

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 10-year MGS 7/34 draws moderate BTC of 2.015x

Post the tender announcement, WI opened at 3.78/75%. About RM50-80m of the WI was traded, and it was quoted at 3.780/775% post the auction cut-off. This auction saw decent interest, with bids totaling RM4.03b tendered, resulting in a BTC ratio of 2.015x, and cleared at an average yield of 3.776% with a short tail of 0.5bps (the previous 10Y MGS reopening in August cleared at 3.760% with a BTC of 1.996x and a tail of 0.9bps). The total offering of RM2.0b for this reopening sale was the smallest for 2024 by far and reflected reduced government funding needs as of late. This reopening brings the total issue size outstanding to RM26.0b. Summary of the tender results are as follows:

Bid to Cover: 2.015x

High: 3.781%

Average: 3.776%

Low: 3.760%

Cut-off: 80.0%

This 10Y MGS reopening saw decent demand, with a moderate BTC of 2.015x. Valuations look fair, both from a term premium perspective and relative to GIs

The auction itself went okay with a BTC of 2.015x, considering the tiny issuance size, with interest seen from mostly from banks. The historical mean spread between the generic Islamic and conventional 10Y benchmarks over the past 12 months has been around 1.8bps, so at the current valuation of 1.7bps, it looks fairly valued. From a term premium perspective, the 10Y sector of the MGS curve also appears to be fairly valued, with the current MGS 7s10s spread at 5.7bps which compares to an average of 5.8bps over the past year. This concludes the government bond auctions for the year. Up next to begin auctions in 2025 will likely be the reopening of the GII 9/27, which was supposed to take over as the new benchmark 3Y GII before the auction was cancelled.

