

## Treasury Bills (T-Bills) Results

**'Overall auction oversubscribed; New yearly high W.A.Rs<sup>1</sup>.**

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

- Pricing proficiency by investors has led to two oversubscribed tenors in this week's auction, i.e., the 182 and 273 days, clocking 100% *successful bid rate*<sup>2</sup>. The two bills were oversubscribed by K14.000m and K35.000m respectively – a significant turn around from sluggish demand experienced in last week's auction under both tenors.

- The 364 days also reported an oversubscription, however the tenor is just shy of recording 100% *successful bid rate*<sup>2</sup>, once again declaring the market's authority to reject excessive bids that fall outside its acceptable range.

- For the fifth week in a row now all tenors on offer (182, 273 and 364 days) recorded rising W.A.Rs. The rates also marked the tenors respective yearly highs 5.30% (up 30 *bps*<sup>3</sup>), 5.86% (up 26 *bps*) and 7.22% (up 12 *bps*).

- As the final quarter for the year approaches, pressure is likely to be imposed on the market to expand its acceptable bid range to raise more capital as and when necessary given the government's slow progress in raising budgeted internal revenue and also in securing external loans.

- The total successful bids awarded to date is less by K673.060m compared to the total amount offered to date, providing room for further improvement in interest rates in the coming auctions if all other market factors remain fixed.

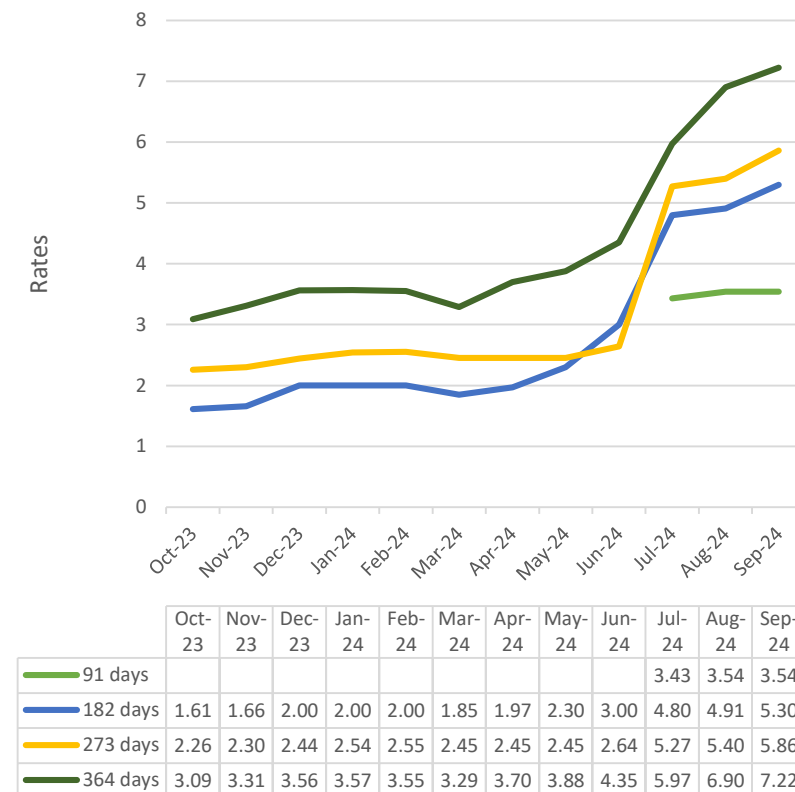
**Table 1 – Last Three Auction Results**

Auction Results 20 September 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R <sup>1</sup>	3.54%	5.30%	5.86%	7.22%	
Amount on offer (K'm)	0.000	30.000	20.000	233.050	283.050
Bids received (K'm)	0.000	44.000	45.000	262.170	351.170
Successful bids (K'm)	0.000	44.000	45.000	217.170	306.170
Successful bid rate <sup>2</sup>	-	100%	100%	83%	87%

Auction Results 13 September 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R <sup>1</sup>	3.54%	5.00%	5.60%	7.10%	
Amount on offer (K'm)	0.000	30.000	20.000	225.600	275.600
Bids received (K'm)	0.000	1.300	10.000	214.130	225.430
Successful bids (K'm)	0.000	1.300	10.000	194.130	205.430
Successful bid rate	-	100%	100%	91%	91%

