

Global Markets Research

Fixed Income : Auction Calendar

**Re-opening of 10-year MGS 7/34 draws moderate BTC of 1.996x**

Post the tender announcement, WI opened at 3.78/74%. The WI itself did not register any trading was quoted at 3.770/755% before the auction cut-off. This auction saw moderate interest, with bids totaling RM10.97b tendered, resulting in a BTC ratio of 1.996x, and cleared at an average yield of 3.760% with a tail of 0.9bps (the previous 10Y MGS reopening in April cleared at 3.854% with a BTC of 2.046x and a tail of 1.1bps). The total offering of RM5.5b for this reopening sale was the largest for 2024 thus far, and was a touch higher than our expectation of RM5.0bn. This reopening brings the total issue size outstanding to RM24.0b. Summary of the tender results are as follows:

Bid to Cover: 1.996x  
 High: 3.769%  
 Average: 3.760%  
 Low: 3.750%  
 Cut-off: 42.86%

***This 10Y MGS reopening saw decent demand, with a moderate BTC of 1.996x. Valuations look slightly attractive, both from a term premium perspective and relative to Gills***

The auction itself went decently with a BTC of 1.996x, considering the large issuance size, with interest was seen from banks mostly, both onshore and offshore. The historical mean spread between the generic Islamic and conventional 10Y benchmarks over the past 12 months has been around 2.1bps, so at the current valuation of 0.9bps, there looks to be some room for relative MGS outperformance. From a term premium perspective, the 10Y sector of the MGS curve also looks attractive, with the current MGS 7s10s spread at 8.3bps which compares to an average of 6.1bps over the past year. The bond takes over from the MGS 11/33 as the new 10Y MGS benchmark. Up next is the reopening auction of the 20Y benchmark GII 8/43, with a projected issuance size of RM5.0b.

| 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      |             | 5,000                            |                                  | x                        |                    |                                   |       |         |       |         |
| 28                                | 7-yr Reopening of MGS 4/31              | 7            | Sep          | Q3      |             | 4,500                            |                                  |                          |                    |                                   |       |         |       |         |
| 29                                | 30-yr Reopening of MGII 3/54            | 30           | Sep          | Q3      |             | 5,000                            |                                  | x                        |                    |                                   |       |         |       |         |
| 30                                | 3-yr Reopening of MGS 5/27              | 3            | Oct          | Q4      |             | 4,500                            |                                  |                          |                    |                                   |       |         |       |         |
| 31                                | 10-yr Reopening of MGII 11/34           | 10           | Oct          | Q4      |             | 4,500                            |                                  |                          |                    |                                   |       |         |       |         |
| 32                                | 20-yr Reopening of MGS 5/44             | 20           | Oct          | Q4      |             | 5,000                            |                                  | x                        |                    |                                   |       |         |       |         |
| 33                                | 7-yr Reopening of MGII 10/31            | 7            | Oct          | Q4      |             | 5,000                            |                                  |                          |                    |                                   |       |         |       |         |
| 34                                | 15-yr Reopening of MGS 4/39             | 15           | Nov          | Q4      |             | 5,000                            |                                  | x                        |                    |                                   |       |         |       |         |
| 35                                | 5-yr Reopening of MGII 7/29             | 5            | Nov          | Q4      |             | 4,500                            |                                  |                          |                    |                                   |       |         |       |         |
| 36                                | 10-yr Reopening of MGS 7/34             | 10           | Nov          | Q4      |             | 5,000                            |                                  |                          |                    |                                   |       |         |       |         |
| 37                                | 3-yr Reopening of GII 9/27              | 3            | Dec          | Q4      |             | 4,500                            |                                  |                          |                    |                                   |       |         |       |         |
| Gross MGS/GII supply in 2024      |   |              |              |         |             | 178,000                          | 107,000                          | 22,000                   | -                  | PROJECTED TOTAL ISSUANCE = RM180b |       |         |       |         |

**Hong Leong Bank Berhad**

Fixed Income &amp; Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1223/1

Fax: 603-2081 8936

Email: [HLMarkets@hlbb.hongleong.com.my](mailto:HLMarkets@hlbb.hongleong.com.my)

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.