

Investors go for long tenors, policy change

Written by Administrator
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ROBERTO TAN

MANILA — National Treasurer Roberto Tan said investors are showing interest for shorter-term government IOUs in anticipation of a possible change in policy rates.

The perception is the Bangko Sentral ng Pilipinas (BSP) has a mind to create an even lower interest rate regime.

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The investors should sensibly gobble up the bills while the rates are slightly higher than they may expect from the change that the BSP will introduce in the next few weeks.

However, the investors bought only P1.16 billion for a yield of 2.077 percent, 99.8 basis points higher than the previous rate of 1.079 percent.

The total offer was P3.5 billion for the one-year tenor.

Tenders totaled P2.91 billion.

The sentiment of investors is for tenors longer than one year that yield a remarkably higher rate.

Bids ranged from 1.825 to 2.375 percent.

The other possibility is there could be a shift of funds from sovereign liabilities, considered the safest instruments but with the lowest yields.

The possible shift may be a result of stable financial system that has been the hallmark of the Aquino Administration in his first 1.5 years in office.

The tenders were undersubscribed at P2.91 billion.

Had the government made an award of P2.91 billion, the rate of the full-year securities would have been 2.68 percent.

“Investors are moving their money to shorter-term (securities),” Tan said.

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“We’re opening ourselves to adjusting the rates,” he said.

Earlier, BSP Governor Amando Tetangco said that the Monetary Board may likely tweak the key rates of the BSP as early as the first quarter of this year.

“Barring any surprises on the inflation front, I think it is possible that there can be an easing of monetary policy,” Tetangco said.

In its last meeting for 2011, the Monetary Board decided to keep the key rates steady.

Overnight policy rates remain at 4.5 percent for borrowing and 6.5 percent for lending.

The Monetary Board is set to meet on Jan. 19.

Meanwhile, the government made a full award on both the 91-day and 182-day treasury bills.

The benchmark three-month IOUs fetched a yield of 1.428 percent, 12.8 basis points lower than the previous rate of 1.556 percent.

Tenders amounted to P6.88 billion, more than twice the P2.5 billion offer.

Bids ranged from 1.375 to 1.45 percent.

The six-month securities were bought at a rate of 1.824 percent, 0.6 bps lower than the 1.83

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percent previous average.

Tenders for the 182-day IOUs amounted to P4.15 billion, slightly higher than the P3 billion program.

Bids ranged from 2.25 to 4.15 percent.