

Treasury Bills (T-Bills) Results

'364 days bill W.A.R¹ reached YTD-high at 6.54%'

- T-Bills are short term debt strategy of the government.

- The 364 days bill jumped 17 *basis points*² week-on-week to reach yearly highs of 6.54%, up 270 basis points exactly three months ago and 299 basis points since the first trading of the year respectively.

- Despite the record annual W.A.R reported above, the *overall successful bid rate*³ still trend within the 60% mark for the third time in a row, attributed to both the weak investor demand and market acceptable bid range.

- On the demand front, the 91 days bill realized exactly K15m undersubscription this week for the first time since its interception, while the 273 days tenor recorded nil bids for the second time in a row this week.

- The market awarded only 52% and 71% of total bids received under the 182 and 273 day tenors, respectively, despite their undersubscription results in this week's auction. The trend indicated the market's stance in rejecting excessive bids to tame rising rates.

- As at this week's T-bill auction, the total amount of successful bids awarded to date is K698.910m, less than the total amount offered to date. This reflects the need of the market to raise more capital where necessary, however, in a more manageable manner to avoid significant spike in W.A.Rs.

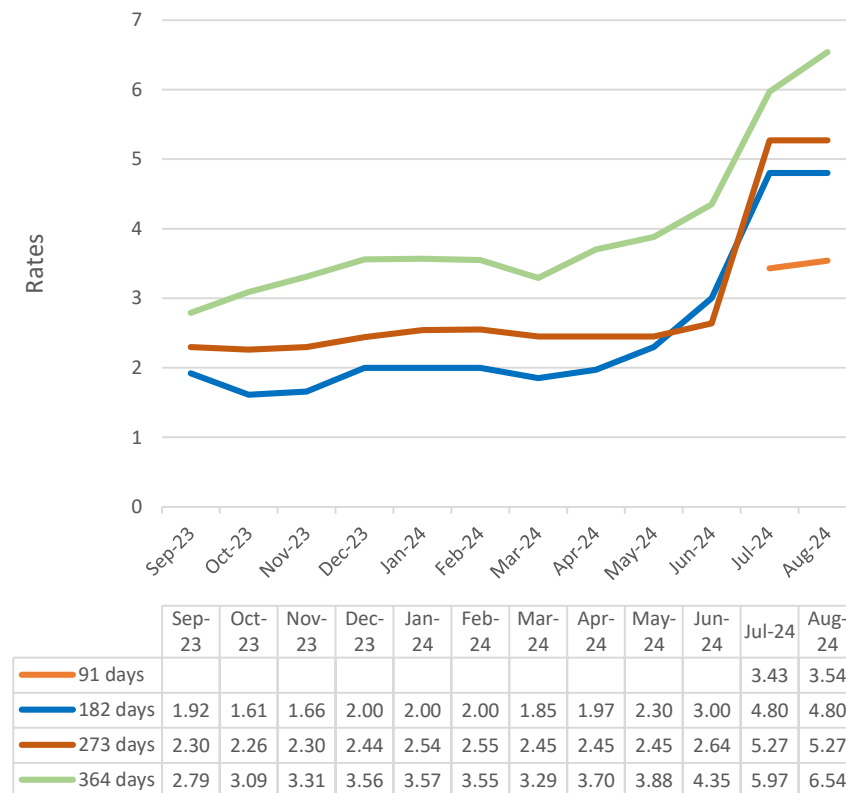
Table 1 – Last Three Auction Results

Auction Results 16 August 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	4.80%	5.27%	6.54%	
Amount on offer (K'm)	20.000	40.000	30.000	206.000	296.000
Bids received (K'm)	5.000	42.000	0.000	242.750	289.750
Successful bids (K'm)	5.000	22.000	0.000	172.750	199.750
Successful bid rate ³	100%	52%	-	71%	69%

Auction Results 09 August 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R	3.54%	4.80%	5.27%	6.37%	
Amount on offer (K'm)	20.000	30.000	20.000	209.700	279.700
Bids received (K'm)	23.000	31.000	0.000	203.600	257.600
Successful bids (K'm)	23.000	1.000	0.000	137.910	161.910
Successful bid rate	100%	3%	-	68%	63%

Auction Results 02 August 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R	3.42%	4.80%	5.27%	6.37%	
Amount on offer (K'm)	10.000	40.000	50.000	170.360	270.360
Bids received (K'm)	21.500	10.610	10.000	233.740	275.850
Successful bids(K'm)	11.500	10.610	-	163.740	185.850
Successful bid rate	53%	100%	-	70%	67%

Graph 1.0 W.A.R Results at Last Auction of Each Month



¹ W.A.R = Weighted Average Rate

² Basis points; 100 bps = 1%

³ Successful bid rate = Successful bid / Bids received

Treasury Bonds (Government Inscribed Stock - GIS)
'GIS auction cancelled for this month'

