

## Treasury Bills (T-Bills) Results

- T-Bills are short term debt strategy of government.
- New highest W.A.Rs<sup>1</sup> of the year, 2.80% and 4.04%, were recorded under the 182 and 364 day tenors respectively in this week's auction. The rates are 28 bps<sup>2</sup> and 7 bps higher week-by-week.
- In another twist, the market did not match and rejected all K15.000m bids received under the 273 days tenor, potentially to avoid higher W.A.R under the tenor, but offset the loss by accepting K15.000m more bids under the 182 days tenor.
- The rising W.A.Rs under the 182 and 364 day tenors are on par with expectation that if the market were to raise enough funds to offset all maturities (K275.000m) of the week, rates would have to be adjusted to higher levels by accepting marginally higher bids. This is reflected in the *bids strength rate*<sup>3</sup> of 200% and 98% under 182 and 364 days tenors respective.
- As at the end of this week, total volume of successful bids is K28.980m greater than the total amount offered to date. Despite that, the market is expected to show no tendency in reducing W.A.Rs in the coming auctions as the Central Bank maintained the Kina Facility Rate (KFR) at 2.50% for the month of June and also increased the Cash Reserve Ratio (CRR) by 100 bps to 12%, supporting the W.A.Rs to remain or trend higher.

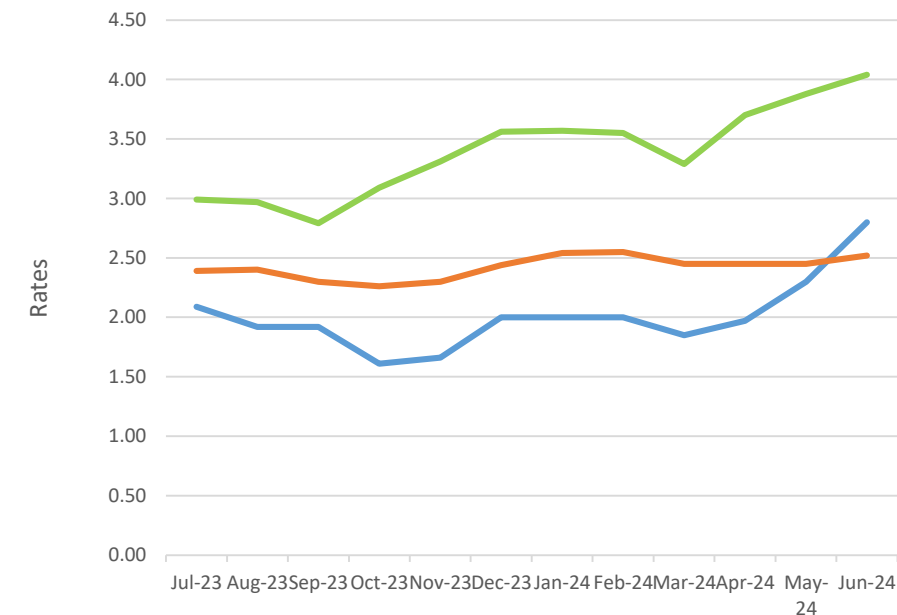
**Table 1 – Last Three Auction Results**

Auction Results 14 June 2024				
Terms	182 days	273 days	364 days	Total
W.A.R	2.80%	2.52%	4.04%	
Amount on offer (K'm)	15.000	15.000	245.000	275.000
Bids received (K'm)	30.000	15.000	230.200	275.200
Successful bids (K'm)	30.000	0.000	225.200	255.200
Successful bid rate <sup>3</sup>	100%	-	98%	93%

Auction Results 07 June 2024				
Terms	182 days	273 days	364 days	Total
W.A.R	2.52%	2.52%	3.97%	
Amount on offer (K'm)	10.000	10.000	230.000	250.000
Bids received (K'm)	10.200	10.000	372.580	392.780
Successful bids (K'm)	10.200	10.000	357.580	377.780
Successful bid rate	100%	100%	96%	96%

Auction Results 31 May 2024				
Terms	182 days	273 days	364 days	Total
W.A.R	2.30%	2.46%	3.92%	
Amount on offer (K'm)	15.000	10.000	253.000	278.000
Bids received (K'm)	0.000	11.000	435.740	446.740
Successful bids(K'm)	0.000	11.000	369.700	380.700
Successful bid rate	-	100%	85%	85%

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



	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
182 days	2.09	1.92	1.92	1.61	1.66	2.00	2.00	2.00	1.85	1.97	2.30	2.80
273 days	2.39	2.40	2.30	2.26	2.30	2.44	2.54	2.55	2.45	2.45	2.45	2.52
364 days	2.99	2.97	2.79	3.09	3.31	3.56	3.57	3.55	3.29	3.70	3.88	4.04

