

Treasury Bills (T-Bills) Results

'W.A.R¹ cooled-off after seventeenth-week rising streak'

- T-Bills are a short term debt strategy of the government.
- The weekly gains in the benchmark bill i.e., the 364 days, has come to an end this week, after stretching for 17 consecutive weeks. The 17 weeks gain is just second behind the 19 consecutive weekly gain realized from 15 March – 19 July 2024. The 364 days' W.A.R fall 1 bp² this week to 8.64%.
- Despite the fall in its W.A.R, the 364 days tenor recorded an impressive successful bid rate³ of 93%, up 170 bps (or 17%) from last week.
- The resumption of the 182 days trading after two weeks of non-trading due to low demand had nil impact on investor's appetite. Investors were leaning towards higher rates.
- The 273 days tenor received K3.000m bids this week, just down K1.100m from last week's demand, with 100% successful bid rate realized this week.
- As at this week's auction, the total successful bids awarded year-to-date is less by K1,606.470m compared to the total amount offered to date.
- The fall in the 364 days' W.A.R this week signaled the possible position that market will close this year with the last two remaining auctions. However, the chances of the W.A.R picking up again is not completely written-off.

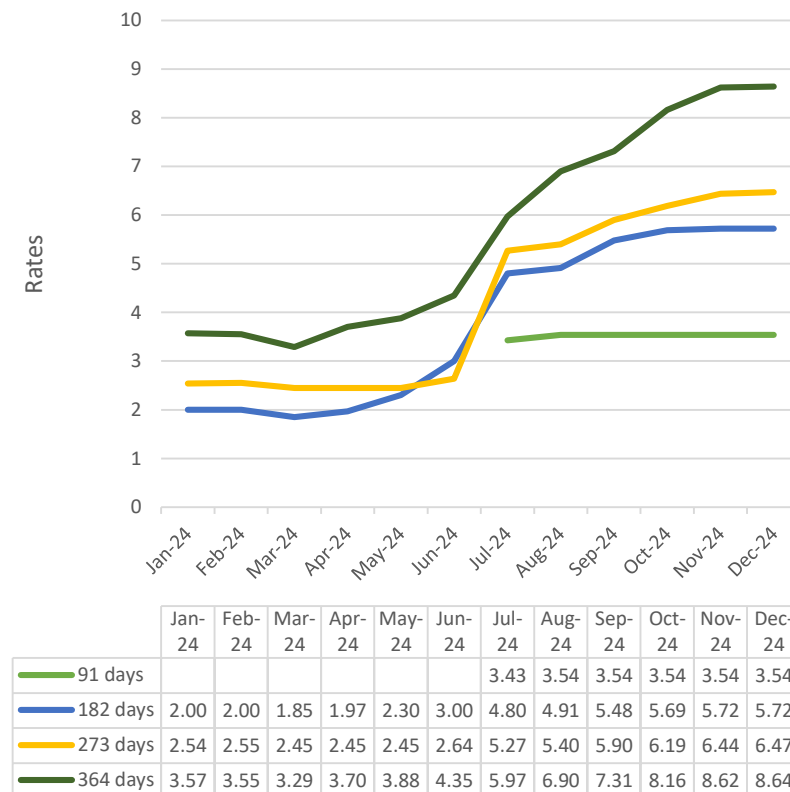
Table 1 – Last Three Auction Results

Auction Results 13 December 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.72%	6.47%	8.64%	
Amount on offer (K'm)	0.000	10.000	10.000	282.790	302.790
Bids received (K'm)	0.000	0.000	3.000	207.620	210.620
Successful bids (K'm)	0.000	0.000	3.000	192.620	195.620
Successful bid rate ³	-	-	100%	93%	93%

Auction Results 06 December 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.72%	6.47%	8.65%	
Amount on offer (K'm)	0.000	0.000	10.000	271.040	281.040
Bids received (K'm)	0.000	0.000	4.100	238.200	242.300
Successful bids (K'm)	0.000	0.000	4.100	180.600	184.700
Successful bid rate	-	-	100%	76%	76%

Auction Results 29 November 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.72%	6.44%	8.62%	
Amount on offer (K'm)	0.000	0.000	20.000	264.360	274.360
Bids received (K'm)	0.000	0.000	4.000	239.850	243.850
Successful bids (K'm)	0.000	0.000	1.500	216.850	218.350
Successful bid rate	-	-	38%	90%	90%

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 bids / Bids received

Treasury Bonds (Government Inscribed Stock - GIS)

'Overall auction undersubscribed by K33.500m'

