

**The 364 days Treasury Bill paper showed improvement throughout the month.**

- A total of K310.73m was offered in the T-bill auction this week. The auction was oversubscribed by K64.38m.
- Rates improved by 3bps for the 364 days paper to close at 3.09% whilst the 182 days and 273 days shed 4 and 2 basis points respectively compared to previous results.
- Graph 1.0 shows movement over a 12-month period for the 182, 273 & 364 days papers.
- The Central Bank notes that headline inflation is anticipated to remain low while core inflation to moderate, based on its assessment of economic fundamentals and broader macroeconomic indicators.
- The Bank therefore, has reduced the Kina Facility Rate (KFR) by 50 basis points to 3.00 percent for September 2023

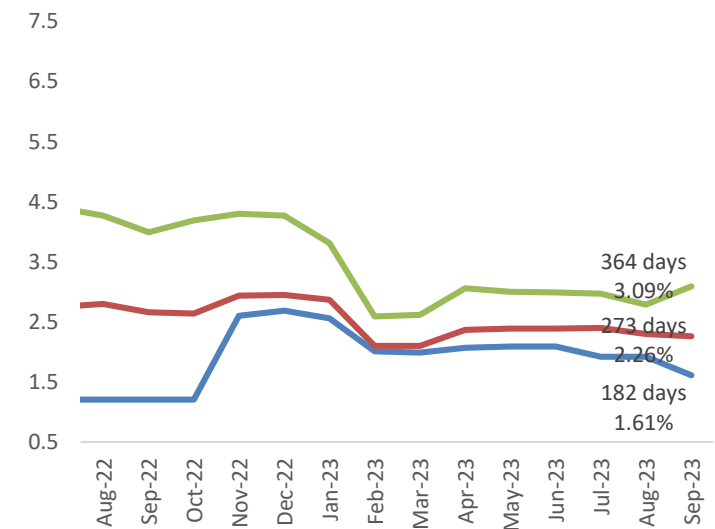
**Table 1.0 – Previous auction results**

Auction results 27 September 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -27/09	1.61%	2.26%	3.09%	
Amount on offer	10	10	290.73	310.73
Bids received	7.63	0	367.48	375.11
Successful bids	7.63	0	290.73	298.36
Overall-Subscription rate	0.76	-	1.26	1.21

Auction results 22 September 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -22/09	1.65%	2.28%	3.06%	
Amount on offer	0	40	221.05	261.05
Bids received	0	15.8	392.6	408.4
Successful bids	0	15.8	221.05	236.85
Overall-Subscription rate	-	0.40	1.78	1.56

Auction results 14th September 2023				
Terms	182 days	273 days	364 days	Total
W.A.Y -14/09	1.65%	2.27%	3.02%	
Amount on offer	10	30	215.6	255.6
Bids received	10	50.09	284.41	344.5
Successful bids	10	30	215.6	255.6
Overall-Subscription rate	-	1.67	1.32	1.35

**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 remained flat across the board.
- 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. With the support of the IMF, one of the measures introduced by BPNG is the 7-Day Fixed Rate Full Allocation (FRFA) Central Bank Bill. The facility is allocated at a fixed rate of 2.00 percent with the intention to align with KFR (3.00%) overtime.
- This week's FRFA Central Bank Bill auction allocated K1.5bn at a fixed rate of 2.00 percent.
- The September Treasury Bond issuance was held on the 23rd August 2023. Debt issuance were for 2,3,4,6,7,8,9 and 10 years with a total issuance amount of K510.4m. Coupon rates declined on all the papers.

**Table 2.0 – Financial institutions rates and short term government paper rates as at 29th September 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
<b>Commercial banks</b>															
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	0.50%	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%
<b>ADIs</b>															
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)	0.85%	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%
FinCorp	1.00%	1.50%	2.25%	2.50%	2.75%	1.00%	1.50%	2.25%	2.50%	2.75%	0.00%	0.00%	0.00%	0.00%	0.00%
Moniplus	0.75%	1.00%	1.25%	1.75%	2.00%	0.75%	1.00%	1.25%	1.75%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Investment Finance	0.90%	1.10%	1.20%	1.20%	2.10%	0.90%	1.10%	1.20%	1.20%	2.10%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Government Securities</b>															
Treasury bills (W.A.R)			1.61%	2.26%	3.09%			1.65%	2.26%	3.06%	0.00%	0.00%	-0.04%	0.00%	0.03%
<b>Central Bank</b>															
Central Bank bills (W.A.R)	2.00%	2.26%	2.38%	2.65%	2.78%	2.00%	2.26%	2.38%	2.65%	2.78%	0.00%	0.00%	0.00%	0.00%	0.00%

**Table 3.0 – Long dated government paper rates – last auction results in September 2023**

Issuer	Term (years)	Term & rates (Current)								
		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.40%	4.45%	4.60%	0.00%	5.10%	5.40%	5.50%	5.70%	5.76%
	Weighted Average Rates	3.93%	4.16%	4.49%	0.00%	4.99%	5.27%	5.42%	5.56%	5.74%
<i>Auction results from 23/09/23</i>										
Issuer	Term (years)	Term & rates (Previous)								
		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.40%	4.50%	4.70%	0.00%	5.20%	5.50%	5.60%	5.80%	6.00%
	Weighted Average Rates	0.00%	4.19%	4.35%	0.00%	4.98%	5.27%	5.43%	5.61%	5.76%
<i>Auction results from 23/08/23</i>										
Term (years)		Change/movement								
		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	0.00%	-0.05%	-0.10%	0.00%	-0.10%	-0.10%	-0.10%	-0.10%	-0.24%
	Weighted Average Rates	3.93%	-0.03%	0.14%	0.00%	0.01%	0.00%	-0.01%	-0.05%	-0.02%

# Money market insight

- The T-bill Tap and T-bond Tap papers remain temporarily closed until further notice.

**Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at June 2023**

Issuer	Term & rates (Current)			
Term (years)	2	4	8	10
<b>BPNG TBOND TAP</b>	CLOSED UNTIL FURTHER NOTICE			

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
<b>BPNG TREASURY BILL TAP</b>	CLOSED UNTIL FURTHER NOTICE				

<sup>1</sup> <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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