



BANK OF THAILAND

BOT Press Release

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The Bank of Thailand Bond Issuance Programme for 2021

The Bank of Thailand (BOT) issues BOT bonds as one of its monetary policy instruments used to manage money market liquidity, while fostering the development of a liquid and efficient debt securities market in Thailand. The annual BOT bond issuance programme is regularly communicated to the market at the start of each year to facilitate smooth and efficient liquidity management among market participants.

For 2021, the BOT plans to adjust the bond issuance programme to accommodate the fast changing and highly volatile markets, while taking into account the increased government's financing needs to fund Covid-19 relief measures. To this end, the BOT and the Public Debt Management Office (PDMO) have been collaborating closely on the public sector bond supply. In particular, the government and BOT bonds are issued at different sectors of the curve, while auction sizes are determined with a view to maintain an appropriate level of overall public sector bond supply throughout the year. In addition, the BOT plans to issue a new floating-rate bond (FRB) indexed to the Thai Overnight Repurchase Rate (THOR) to promote the development of the new reference rate.

Details of the 2021 BOT bond issuance programme are as follows.

1. Discontinuation of several tenors of BOT bonds to be replaced by government issuance. In 2021, the BOT will not issue new 6-month bills and 3-year bonds, consistent with the PDMO's plan to auction 6-month treasury bills and 3-year government bonds on a regular basis. (In January, the BOT will hold the final 3-year BOT bond auction by re-opening BOT239A). Nevertheless, the BOT may consider resuming the issuance of these tenors as necessary, particularly if the government short-term bond supply is significantly lower than expected. Should such an event occur, market participants will be informed in advance.

In addition, the BOT will terminate the issuance of 2-week bills from 2021 onwards. Originally, the bills were intended as a tool for managing short-term liquidity fluctuations, and hence the auction sizes were announced only 1-2 days ahead of auctions. However, as short-term liquidity management toolkits become more flexible, the need for these 2-week bills has declined in recent years.

2. Issuance of new BOT floating-rate bonds. The BOT will discontinue the current BIBOR-linked FRB and start issuing a new FRB that is indexed to THOR. This would help promote the use of THOR as a new reference rate in derivatives and cash products.

The BOT plans to issue the first 6-month THOR-linked FRB in March 2021. The auctions will take place monthly on Thursdays. Going forward, in accordance with market conditions and investors' demand, the BOT may consider issuing additional tenors, increasing auction frequency, and expanding issue sizes as appropriate.

BOT Bond Auction Schedules for 2021

Types of Bonds and Bills	Auction Days	Auction Frequency
1. Bills		
- 1-month	Tuesday	As appropriate
- 3-month	Tuesday	Weekly
- 6-month	Tuesday	As appropriate
- 1-year	Tuesday	Monthly
2. Fixed-coupon Bonds		
- 2-year	Thursday	Monthly
- 3-year	Thursday	As appropriate
3. THOR-linked Floating-rate Bonds (FRB) ^{1/}		
- 6-month to 3-year	Thursday	Monthly

BOT Bond Auction Sizes for 2021

Types of Bonds and Bills	Issue Size per Auction (Million Baht)	Outstanding size per issue ^{2/} (Million Baht)	Number of issues per year
1. Bills			
- 1-month	10,000 – 60,000	10,000 – 60,000	As appropriate
- 3-month	10,000 – 60,000	10,000 – 60,000	50 - 52
- 6-month	10,000 – 60,000	10,000 – 60,000	As appropriate
- 1-year	10,000 – 60,000	10,000 – 72,000	12
2. Fixed-coupon bonds			
- 2-year	15,000 – 35,000	90,000 – 252,000	2
- 3-year	15,000 – 45,000	45,000 – 162,000	As appropriate
3. THOR-linked Floating-rate bonds (FRB) ^{1/}			
- 6-month to 3-year	5,000 – 30,000	5,000 – 30,000	As appropriate

1/ FRB tenors, auction frequency, and issue sizes may be adjusted according to market conditions and investors' demand.

2/ The outstanding size per issue includes additional 20% maximum amount that may be allocated in the Post-Auction Options (PAO).

For each month, the BOT bond supply will be determined based on the prevailing money and bond markets conditions, as well as the government and SOE's bond supply at the time. The BOT continues to collaborate closely with the PDMO and to announce the monthly auction calendars on the BOT website as customary.

The BOT reserves the right to adjust issue sizes during the month in the event of heightened volatilities in financial markets resulting in significant changes in market conditions. Market participants will be notified at least 2 days prior to the auction dates, if such a need arises.

Bank of Thailand
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