

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 15-year MGS 4/39 draws strong BTC of 3.018x

Post the tender announcement, WI opened at 3.98/95%. Only RM10m of the WI was traded at 3.96%, and it was quoted at 3.96% choice and taken before the auction cut-off. The auction itself saw solid demand, with bids totaling RM9.05bn tendered, resulting in a strong BTC ratio of 3.018x. The auction cleared at an average yield of 3.956%, with a short tail of 0.4bps (previous reopening in November cleared at 4.015%, with a BTC of 2.672x and tail of 1.1bps). The total offering of RM4.0bn for this reopening auction (which was inclusive of a private placement of RM1.0bn) was in line with our expectations, and bring the total issue size outstanding to RM19.0bn. Summary of the tender results are as follows:

Bid to Cover: 3.018x
 High: 3.960%
 Average: 3.956%
 Low: 3.950%
 Cut-off: 6.25%

This 15Y MGS reopening saw solid demand, with a strong BTC of 3.018x. Valuation looks attractive, both relative to GII and from a term premium perspective

The strong BTC was reflective of the solid demand for the paper, with interest seen from a diverse base of participants, including banks, pension fund, asset managers and insurers. The historical mean spread between the generic Islamic and conventional 15Y benchmarks over the last year has been around 0.7bps, so at the current -1.5bps, the MGS looks attractive from a relative perspective. From a term premium perspective, the 15Y sector of the MGS curve also appears to be cheap, with the current MGS 10s15s spread at 17.4bps which compares to an average of 13.9bps over the last 12 months. Up next is the reopening auction of the benchmark 30Y GII 3/54 with a projected issuance size of RM4.5b (of which RM2.0bn is expected to be privately placed).

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	14/1/2025	5,000	3,000	1,000	9,000	4.289	3.960	3.974	3.978	57.9%
3	3-yr Reopening of MGII 07/28	3	Jan	Q1	23/1/2025	4,000	5,500		14,500	2.623	3.549	3.561	3.564	90.6%
4	30-yr Reopening of MGS 03/53	30	Feb	Q1	5/2/2025	4,000	2,500	2,000	19,000	2.360	4.160	4.186	4.191	74.6%
5	7-yr Reopening of MGII 10/31	7	Feb	Q1	12/2/2025	5,000	5,000		24,000	2.867	3.777	3.785	3.790	56.9%
6	20-yr Reopening of MGS 05/44	20	Feb	Q1	20/2/2025	4,000	2,500	2,000	28,500	2.987	4.060	4.068	4.071	45.0%
7	5.5-yr New Issue of MGII (Mat on 08/30)	5	Feb	Q1	27/2/2025	5,000	5,500		34,000	3.165	3.620	3.635	3.639	27.2%
8	15-yr Reopening of MGS 04/39	15	Mar	Q1	7/3/2025	4,000	3,000	1,000	38,000	3.018	3.950	3.956	3.960	6.3%
9	30-yr Reopening of MGII 03/54	30	Mar	Q1		4,500			38,000					
10	10-yr Reopening of MGS 07/34	10	Mar	Q1		4,000			38,000					
11	15-yr Reopening of MGII 07/40	15	Apr	Q2		4,000			38,000					
12	3-yr Reopening of MGS 04/28	3	Apr	Q2		5,000			38,000					
13	10-yr New Issue of MGII (Mat on 04/35)	10	Apr	Q2		4,500			38,000					
14	5-yr New Issue of MGS (Mat on 05/30)	5	May	Q2		5,000			38,000					
15	20-yr New Issue of MGII (Mat on 05/45)	20	May	Q2		4,500			38,000					
16	15-yr Reopening of MGS 04/39	15	Jun	Q2		4,000			38,000					
17	30-yr Reopening of MGII 03/54	30	Jun	Q2		4,500			38,000					
18	10-yr New Issue of MGS (Mat on 07/35)	10	Jun	Q2		4,500			38,000					
19	7-yr Reopening of MGII 10/31	7	Jul	Q3		5,000			38,000					
20	30-yr New Issue of MGS (Mat on 07/55)	30	Jul	Q3		4,500			38,000					
21	10-yr Reopening of MGII 04/35	10	Jul	Q3		4,000			38,000					
22	20-yr Reopening of MGS 05/44	20	Aug	Q3		4,500			38,000					
23	15-yr Reopening of MGII 07/40	15	Aug	Q3		4,000			38,000					
24	5-yr Reopening of MGS 5/30	5	Aug	Q3		5,000			38,000					
25	20-yr Reopening of MGII 05/45	20	Aug	Q3		4,500			38,000					
26	3-yr Reopening of MGS 04/28	3	Sep	Q3		5,000			38,000					
27	30-yr New Issue of MGII (Mat on 09/55) (t	30	Sep	Q3		4,500			38,000					
28	15-yr Reopening of MGS 04/39	15	Sep	Q3		4,000			38,000					
29	3-yr Reopening of MGII 07/28	3	Sep	Q3		5,000			38,000					
30	30-yr Reopening of MGS 07/55	30	Oct	Q4		4,500			38,000					
31	5-yr Reopening of MGII 08/30	5	Oct	Q4		5,000			38,000					
32	20-yr Reopening of MGS 05/44	20	Oct	Q4		4,500			38,000					
33	10-yr Reopening of MGII 04/35	10	Nov	Q4		4,000			38,000					
34	7-yr Reopening of MGS 07/32	7	Nov	Q4		5,000			38,000					
35	20-yr Reopening of MGII 05/45	20	Nov	Q4		4,500			38,000					
36	10-yr Reopening of MGS 07/35	10	Dec	Q4		4,000			38,000					
Gross MGS/GII supply in 2025						164,000	32,000	6,000	38,000	PROJECTED TOTAL ISSUANCE = RM164bn				

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