

Treasury Bills (T-Bills) Results

'W.A.R¹ jumped 14 bps² to 8.57%; Overall successful bid rate³ dropped'

- T-Bills are a short term debt strategy of the government.
- The W.A.R for the benchmark tenor - the 364 days has increased by 14 bps to 8.57% this week, marking the 15th consecutive time it has done so.
- The market rejected K36.000m under the 364 days tenor as it continues to maintain debt at sustainable levels. Only K254.150m was awarded from K290.150m bids received.
- The rejection of K36.000m worth of bids in the 364 days tenor has resulted in the overall successful bid rate for this week dropping to 89% from 100% in last week's auction.
- Continuing on from its relatively weak demand last week, the 182 days tenor received nil bids from investors in this week's auction. The 273 days paper however saw an increase in demand in the bids received, with an increase of K9.000m from K17.500m to K26.500m.
- W.A.Rs for all tenors are expected to be on the ascending trend in the coming auctions given the Central Bank's tight monetary policy stance alongside the continuous appetite of the government to raise additional capital in the T-bills market to fund its budget.
- As at this week's auction, the total successful bids awarded year-to-date is less by K1,338.850m compared to the total amount offered to date.

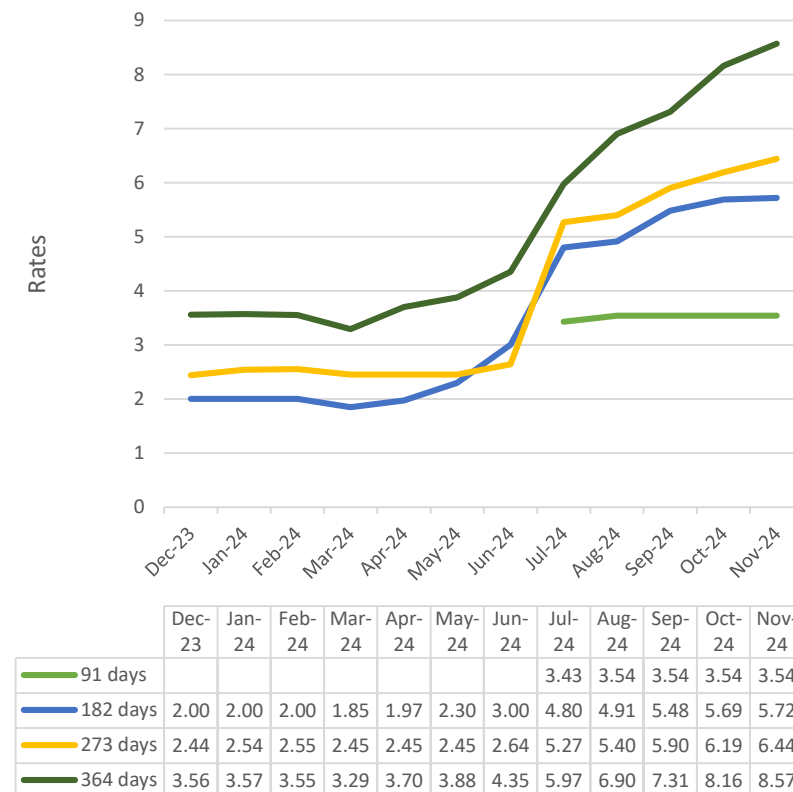
Table 1 – Last Three Auction Results

Auction Results 22 November 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.72%	6.44%	8.57%	
Amount on offer (K'm)	0.000	10.000	30.000	320.880	360.880
Bids received (K'm)	0.000	0.000	26.500	290.150	316.650
Successful bids (K'm)	0.000	0.000	26.500	254.150	280.650
Successful bid rate ²	-	-	100%	88%	89%

Auction Results 15 November 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.72%	6.33%	8.43%	
Amount on offer (K'm)	0.000	30.000	30.000	317.310	377.310
Bids received (K'm)	0.000	0.100	17.500	322.100	339.700
Successful bids (K'm)	0.000	0.100	17.500	322.100	278.780
Successful bid rate ²	-	100%	100%	100%	100%

Auction Results 08 November 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	3.54%	5.72%	6.19%	8.30%	
Amount on offer (K'm)	0.000	7.000	20.000	326.410	366.410
Bids received (K'm)	0.000	7.000	0.000	325.780	332.780
Successful bids (K'm)	0.000	7.000	0.000	217.780	278.780
Successful bid rate ²	-	100%	-	67%	84%

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)

'GIS oversubscribed by K24.110m; Seventh weekly GIS issued this week'

