

Treasury Bills (T-Bills) Results

‘Overall Successful bid rate³ remained within 60% for second time in a row’.

- T-Bills are short term debt strategy of the government.
- The overall/total successful bid rate for the second time in a row remained within 60% after trending strong between 90-100% in the last 8 auctions.
- The reduction of the overall successful bid rate to 60% echoes the market’s clear stance in rejecting excessive bids that does not fall within the acceptable trading range in light of rising Weighted Average Rates (W.A.Rs)¹ experienced by the market.
- On par with the above observation, the outcome of the 182 days tenor in this week’s T-bill auction saw the market rejected all other bids amounting to K30.000m and rewarded only K1.000m from K31.000m total bids received – a successful bid rate of 3% only.
- In the 273 days paper, nil demand was shown by the investors in this auction following last week’s zero percent successful bid rate realized by the tenor.
- As at this week’s T-bill auction, the total amount of successful bids awarded to date is K602.660m less than the total amount offered to date. This reflects the need for the market to raise more capital where necessary resulting in higher W.A.Rs although the last two auction results indicates significant surge in weekly W.A.Rs may not come as easy as expected going forward.

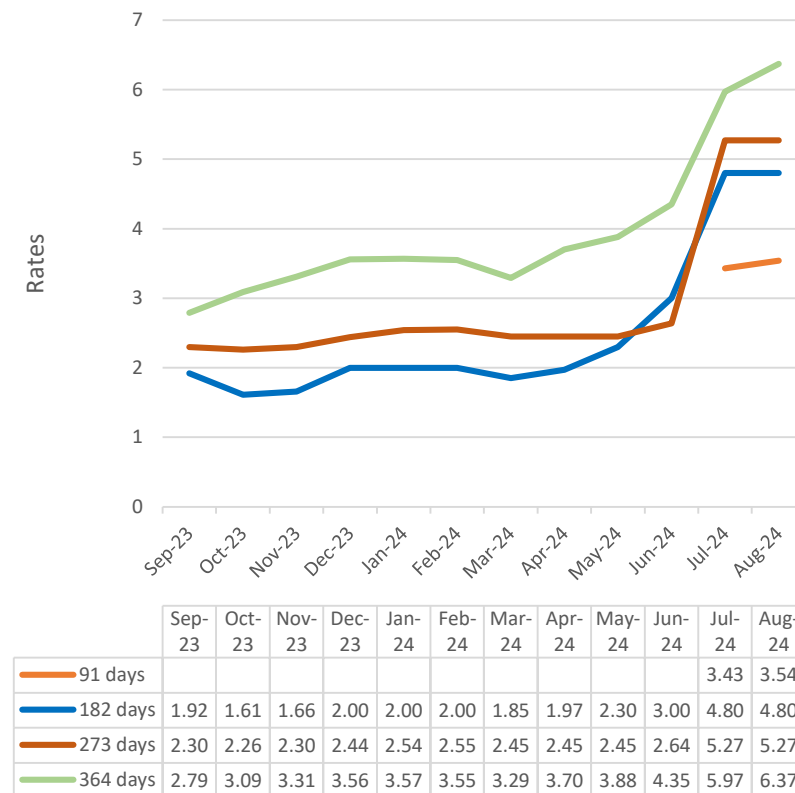
Table 1 – Last Three Auction Results

Auction Results 09 August 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R ¹	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 ³	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%

Auction Results 26 July 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R	3.43%	4.80%	5.27%	5.97%	
Amount on offer (K'm)	-	20.000	30.000	217.900	267.900
Bids received (K'm)	-	15.000	31.000	242.100	288.100
Successful bids(K'm)	-	15.000	30.000	217.900	262.900
Successful bid rate	-	100%	97%	90%	91%

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 invitations for this month's auction has been released by Central Bank'.

- 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.
- Invitations for August's auction has been released with Tuesday, 13th August 2024 confirmed as the auction date.
- A total of K400.000m offering has been made for this month's auction and distributed across 5, 6, 7, 8, 9 and 10 year tenors.
- The total amount on offer above is K200.000m more than the tentative amount indicated initially, highlighting the drive of the market to raise additional capital where necessary to make up for the losses incurred in prior auctions this year.
- The predominant undersubscriptions 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 this auction 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 20 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%

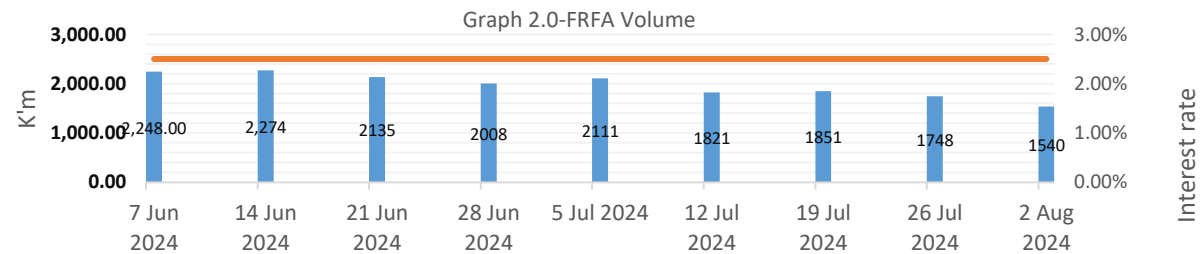
Fix Rate Full Allotment Auction (FRFA) & Financial Institution Term Deposit Rates

- 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 remained unchanged at 2.50% in this second trading of August though formal announcement of the rate is yet to be made by the Central Bank.
- Full allocation was made on K1,778.1m total bids received in this week’s auction.
- With K1,540.0m total CBB maturing this week, there is a net gain of K238.1m (or K1,778.1m - K1,540.0m) by Central Bank to mop up access liquidity in the market.
- August’s CBB rate is subject to change pending announcement of the Kina Facility Rate (KFR) 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)		3.54%	4.80%	5.27%	6.37%		3.42%	4.80%	5.27%	6.37%		0.12%	0.00%	0.00%	0.00%
Central Bank															
Central Bank bills (W.A.R)	2.50%	-	-	-	-	2.50%	-	-	-	-	0.00%	-	-	-	-

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				

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