

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 7-year MGS 7/32 prints a strong BTC of 2.808x

Post-announcement, WI opened at 3.785/750%. Around 470m of the WI was traded between 3.78-3.81%, and it was last taken at 3.79% prior to the auction cut off. This auction saw a decent submission of bids totaling RM14.04b, resulting in a BTC ratio of 2.808x at an average yield of 3.799% with a short tail of 0.4bps. This was notably higher than the 1.729x BTC in the last reopening of the benchmark 7Y MGS 4/31, which cleared at an average yield of 3.687% with a tail of 0.8bps. The total offering of RM5.0b for this reopening sale was more than the RM4.0b we had projected, and brings the total issuance size of the bond to RM23bn. Summary of tender results are as follows:

Bid to Cover: 2.808x
 High: 3.803%
 Average: 3.799%
 Low: 3.791%
 Cut-off: 51.72%

This MGS 7/32 reopening witnessed solid demand; looks fairly valued on a term premium basis but cheap relative to GII, and should benefit from its new benchmark status

The strong BTC and short tail was reflective of the strong demand metrics with interest seen from insurance companies, fund management houses and banks, with an absence of auctions since early December a factor contributing to the strong performance. The historical mean spread between the generic Islamic and conventional 7Y benchmarks over the last year has been around -0.1bps, so at the current -3.3bps, the MGS looks attractive relatively. From a term premium perspective, the 7Y sector looks fairly valued, with the current MGS 5s7s spread at 16.5bps which compares to an average of 17.0bps over the last year. The bond is likely to benefit from its new status as the 7Y MGS benchmark. Up next is the new issuance of 15.5Y GII 7/40, with a projected issuance size of RM5.0b.

MGS/GII issuance pipeline in 2025														
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	7-yr Reopening of MGS 07/32	7	Jan	Q1	7/1/2025	4,000	5,000		5,000	2.808	3.791	3.799	3.803	51.7%
2	15.5-yr New Issue of MGII (Mat on 07/40)	15	Jan	Q1		5,000			5,000					
3	3-yr Reopening of MGII 07/28	3	Jan	Q1		4,000			5,000					
4	30-yr Reopening of MGS 03/53	30	Feb	Q1		5,000			5,000					
5	7-yr Reopening of MGII 10/31	7	Feb	Q1		4,000			5,000					
6	20-yr Reopening of MGS 05/44	20	Feb	Q1		5,000			5,000					
7	5.5-yr New Issue of MGII (Mat on 08/30)	5	Feb	Q1		4,500			5,000					
8	15-yr Reopening of MGS 04/39	15	Mar	Q1		5,000			5,000					
9	30-yr Reopening of MGII 03/54	30	Mar	Q1		5,000			5,000					
10	10-yr Reopening of MGS 07/34	10	Mar	Q1		4,000			5,000					
11	15-yr Reopening of MGII 07/40	15	Apr	Q2		5,000			5,000					
12	3-yr Reopening of MGS 04/28	3	Apr	Q2		4,000			5,000					
13	10-yr New Issue of MGII (Mat on 04/35)	10	Apr	Q2		4,500			5,000					
14	5-yr New Issue of MGS (Mat on 05/30)	5	May	Q2		4,500			5,000					
15	20-yr New Issue of MGII (Mat on 05/45)	20	May	Q2		5,000			5,000					
16	15-yr Reopening of MGS 04/39	15	Jun	Q2		5,000			5,000					
17	30-yr Reopening of MGII 03/54	30	Jun	Q2		5,000			5,000					
18	10-yr New Issue of MGS (Mat on 07/35)	10	Jun	Q2		4,500			5,000					
19	7-yr Reopening of MGII 10/31	7	Jul	Q3		4,000			5,000					
20	30-yr New Issue of MGS (Mat on 07/55)	30	Jul	Q3		5,000			5,000					
21	10-yr Reopening of MGII 04/35	10	Jul	Q3		4,000			5,000					
22	20-yr Reopening of MGS 05/44	20	Aug	Q3		5,000			5,000					
23	15-yr Reopening of MGII 07/40	15	Aug	Q3		5,000			5,000					
24	5-yr Reopening of MGS 5/30	5	Aug	Q3		4,000			5,000					
25	20-yr Reopening of MGII 05/45	20	Aug	Q3		5,000			5,000					
26	3-yr Reopening of MGS 04/28	3	Sep	Q3		4,000			5,000					
27	30-yr New Issue of MGII (Mat on 09/55) (Kha)	30	Sep	Q3		5,000			5,000					
28	15-yr Reopening of MGS 04/39	15	Sep	Q3		5,000			5,000					
29	3-yr Reopening of MGII 07/28	3	Sep	Q3		4,000			5,000					
30	30-yr Reopening of MGS 07/55	30	Oct	Q4		5,000			5,000					
31	5-yr Reopening of MGII 08/30	5	Oct	Q4		4,000			5,000					
32	20-yr Reopening of MGS 05/44	20	Oct	Q4		5,000			5,000					
33	10-yr Reopening of MGII 04/35	10	Nov	Q4		4,000			5,000					
34	7-yr Reopening of MGS 07/32	7	Nov	Q4		4,000			5,000					
35	20-yr Reopening of MGII 05/45	20	Nov	Q4		5,000			5,000					
36	10-yr Reopening of MGS 07/35	10	Dec	Q4		4,000			5,000					
Gross MGS/GII supply in 2025						164,000	5,000	-	5,000	PROJECTED TOTAL ISSUANCE = RM164bn				

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