MGS/GII issuance pipeline in 2024														
No	Stock	Tenure (yrs)	Tender Month	Quarter	Tender Date	Projected Issuance Size (RM mil)	Actual Auction Issuance (RM mil)	Actual Private Placement	Total Issuance YTD	BTC (times)	Low	Average	High	Cut-off
1	10-yr Reopening of MGII 8/33	10	Jan	Q1	5/1/2024	5,000	5,000		5,000	2.445	3.880	3.908	3.920	83.3%
2	30-yr Reopening of MGS 3/53	30	Jan	Q1	12/1/2024	5,000	3,000	2,000	10,000	2.990	4.223	4.243	4.250	84.8%
3	5-yr Reopening of MGII 7/28	5	Jan	Q1	19/1/2024	4,500	5,000		15,000	4.402	3.610	3.620	3.624	51.3%
4	7-yr Reopening of MGS 4/31	7	Feb	Q1	5/2/2024	4,500	5,000		20,000	2.155	3.760	3.779	3.790	6.9%
5	20-yr Reopening of MGII 8/43	20	Feb	Q1	14/2/2024	5,000	3,000	2,000	25,000	3.037	4.144	4.163	4.171	60.0%
6	3-yr Reopening of MGS 5/27	3	Feb	Q1	21/2/2024	4,500	5,000		30,000	1.703	3.470	3.488	3.499	85.0%
7	15-yr Reopening of MGII 9/39	15	Mar	Q1	29/2/2024	5,000	3,000	2,000	35,000	2.973	3.972	3.990	3.998	52.3%
8	10-yr Reopening of MGS 11/33	10	Mar	Q1	14/3/2024	4,500	5,000		40,000	2.046	3.830	3.854	3.865	27.1%
9	30-yr New Issue of MGII (Mat on 3/54)	30	Mar	Q1	21/3/2024	5,000	3,000	2,000	45,000	3.187	4.254	4.280	4.286	90.0%
10	5-yr Reopening of MGS 8/29	5	Apr	Q2	29/3/2024	5,000	5,000		50,000	1.797	3.665	3.681	3.690	11.4%
11	7.5-yr New Issue of MGII (Mat on 10/31)	7	Apr	Q2	5/4/2024	5,000	4,500		54,500	3.333	3.780	3.804	3.815	41.3%
12	15-yr New Issue of MGS (Mat on 4/39)	15	Apr	Q2	16/4/2024	5,000	3,000	2,000	59,500	2.159	4.016	4.054	4.069	82.2%
13	3-yr Reopening of MGII 9/26	3	Apr	Q2	25/4/2024	5,000	5,000		64,500	1.746	3.547	3.574	3.599	40.0%
14	20-yr New Issue of MGS (Mat on 05/44)	20	May	Q2	14/5/2024	5,000	3,000	2,000	69,500	3.085	4.160	4.180	4.188	98.4%
15	15-yr Reopening of MGII 9/39	15	May	Q2	21/5/2024	5,000	3,000	2,000	74,500	3.024	4.005	4.021	4.027	83.8%
16	7-yr Reopening of MGS 4/31	7	May	Q2	29/5/2024	5,000	5,000		79,500	1.965	3.843	3.852	3.860	81.4%
17	20-yr Reopening of MGII 8/43	20	Jun	Q2	6/6/2024	5,000	3,000	2,000	84,500	3.475	4.123	4.133	4.137	15.3%
18	3-yr Reopening of MGS 5/27	3	Jun	Q2	13/6/2024	4,500	5,000		89,500	1.682	3.487	3.545	3.553	88.6%
19	30-yr Reopening of MGII 3/54	30	Jun	Q2	21/6/2024	5,000	3,000	2,000	94,500	2.504	4.220	4.241	4.249	36.0%
20	5-yr Reopening of MGS 8/29	5	Jul	Q3	1/7/2024	4,500	5,000		99,500	2.187	3.663	3.672	3.679	63.5%
21	10-yr Reopening of MGII 11/34	10	Jul	Q3	12/7/2024	4,500	5,000		104,500	2.422	3.813	3.819	3.827	52.4%
22	15-yr Reopening of MGS 4/39	15	Jul	Q3	19/7/2024	5,000	3,000	2,000	109,500	3.101	3.959	3.972	3.975	34.3%
23	7-yr Reopening of MGII 10/31	7	Aug	Q3	7/8/2024	4,500	5,000		114,500	2.331	3.710	3.726	3.735	66.7%
24	30-yr Reopening of MGS 3/53	30	Aug	Q3	14/8/2024	5,000	3,000	2,000	119,500	1.952	4.150	4.172	4.188	53.3%
25	5-yr Reopening of MGII 7/29	5	Aug	Q3	21/8/2024	4,500	4,000		123,500	3.683	3.476	3.488	3.494	74.4%
26	10-yr Reopening of MGS 7/34	10	Aug	Q3	28/8/2024	5,000	5,500		129,000	1.996	3.750	3.760	3.769	42.9%
27	20-yr Reopening of MGII 8/43	20	Sep	Q3	9/9/2024	5,000	3,000	2,000	134,000	1.922	4.071	4.084	4.091	42.9%
28	7-yr Reopening of MGS 4/31	7	Sep	Q3	20/9/2024	4,500	5,500		139,500	1.729	3.674	3.687	3.695	87.0%
29	30-yr Reopening of MGII 3/54	30	Sep	Q3	27/9/2024	5,000	3,000	2,000	144,500	1.860	4.185	4.198	4.208	59.0%
30	3-yr Reopening of MGS 5/27	3	Oct	Q4	7/10/2024	4,500	4,500		149,000	1.606	3.414	3.426	3.440	40.0%
31	10-yr Reopening of MGII 11/34	10	Oct	Q4	14/10/2024	4,500	4,500		153,500	1.602	3.800	3.832	3.845	18.3%
32	20-yr Reopening of MGS 5/44	20	Oct	Q4	21/10/2024	5,000	3,000	2,000	158,500	2.039	4.120	4.136	4.149	13.3%
33	7-yr Reopening of MGII 10/31	7	Oct	Q4	29/10/2024	5,000	5,000		163,500	1.997	3.900	3.914	3.925	65.0%
34	15-yr Reopening of MGS 4/39	15	Nov	Q4	11/11/2024	5,000	3,000	2,000	168,500	2.672	3.999	4.015	4.026	50.0%
35	5-yr Reopening of MGII 7/29	5	Nov	Q4	18/11/2024	4,500	4,500		173,000	2.005	3.642	3.657	3.665	53.1%
36	10-yr Reopening of MGS 7/34	10	Dec	Q4	6/12/2024	5,000	2,000		175,000	2.015	3.760	3.776	3.781	80.0%
Gross MGS/GII supply in 2024						178,000	145,000	30,000	175,000	PROJECTED TOTAL ISSUANCE = RM178bn				

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