- 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.
- The total GIS bids received this week surpasses the total offered by K24.110m, indicating a strong demand for the longer term bonds. The larger portion of the K24.110m oversubscription result consists of the 5 and 6 year tenors recording K10.000m each.
- The 5 & 6 years tenors received bids twice the offered amount however the Government accepted only the offered amount with weighted rates on par, potentially indicating both the medium term debt management strategy of the market and the need of the market to reject excessive bids.
- The W.A.Rs remain unchanged for 5, 6, 7 and 8 year tenors at 9.40%, 9.60%, 9.70% and 9.88% respectively. The 9 years' W.A.R increased by 4 bps to 9.95 while the 10-year one jumped 6 bps to 10.01%
- As at this week's auction the successful bids awarded to date is less by K2,577.160m compared to total bids offered to date.

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 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	TBC
	5,830.900

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 19 November 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									
	-	-	-	9.40%	9.60%	9.70%	9.88%	9.95%	10.01%	
Auction results from 12 November 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									
	-	-	-	9.40%	9.60%	9.70%	9.88%	9.91%	9.95%	
Change in Results										
Change/movement										
Term (years)	2	3	4	5	6	7	8	9	10	
Treasury bonds (GIS)	Coupon									
	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
	Weighted Average Rates									
	-	-	-	0.00%	0.00%	0.00%	0.00%	0.04%	0.06%	

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

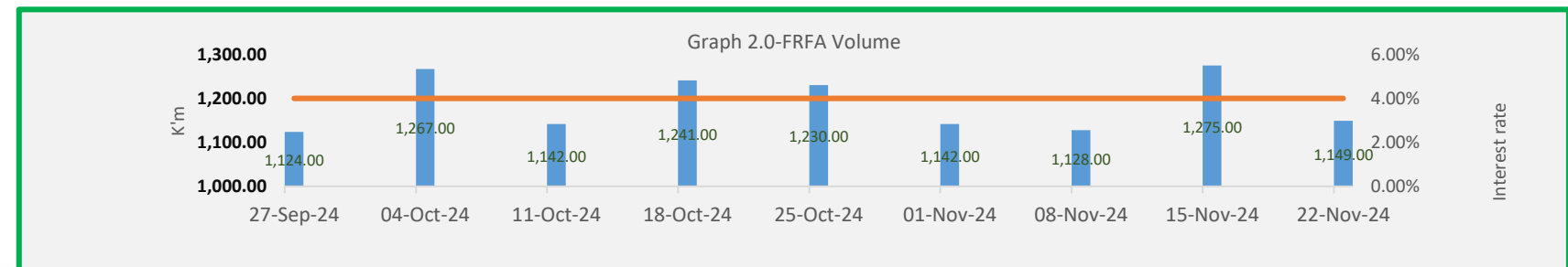
'7-Day FRFA CBB W.A.R remain unchanged at 4%'

- 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 W.A.R remain unchanged at 4% with full allocation made on K1,149.000m total bids received in this auction.
- With K1,275.000m total CBB maturing this week, there is a net loss of K126.000m (or K1,275.000m - K1,275.000m) by the Central Bank to mop up access liquidity in the market.
- CBB's rate for the remaining auctions for this month is subject to the announcement of the Kina Facility Rate by the Central Bank. It 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%	2.20%	2.50%	0.00%	0.00%	0.00%	0.30%	0.50%
Government Securities															
Treasury bills (W.A.R)		91	182	273	364		91	182	273	364		-	0.00%	0.11%	0.14%
		-	5.72%	6.44%	8.57%		-	5.72%	6.33%	8.43%					
Central Bank															
Central Bank bills (W.A.R)	7	14	28	63	91	7	14	28	63	91	0.00%	-	-	-	-
	4.00%	-	-	-	-	4.00%	-	-	-	-					

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				

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

bcapenquiries@bsp.com.pg

Phoebe Endose

Head of BSP Capital

Ph: +675 309 8505

Email: pendose@bsp.com.pg

Michelle Koredong

Senior Portfolio Manager – Retail

Ph: +675 309 8507

Email: mkoredong@bsp.com.pg

Darren Terupo

Portfolio Manager - Wholesale

Ph: +675 309 8531

Email: DTerupo@bsp.com.pg

Abigail Pepson

Senior Portfolio Manager - Wholesale

Ph: +675 305 6149

Email: apepson2@bsp.com.pg

Sirak Sengin

Portfolio Analyst - Funds Management

Ph: +675 309 8530

Email: SSengin@bsp.com.pg

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