

Global Markets Research
Fixed Income : Auction Calendar
New Issuance of 15-year GII 7/40 draws massive BTC of 4.289x

Post the tender announcement, WI opened at 4.00/3.95%. The WI was not traded at all, and it was quoted at 3.97/95% before the auction cut-off. The auction itself saw very strong interest, with bids totaling RM12.87bn tendered, resulting in a huge BTC ratio of 4.289x. The auction cleared at an average yield of 3.974%, with a short tail of 0.4bps (the previous re-opening of the 15yr GII 9/39 in May cleared at 4.021% with a BTC of 3.024x and tail of 0.6bps) The total offering of RM4.0bn for this new issuance (which was inclusive of a private placement of RM1.0bn) was below our expectations of RM5.0bn, with the shortfall coming in the private placement portion. Summary of the tender results are as follows:

Bid to Cover: 4.289x

High: 3.978%

Average: 3.974%

Low: 3.960%

Cut-off: 57.89%

This 15Y GII new issuance saw strong demand, with a huge BTC of 4.289x. Valuations look slightly rich both versus GII, and from a term premium perspective

The huge BTC was reflective of the strong demand for the paper, with interest seen mainly from the institutional investors and the insurance community. The historical mean spread between the generic Islamic and conventional 15Y benchmarks over the last year has been around 0.9bps, so at the current -0.8bps, valuations look slightly rich from a relative perspective. From a term premium perspective, the 15Y sector of the GII curve is also on the rich side, with the current generic GII 10s15s spread at 11.8bps which compares to an average of 13.3bps over the last 12 months. The auctioned bond will become the new 15yr GII benchmark. Up next is the reopening auction of the 3-year GII 7/28, with a projected issuance size of RM4.0b.

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

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