- Government Inscribed Stocks (GIS) are a long term debt strategy utilized by the government to finance the deficit budget – The GIS issuance dates for 2024 are given in Table 2.
- The overall auction was undersubscribed by K33.500m this week, following two oversubscriptions a fortnight ago. This week's total offering was K100.000m.
- The coupon rates dropped 10 bps each for 5, 6, 7, 8, 9 and 10 year bonds to 9.30%, 9.40%, 9.50%, 9.60%, 9.70% and 9.80% this week.
- The W.A.Rs for the 5, 6, 7, 8, 9 and 10 year tenors matched their respective coupon rates above as the mentioned tenors are new lines in this week's auction.
- After 9 auctions of non-trading, the 2 and 3 year bonds makes a return this week with K20.000m on offer for each. K4.500m and K4.000m bids were received respectively and full allocations were made on both bids – refer coupon and W.A.R for both on Table 3.
- As at this week's auction the successful bids awarded to date is less by K2,586.060m compared to total bids offered to date.
- Next week's GIS auction invitations are yet to be released by the Central Bank.

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 ⁴	400.000
Tuesday 24 September	800.000
Tuesday 08 October	180.000
Tuesday 15 October	100.000
Tuesday 22 October	100.000
Tuesday 29 October	100.000
Tuesday 05 November	100.000
Tuesday 12 November	150.000
Tuesday 19 November	100.000
Tuesday 26 November	100.000
Tuesday 03 December	100.000
Tuesday 10 December	100.000
	6,030.900

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 13 December 2024										
Issuer	Term & rates (Current)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon	8.90%	9.00%	-	9.30%	9.40%	9.50%	9.60%	9.70%	9.80%
	Weighted Average Rates	8.77%	9.00%	-	-	9.40%	9.50%	9.60%	9.70%	9.80%

Auction results from 06 December 2024										
Issuer	Term & rates (Current)									
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon	-	-	-	9.40%	9.50%	9.60%	9.70%	9.80%	9.90%
	Weighted Average Rates	-	-	-	9.41%	9.60%	9.70%	9.90%	9.87%	9.94%

Change in Results										
Change/movement										
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon	-	-	-	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%
	Weighted Average Rates	-	-	-	-	-0.02%	-0.02%	-0.03%	-0.17%	-0.14%

⁴ Cancelled auction

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

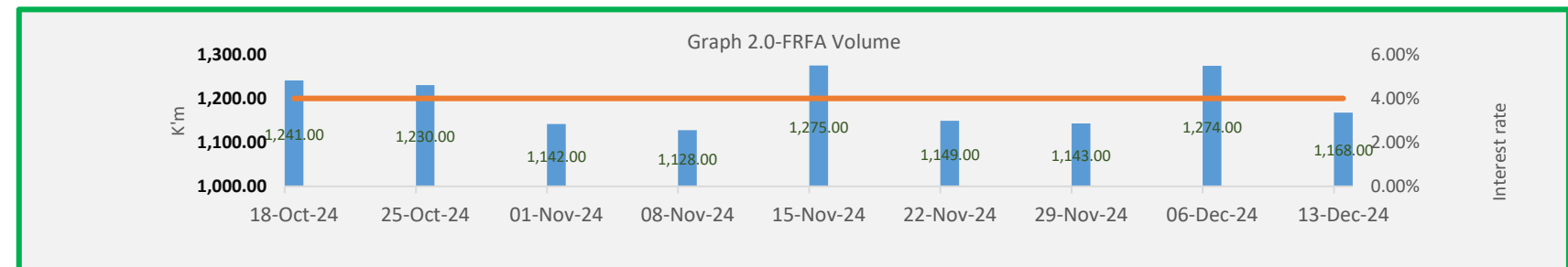
'4% W.A.R for 7 days FRFA CBB to start of December'

- 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 7 day CBB's W.A.R remain unchanged at 4% with full allocation made on K1,168.000m total bids received in this auction.
- With K1,274.000m total CBB maturing this week, there is a net loss of K79.000m (or K1,168.000m - K1,274.000m) by the Central Bank to mop up access liquidity in the market.
- CBB's rate for this month's auctions is subject to the announcement of the Kina Facility Rate by the Central Bank. The rate is likely to remain at 4.00% to close off the month.

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	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	1.00%	1.20%	1.60%	2.50%	3.00%	1.00%	1.20%	1.60%	2.50%	3.00%	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
		-	-	6.47%	8.64%		-	-	6.47%	8.65%		-	-	0.00%	0.01%
Central Bank															
Central Bank bills (W.A.R)	7	14	28	63	91	7	14	28	63	91	7	14	28	63	91
	4.00%	-	-	-	-	4.00%	-	4.13%	-	-	0.00%	-	-	-	-

Graph 2 – 7 Day FRFA Rates & Volumes



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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