

Global Markets Research

Fixed Income : Auction Calendar

Reopening of 20-year MGS 5/44 draws a solid BTC of 2.987x

Post the tender announcement, WI opened at 4.095/065%. Just RM10m of the WI was traded at 4.07% and it was quoted at 4.07/05% before the auction cut-off. The auction itself saw strong interest, with bids totaling RM7.47bn tendered, resulting in a solid BTC ratio of 2.987x. The auction cleared at an average yield of 4.068%, with a very short tail of 0.3bps (the previous reopening in October cleared at 4.136%, with a tail of 1.3bps and a BTC of 2.039x) The total offering of RM4.5bn for this reopening (which was inclusive of a private placement of RM2.0bn) was slightly above the RM4.0bn we expected, and brings the total issue size of the bond to RM14.5bn. Summary of the tender results are as follows:

Bid to Cover: 2.987x

High: 4.071%

Average: 4.068%

Low: 4.060%

Cut-off: 45.0%

This 20Y MGS reopening saw strong demand, with a solid BTC of 2.987x. Valuations looks slightly attractive relative to GII, but a little rich from a term premium perspective

The strong BTC was reflective of solid demand for the paper, with interest seen from a wide variety of players, including life insurance companies, banks and pension funds. The historical mean spread between the generic Islamic and conventional 20Y benchmarks over the last year has been around 1.7bps, so at the current 0.5bps spread, the valuation of the MGS looks slightly attractive from a relative angle. From a term premium perspective, the 20Y sector of the MGS appears a touch rich, with the current MGS 15s20s spread at 10.3bps which compares to an average of 11.9bps over the last 12 months. Up next to conclude government bond supply for the month is the new issuance of the 5.5-year GII maturing in 8/30, with a projected issuance size of RM5.0bn.

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

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