

T-Bill rates remain flat after reaching a low in June 2022; we expect rates to rise as liquidity improves in Q4...

- Last week’s auction saw a total K239.54m worth of T-Bills were offered across 182, 273 and 364 days.
- Only 67% of the offer was subscribed for at rates of 4.13% with nil bids received for the shorter dated papers.
- Rates for the 364 days improved to closed 7 basis points compared to last week’s results.
- 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 20th October 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -20/10	1.21%	2.65%	4.13%	
Amount on offer	10	20	209.54	239.54
Bids received	0	0	160.03	160.03
Successful bids	0	0	160.03	160.03
Overall-Subscription rate	-	-	0.76	0.67

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

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) 6th issuance was conducted on the 18th of October 2022 with an offer of K450m. The total bid subscription was K431m.
- The auction was oversubscribed by K19m. The weighted rates closed mixed.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022. To date K2.01bn was raised so far in the last six auctions. This is an increase by 15% from the planned issuance debt.
- The next GIS issuance is expected on the 22nd of November 2022.

Table 2.0 – Financial institutions rates and short term government paper rates as at 21st 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)	0.60%	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)	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)			182	273	364			182	273	364			182	273	364		
			0.00%	2.65%	4.13%			0.00%	2.65%	4.02%			0.00%	0.00%	0.11%		
Central Bank																	
Central Bank bills (W.A.R)	28	63	91	182	28	63	91	182	28	63	91	182	0.00%	0.28%	0.00%	0.00%	0.00%
	1.84%	2.55%	2.53%						1.84%	2.27%	2.53%	0.00%					

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

Issuer	Term & rates (Current)							
	Term (years)	2	4	5	7	8	9	10
Treasury bonds (W.A.R)		4.20%	4.97%	5.44%	5.93%	6.18%	6.35%	6.28%
<i>Auction results from 18/10/22</i>								
Issuer	Term & rates (Previous)							
	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%
<i>Auction results from 23/09/22</i>								
Term (years)	Change/movement							
	2	3	5	6	8	9	10	
Treasury bonds (W.A.R)	-0.17%	-0.11%	0.18%	0.02%	0.00%	-0.05%	-0.07%	

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 21st 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 21/10/22

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

Auction results from 14/10/22

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 21/10/22

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 14/10/22

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

bcapenquiries@bsp.com.pg

Gheno Minia

General Manager, BSP Capital

Ph: +675 309 8521

Email: gminia@bsp.com.pg

Willie Konga

Manager, Funds Management

Ph: +675 309 8513

Email: wkonga@bsp.com.pg

Phoebe Endose

Senior Portfolio Analyst

Ph: +675 309 8505

Email: pendose@bsp.com.pg

Marie Sourimant

Senior Portfolio Analyst

Ph: +675 309 8530

Email: msourimant@bsp.com.pg

Michelle Koredong

Investment Analyst – Money markets

Ph: +675 309 8507

Email: mkoredong@bsp.com.pg

Abigail Pepson

Senior Portfolio Analyst

Ph: +675 305 6149

Email: apepson2@bsp.com.pg

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