

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 7-year MGS 4/31 draws decent BTC of 1.965x

Post the tender announcement, WI opened at 3.87/82% and subsequently closed at 3.86/83%. The WI saw a total of RM50m trading at 3.85% and 3.825%, and was quoted at 3.86-3.845% before the auction cut-off. This auction itself saw decent interest, with bids totaling RM9.82b tendered, resulting in a BTC ratio of 1.965x although this was a tad below the BTC of 2.155x for the similar auction back in February. The auction itself cleared at an average yield of 3.852%, with a short tail of 0.8bps (the previous reopening of the MGS 4/31 in February saw it clearing at 3.779%, a tail of 1.1bps). The total offering of RM5.0b for this reopening sale was in line with our projection. Summary of the tender results:

Bid to Cover: 1.965x
 High: 3.860%
 Average: 3.852%
 Low: 3.843%
 Cut-off: 81.4%

This 7Y MGS reopening saw decent demand, with a BTC of 1.965x with interests from a wide array of participants

The very short tail of 0.8bps reflects decent demand for the bond, although the RM5.0bn issuance size resulted in a BTC below the 2.0x handle. Interest was seen from a wide array of participants, including banks/ investment banks, asset management and insurance companies. The historical mean spread between the generic Islamic and conventional 7Y benchmarks over the last year has been around -2.9bps, vs the current 2.8bps. From a term premium perspective, the current MGS 7s5s spread was lower at 14.8bps compared to an average of 16.5bps over the last 12 months, looking a little pricey. Up next is the reopening of 20Y benchmark GII8/43 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		5,000								
18	3-yr Reopening of MGS 5/27	3	Jun	Q2		4,500								
19	30-yr Reopening of MGII 3/54	30	Jun	Q2		5,000								
20	5-yr Reopening of MGS 8/29	5	Jul	Q3		4,500								
21	10-yr Reopening of MGII 11/34	10	Jul	Q3		4,500								
22	15-yr Reopening of MGS 4/39	15	Jul	Q3		5,000								
23	7-yr Reopening of MGII 10/31	7	Aug	Q3		5,000								
24	30-yr Reopening of MGS 3/53	30	Aug	Q3		5,000								
25	5-yr Reopening of MGII 7/29	5	Aug	Q3		4,500								
26	10-yr Reopening of MGS 7/34	10	Aug	Q3		5,000								
27	20-yr Reopening of MGII 8/43	20	Sep	Q3		4,500								
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								
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								
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								
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	65,500	14,000	-	PROJECTED TOTAL ISSUANCE = RM180b				

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