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

<sup>2</sup> Basis points; 100 bps = 1%

<sup>3</sup> Successful bid rate = Successful bid / Bids received

## Treasury Bonds (Government Inscribed Stock)

- Government Inscribed Stocks (GIS) are long term debt strategy utilized by the government to finance deficit budget – The tentative GIS issuance date for 2024 is given on Table 2.
- Despite Treasury Bill auctions registering predominantly oversubscriptions in May, the month's Treasury Bond auction result reported an undersubscription of K87.540m, making it third consecutive undersubscriptions in a row from 4 auctions this year.
- The W.A.Rs for all tenors in May's Treasury Bond auction however increased month-on-month except for the 5 year tenor by +0.18, +0.05%, -0.01% , +0.07%, +0.09%, +0.01%, 0.05% and +0.07% for 2, 3, 5, 6, 7, 8, 9 and 10 year tenors respectively.
- After last month's Treasury Bond auction, the total volume of successful bids awarded to date is K2.300b, exactly K600.000m short of the total amount offered to date, signaling once again for market to move towards higher W.A.Rs in coming monthly auctions to offset the losses.
- The next GIS issuance is confirmed for Tuesday, 18<sup>th</sup> June 2024 with invitations disseminated on Tuesday, 11<sup>th</sup> June 2024.

Table 2 – Domestic Issuance Calendar (GIS)

2024 Treasury Bond Tentative Issuance Schedule	
Tentative Issuance Date	Tentative Issuance Amount (K'm)
Tuesday 27 February	800.00
Tuesday 19 March	800.00
Tuesday 23 April	700.00
Tuesday 21 May	600.00
Tuesday 18 June	500.00
Tuesday 23 July	300.00
Tuesday 20 August	200.00
Tuesday 17 September	150.00
Tuesday 22 November	150.00
Tuesday 19 November	100.90
	<b>4,300.90</b>

Table 3 – 2024 GIS Auction Results & Change in Rates

Auction results from 14 May 2024										
Issuer		Term & rates (Current)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.30%	4.50%	0.00%	4.70%	5.10%	5.40%	5.50%	5.70%	5.90%
	Weighted Average Rates	4.48%	4.51%	0.00%	4.69%	5.16%	5.49%	5.51%	5.75%	5.98%
Auction results from 23 April 2024										
Issuer		Term & rates (Previous)								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	4.30%	4.40%	0.00%	4.70%	5.00%	5.30%	5.40%	5.60%	5.80%
	Weighted Average Rates	4.30%	4.46%	0.00%	4.70%	5.09%	5.40%	5.50%	5.70%	5.91%
Change in Results										
		Change/movement								
Term (years)		2	3	4	5	6	7	8	9	10
Treasury bonds (GIS)	Coupon	0.00%	0.10%	0.00%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
	Weighted Average Rates	0.18%	0.05%	0.00%	-0.01%	0.07%	0.09%	0.01%	0.05%	0.07%

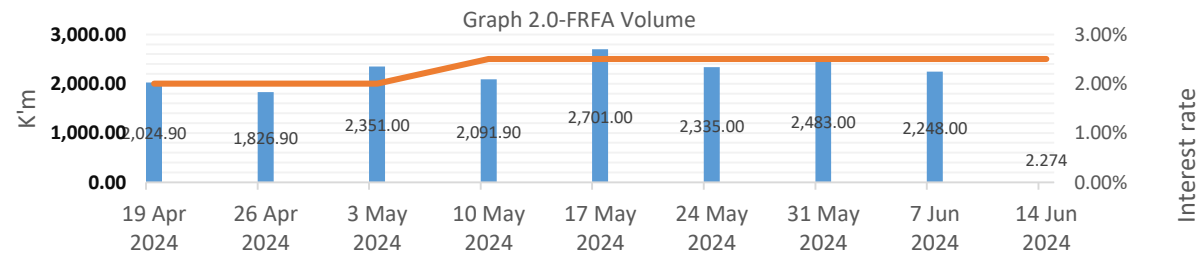
## Fix Rate Full Allotment Auction (FRFA) & Financial Institution Term Deposit Rates

- Term deposit rates for all tenors remained relatively unchanged for almost 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.
- This week's CBB rate remained unchanged at 2.50% following the announcement of June's KFR of by Central Bank.
- Full allocation was made on K2.274 total bids received in this week's auction. With K2.242b total CBB matured this week, the net gain by Central Bank to mop up access liquidity is K0.032 (or K2.274b – K2.242b).

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%	0.25%	0.50%	0.65%	0.90%	1.00%	-0.05%	-0.05%	-0.05%	-0.20%	-0.10%
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%
<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%
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	0.75%	1.00%	1.25%	1.75%	2.00%	0.75%	1.00%	1.25%	1.75%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%
First Investment Finance	1.00%	1.20%	1.30%	1.40%	2.40%	0.90%	1.10%	1.20%	1.20%	2.10%	0.10%	0.10%	0.10%	0.20%	0.30%
<b>Government Securities</b>															
Treasury bills (W.A.R)			182	273	364			182	273	364	0.00%	0.00%	0.28%	0.06%	0.07%
			2.80%	2.52%	4.04%			2.52%	2.52%	3.97%					
<b>Central Bank</b>															
Central Bank bills (W.A.R)	7	14	28	63	91	7	14	28	63	91	0.00%	0.00%	0.00%	0.00%	0.00%
	2.50%	0.00%	0.00%	0.00%	0.00%	2.50%	0.00%	0.00%	0.00%	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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