Auction Results 06 September 2024					
Terms	91 days	182 days	273 days	364 days	Total
W.A.R <sup>1</sup>	3.54%	4.99%	5.50%	7.02%	
Amount on offer (K'm)	0.000	30.000	10.000	234.700	274.700
Bids received (K'm)	0.000	31.300	2.000	325.410	358.710
Successful bids (K'm)	0.000	31.300	2.000	325.410	358.710
Successful bid rate	-	100%	100%	100%	100%

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



<sup>1</sup> W.A.R = Weighted Average Rate

<sup>2</sup> Successful bid rate = Successful bids / Bids received

<sup>3</sup> Basis Points; 100 bps = 1%

**Treasury Bonds (Government Inscribed Stock - GIS)**  
*'GIS invitations 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.
- GIS auction invitations for the month of September has successfully been released by Central Bank. The auction will be conducted on Tuesday, 24 September 2024.
- The tightening monetary policy stance compounded with exchange rate devaluation and government’s budgetary performances are likely to raise W.A.Rs in the T-bonds market as seen in market for T-bills.
- The amount on offer in this month’s auction has increased by K650.000m to K800.000m from what was initially indicated. This indicates an urgent intention of capital raising by the Government given its slow progress in raising budgeted internal revenue and also in securing external loans.

- With total successful bids awarded to date being less by K1.387b compared to total amount 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 24th September	800.000
Tuesday 22 November	150.000
Tuesday 19 November	100.900
	<b>5,250.900</b>

**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

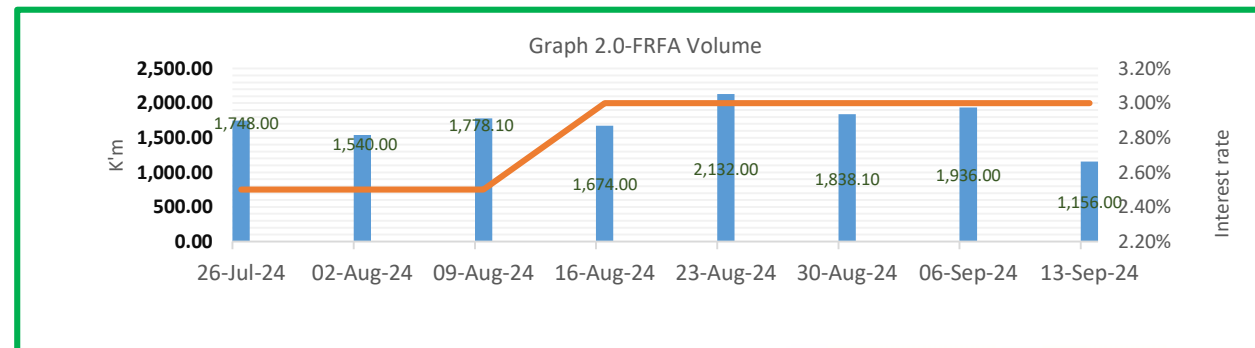
**'7-Day FRFA CBB W.A.R remain unchanged at 3% for the second time'**

- 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 remain unchanged at 3% in this auction.
- Full allocation was made on K1,156.000m for total bids received this week.
- With K1,936.000m total CBB maturing this week, there is a net loss of K780.000 (or K1,156.000m - K1,936.000m) by the Central Bank to mop up access liquidity in the market.

**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
<b>Commercial banks</b>															
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	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%
Credit Bank	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%
<b>ADI</b>															
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%	2.20%	2.50%	1.00%	1.20%	1.60%	2.20%	2.50%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Government Securities</b>															
Treasury bills (W.A.R)	-	-	5.00%	5.60%	7.10%	-	-	4.99%	5.50%	7.02%	-	-	0.01%	0.10%	0.08%
<b>Central Bank</b>															
Central Bank bills (W.A.R)	3.00%	-	-	-	-	3.00%	-	-	-	-	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	
<b>BPNG Treasury Bond Tap</b>	CLOSED UNTIL FURTHER NOTICE				

Issuer	Term & rates (Previous)				
Term (Days)	63	91	182	273	364
<b>BPNG Treasury Bill Tap</b>	CLOSED UNTIL FURTHER NOTICE				

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

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