- Government Inscribed Stocks (GIS) are a long term debt strategy utilized by the government to finance the deficit budget – The tentative GIS issuance date for 2024 is given in Table 2.
- In a less likely scenario, August's GIS auction scheduled for Tuesday 13th has been cancelled by the Treasury Department. Further details on the cancellation will be published once received from the Treasury Department.
- This year has three remaining auctions as listed in the Domestic issuance calendar. Any changes to the planned auctions will be communicated accordingly.
- In the GIS market, the predominant undersubscription throughout the year stemming from lack of bond demand has led to total successful bids awarded to date being less by K1.387b compared to total amount offered to date.
- W.A.Rs are expected to trend higher in coming auctions given the need of the Central Bank to raise additional capital to get back on budget.

Table 2 – Domestic Issuance Calendar (GIS)

2024 Treasury Bond Tentative Issuance Schedule	
Tentative Issuance Date	Tentative Issuance Amount (K'm)
Tuesday 27 February	800.000
Tuesday 19 March	800.000
Tuesday 23 April	700.000
Tuesday 21 May	600.000
Tuesday 18 June	500.000
Tuesday 23 July	400.000
Tuesday 13 August	400.000
Tuesday 17 September	150.000
Tuesday 22 November	150.000
Tuesday 19 November	100.900
	4,600.900

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 16 July 2024										
Issuer		Term & rates (Current)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	-	-	-	5.70%	6.10%	6.40%	6.50%	6.70%	6.90%
	Weighted Average Rates	-	-	-	5.70%	0.00%	0.00%	0.00%	0.00%	6.08%

Auction results from 18 June 2024										
Issuer		Term & rates (Previous)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.40%	4.60%	-	4.70%	5.10%	5.40%	5.50%	5.70%	5.90%
	Weighted Average Rates	4.93%	5.96%	-	4.69%	5.20%	5.49%	5.57%	5.79%	5.94%

Change in Results										
		Change/movement								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	-	-	-	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
	Weighted Average Rates	-	-	-	1.01%	-	-	-	-	0.14%

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

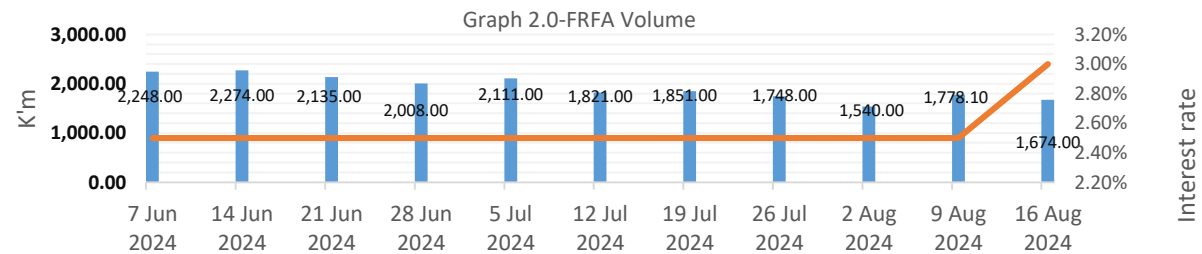
'CBB W.A.R increased to 3.00%', up 50 basis points.

- Term deposit rates for all tenors remained unchanged for all issuers – refer Table 4.
- 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.
- The CBB rate increased 50 basis points to 3.00% in this week's trading, its first change from 2.5% rate since 09 May 2024.
- Full allocation was made on K1, 674.0m total bids received in this week.
- With K1, 778.1m total CBB maturing this week, there is a net loss of K104.1m (or K1, 674.0m - K1,778.1m) by Central Bank to mop up access liquidity in the market.
- CBB rate for the remaining auction(s) in August will potentially be at 3.00% unless announced otherwise by the Central Bank.

Table 4 – 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 (PNG)	0.50%	0.50%	0.50%	1.00%	1.00%	0.50%	0.50%	0.50%	1.00%	1.00%	0.00%	0.00%	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%
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	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	1.00%	1.20%	1.60%	2.20%	2.50%	1.00%	1.20%	1.60%	2.20%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Government Securities															
Treasury bills (W.A.R)		91	182	273	364		91	182	273	364		91	182	273	364
		3.54%	4.80%	5.27%	6.54%		3.54%	4.80%	5.27%	6.37%		0.00%	0.00%	0.00%	0.17%
Central Bank															
Central Bank bills (W.A.R)	7	14	28	63	91	7	14	28	63	91	7	14	28	63	91
	3.00%	-	-	-	-	2.50%	-	-	-	-	0.50%	-	-	-	-

Graph 2 – FRFA Rates & Volume



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

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

Table 5 - 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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