

No. 2/2019The Bank of Thailand Bond Issuance Program for 2019

The Bank of Thailand (BOT) regularly issues BOT bonds, one of the monetary policy instruments, to manage liquidity in the money market. BOT bond issuance also fosters liquid and efficient debt securities market in Thailand. The annual BOT bond issuance program is communicated to the market at the start of each year to allow market participants to plan their liquidity management accordingly.

For 2019, the BOT bond issuance program is planned taking into account projected liquidity conditions, government's funding plans, bond market conditions, as well as consultations with market participants. Details of the BOT bond issuance program for 2019 are as follow.

1. Auction schedules

Auction days and frequency are unchanged for all types of BOT bonds. However, there will no longer be re-openings for 1-year bonds in 2019. Instead, a new issue will be auctioned every month. With the new schedule, the outstanding size of 1-year bonds will be smaller than in previous years, which will help avoid heightened volatility in short-term bond yields at the time of their maturities. It is assessed that the impact of the reduction in bond outstanding size on market liquidity should be limited. The new schedule will take effect starting in March 2019. (There will still be 2 re-openings in January and February 2019 for CB19D06A, which was issued in December 2019.) Apart from the adjustment for 1-year bonds, the re-opening schedules for 2 and 3-year bonds remain unchanged.

Regarding the 3-year floating rate bonds (FRB), a new issue will be auctioned in February 2019, followed by 5 re-openings every even month. The number of re-openings is reduced from 11 to 5, which is deemed sufficient for ensuring its liquidity in the market, given the issue size per auction.

Types of Bonds	Auction Days	Auction Frequency
1. Bills		
- Cash Management Bill (<15-day)	Friday	As appropriate
- 1-month	Tuesday	As appropriate
- 3 and 6-month	Tuesday	Every week
- 1-year	Tuesday	Every month
2. Fixed-coupon Bonds		
- 2-year	Thursday	Every month
- 3-year	Thursday	Every odd month
3. Floating-rate Bonds		
- 3-year	Friday	Every even month

2. Issue size

The maximum issue size per auction for the 3-year bonds is reduced, while that of the 3-year FRB is raised. These adjustments are made in accordance with liquidity and bond market conditions, as well as the government’s funding plans. For the remaining types of bonds, the ranges of issue size are unchanged. Details of bond issue size and total outstanding size in 2019 are as follow.

Type of Bonds	Issue Size per Auction (Million Baht)	Outstanding size per issue* (Million Baht)	Number of issues per year
1. Bills			
- Cash Management Bills (<15-day)	10,000 – 50,000	10,000 – 50,000	As appropriate
- 1-month	10,000 – 30,000	10,000 – 30,000	As appropriate
- 3- and 6- month	20,000 – 60,000	20,000 – 60,000	50 - 52
- 1-year	20,000 – 60,000	20,000 – 72,000	10
2. Fixed-coupon bonds			
- 2-year	15,000 – 40,000	45,000 – 144,000	4
- 3-year	15,000 – 45,000	45,000 – 162,000	2
3. Floating-rate bonds			
- 3-year	8,000 – 25,000	48,000 – 180,000	1

* The outstanding size per issue includes any additional amount allocated in the Post-Auction Options (PAO), which currently may not exceed 20% of the auction size.

With regard to monthly BOT bond schedules, the auction size of each bond type will be determined given the conditions in the money and bond markets at the time. Working closely with the PDMO, the BOT will also take into account government and SOE’s bill and bond supply when planning auction schedules. Monthly BOT bond auction schedules will be announced prior to the beginning of each month as has been done in previous years.

Bank of Thailand
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