

Treasury Bills rates yield curve flattens as rates drop significantly. Meanwhile, Treasury Bonds closed oversubscribed in the second issuance, in 2022.

- A total of K237.18m was offered for the Treasury bill auction this week. Offers were only in the 182 and 364 days papers only. The 364 days paper offered 217.18m.
- The total subscription was K161.71m representing an oversubscription rate of 0.89 more than the issuance amount.
- The rates dropped further across the board with the 364 days losing 4 basis points lower to close at 2.46%.
- Graph 1.0 depicts movement within a 6 month period, with the 364 days rates almost closing near the 273 and 182 days rates depicting a flattening yield curve.

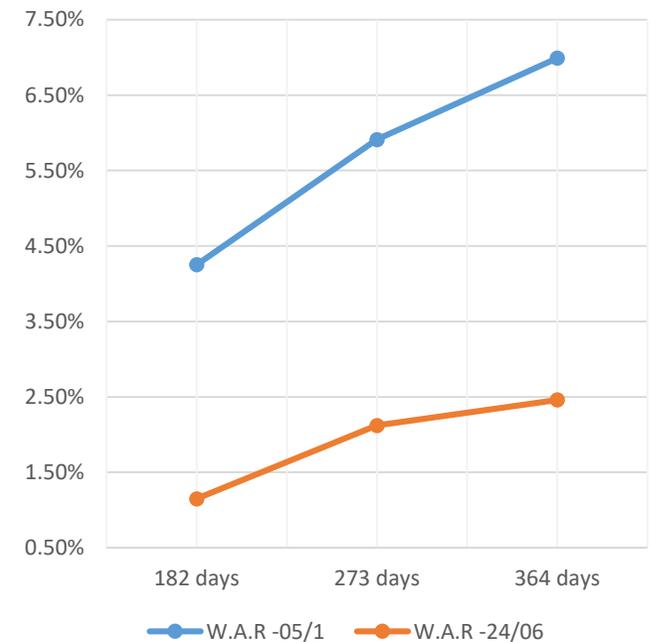
Table 1.0 – Previous auction results

Auction results 22 June 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -22/6	1.15%	0.00%	2.46%	
Amount on offer	20	0	217.18	237.18
Bids received	12.4	0	199.31	211.71
Successful bids	12.4	0	149.31	161.71
Oversubscription rate	0.62	-	0.92	0.89

Auction results 15 June 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -15/6	1.27%	2.12%	2.50%	
Amount on offer	20	10	277.8	307.8
Bids received	12.5	8.5	310.8	331.8
Successful bids	12.5	8.5	277.8	298.8
Oversubscription rate	0.63	0.85	1.12	1.08

Auction results 08 June 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -08/6	1.49%	2.49%	2.55%	
Amount on offer	10	50	194.8	254.8
Bids received	17.1	85.87	329.3	432.27
Successful bids	10	50	194.8	254.8
Oversubscription rate	1.71	1.72	1.69	1.70

Graph 1.0 – yield curve showing movement in T-bills between Jan and June 2022



Money market insight

- Term deposit rates remained steady across the commercial banks. Other financial institutions saw minimal changes as Moniplus & Fifi adjusted lower in the week's close .
- Treasury Bond (GIS) second issuance was conducted on the 21st June 2022 with an offer of K500m.
- Auction was oversubscribed by K270m. Rates dropped further for all terms depicting tight control measures adopted by DoT to keep rates low.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022.
- Investors will continue to seek yield as a hedge against inflation.

Table 2.0 – Financial institutions rates and short term government paper rates as at 24 June 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	0.10%	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%
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%	0.15%	0.25%	0.50%	1.00%	0.10%	0.15%	0.25%	0.50%	1.00%	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)	1.00%	1.50%	2.50%	3.50%	4.60%	1.00%	1.50%	2.50%	3.50%	4.60%	0.00%	0.00%	0.00%	0.00%	0.00%
Fincorp	0.50%	1.00%	2.00%	3.00%	3.50%	1.00%	1.50%	2.50%	3.50%	4.60%	-0.50%	-0.50%	-0.50%	-0.50%	-1.10%
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	0.60%	1.00%	1.10%	1.00%	1.85%	0.60%	1.00%	1.10%	1.15%	2.00%	0.00%	0.00%	0.00%	-0.15%	-0.15%
Government Securities															
Treasury bills (W.A.R)			1.15%	0.00%	2.46%			1.27%	2.12%	2.50%	0.00%	0.00%	-0.12%	-2.12%	-0.04%
Central Bank															
Central Bank bills (W.A.R)	0.00%	0.00%	0.00%			1.01%	1.59%	1.63%			-1.01%	-1.59%	-1.63%	0.00%	0.00%

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

Issuer	Term & rates (Current)						
	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	5.22%	5.74%	6.38%	6.70%	6.82%	6.99%	7.00%
<i>Auction results from 21/06/22</i>							
Issuer	Term & rates (Previous)						
	2	4	5	7	8	9	10
Treasury bonds (W.A.R)	6.50%	6.71%	7.50%	0.00%	0.00%	7.80%	7.90%
<i>Auction results from 22/04/22</i>							
Term (years)	Change/movement						
	2	3	5	6	8	9	10
Treasury bonds (W.A.R)	-1.28%	-0.97%	-1.12%	6.70%	6.82%	-0.81%	-0.90%

Money market insight

- The Central Bank announced the trading for new TAP investments (BPNG Bills and Bonds) effective 2nd March, 2022. Bids are done via e-mails and e-payment modes only.
- Tbond rates dropped across the board compared to the month's opening rates. The bonds are available in 2, 4, 8 & 10 years terms.
- Tbill Tap rates shared similar sentiments to Tbond Tap for the week's close.
- Eligible Investors can participate in the Tap Investments.

Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 24 June 2022

Issuer		Term & rates (Current)				
Term (years)		2	4	8	10	
BPNG TBOND TAP		4.82%	4.84%	6.35%	6.48%	
<i>Auction results from 24/06/22</i>						
Issuer		Term & rates (Previous)				
Term (years)		2	4	8	10	
BPNG TBOND TAP		6.00%	6.21%	7.23%	7.40%	
<i>Auction results from 10/06/22</i>						
		Change/movement				
Term (years)		2	4	8	10	
BPNG TBOND TAP		-1.18%	-1.37%	-0.88%	-0.92%	

Issuer		Term & rates (Current)				
Term (Days)		63	91	182	273	364
BPNG TREASURY BILL TAP		1.71%	1.80%	1.61%	3.00%	3.50%
<i>Auction results from 24/06/22</i>						
Issuer		Term & rates (Previous)				
Term (Days)		63	91	182	273	364
BPNG TREASURY BILL TAP		1.80%	1.83%	1.67%	3.24%	4.10%
<i>Auction results from 10/06/22</i>						
		Change/movement				
Term (Days)		63	91	182	273	364
BPNG TREASURY BILL TAP		-0.09%	-0.03%	-0.06%	-0.24%	-0.60%

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

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