025, which makes up approximately 97% 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 09 th May 2025										
Issuer		Term & rates (Current)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	-	-	8.90%	-	-	-	-	9.40%	9.50%
	Weighted Average Rates	-	-	9.19%	-	-	-	-	9.40%	9.50%
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%
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%	-	-	-	-	0.00%	0.00%



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

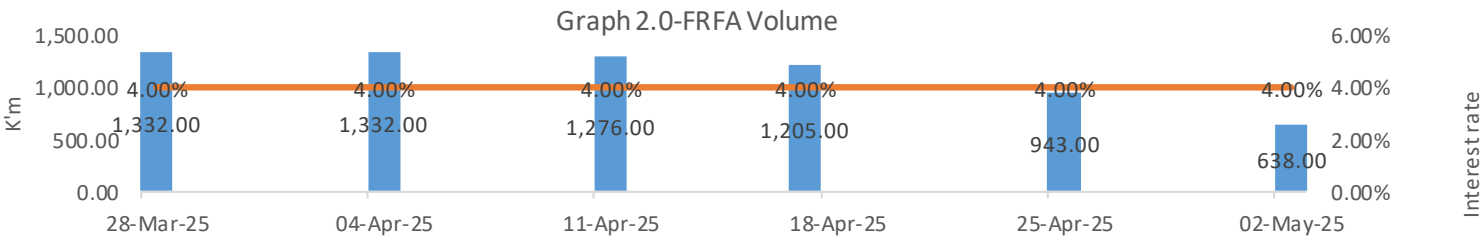
‘FRFA W.A.R remain unchanged at 4.00% at full allocation’.

- 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%	6.50%	8.23%	8.24%		4.55%	6.39%	8.23%	8.23%		0.00%	0.11%	0.00%	0.01%
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



Note: CBB results for this week not available and will be captured in next week’s distribution once they are made available.

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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