

## Global Markets Research

### Fixed Income : Auction Calendar

#### Strong support, with robust BTC 2.877x for 7-year MGS 9/24

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As expected, today's reopening of 7-year MGS 9/24 was well supported with BTC cover of 2.877x, anchored by demand from onshore real money. As mentioned earlier, we had predicted today's tender to be well supported given the still significant kink on the 7-year space. With levels near parity versus 10-year MGS 11/27, valuations are still compelling. Summary results of today's tender are as follows:-

Bid to Cover: 2.877x

High : 3.924%

Average : 3.919%

Low : 3.913%

Cut off : 63%

#### Investors to stay vigilant, opportunities for buying on dips amid looming Fed normalization and tapering plans ahead

We opine MGS/GII yields may mirror some level of gyrations ahead of upcoming Fed rhetoric and language of ECB's policy tone. Should bond yields edge higher from current levels influenced by monetary policy direction from advanced economies, mainly the US and the Eurozone, excessive upward movement in bond yields if any is expected to attract buying interest from onshore investors. A closer look at incoming MGS/GII maturities, we expect benign net supply in 3Q and 4Q to provide further support for the MYR bond scene. Schedule of MGS/GII maturities are as follows:-

RM Million				
BY QUARTER	YEAR	MAT	ISSUE	NET ISSUE
Q3	2017	22,100	26,500	4,400
Q4	2017	19,681	24,000	4,319
Q1	2018	24,887		
Q2	2018	7,500		
Q3	2018	19,940		
Q4	2018	14,500		

MGS/GII issuance pipeline in 2017

No	Stock	Tenure-yrs	Tender Month	by quarter	Tender Date	Expected size (RM mil)	Issuance (RM mil)	Private Placement	Amt Issued YTD	BTC (times)	Low	Average	High	Cut-off
1	3-yr Reopening of MGII 04/20 3.226%	3	Jan	Q1	5/1/2017	3,000	3,500		3,500	1.789	3.657	3.690	3.700	75.0%
2	15-yr Reopening of MGS 06/31 4.232%	15	Jan	Q1	12/1/2017	3,500	4,000		7,500	2.503	4.773	4.786	4.796	25.0%
3	10.5-yr New Issue of MGII (Mat on 07/27)	10	Jan	Q1	25/1/2017	4,000	4,000		11,500	3.413	4.245	4.258	4.265	10.6%
4	7.5-yr New Issue of MGII (Mat on 08/24)	7	Feb	Q1	14/2/2017	4,000	4,000		15,500	3.123	4.030	4.045	4.050	100.0%
5	30-yr Reopening of MGS 03/46 4.736%	30	Feb	Q1	27/2/2017	2,500	2,000	1,000	18,500	2.562	4.660	4.676	4.686	5.0%
6	5-yr New Issue of MGS (Mat on 03/22)	5	Mar	Q1	9/3/2017	4,000	4,000		22,500	1.538	3.859	3.882	3.903	3.0%
7	15-yr Reopening of MGII 08/33 4.582%	15	Mar	Q1	23/3/2017	3,000	3,000	1,000	26,500	1.897	4.660	4.666	4.730	27.0%
8	7.5-yr New Issue of MGS (Mat on 09/24)	7	Mar	Q1	30/3/2017	4,000	3,000	1,000	30,500	2.064	4.030	4.059	4.072	64.0%
9	20-yr New Issue of MGS (Mat on 04/37)	20	Apr	Q2	6/4/2017	3,000	2,000	1,000	33,500	1.585	4.725	4.762	4.799	90.0%
10	5-yr New Issue of MGII (Mat on 04/22)	5	Apr	Q2	13/4/2017	4,000	4,000		37,500	2.773	3.925	3.948	3.957	29.0%
11	15-yr Reopening of MGS 04/33 3.844%	15	Apr	Q2	27/4/2017	3,000	2,500	500	40,500	2.057	4.469	4.503	4.515	64.0%
12	30-yr New Issue of MGII (Mat on 05/47)	30	May	Q2	5/5/2017	3,000	2,000	500	43,000	2.393	4.850	4.895	4.913	19.0%
13	10.5-yr New Issue of MGS (Mat on 11/27)	10	May	Q2	15/5/2017	4,000	3,000	1,000	47,000	3.340	3.880	3.899	3.910	95.0%
14	7-yr Reopening of MGII (Mat on 08/24)	7	May	Q2	30/5/2017	3,500	3,000	1,000	51,000	2.480	3.909	3.926	3.933	82.0%
15	20-yr Reopening of MGS (Mat on 04/37)	20	Jun	Q2	6/6/2017	2,500	2,500		53,500	1.704	4.540	4.558	4.576	3.0%
16	10-yr Reopening of MGII (Mat on 07/27)	10	Jun	Q2	14/6/2017	3,500	3,000	1,000	57,500	2.541	3.991	4.013	4.021	6.9%
17	7-yr Reopening of MGS (Mat on 09/24)	7	Jul	Q3	6/7/2017	3,500	3,000	1,000	61,500	2.877	3.913	3.919	3.924	63.0%
18	30-yr Reopening of MGII (Mat on 05/47)	30	Jul	Q3		2,500								
19	10-yr Reopening of MGS (Mat on 11/27)	10	Jul	Q3		3,500								
20	20-yr New Issue of MGII (Mat on 08/37)	20	Aug	Q3		3,000								
21	3.5-yr New Issue of MGS (Mat on 02/21)	3	Aug	Q3		4,000								
22	7-yr Reopening of MGII (Mat on 08/24)	7	Aug	Q3		3,500								
23	5-yr Reopening of MGS (Mat on 03/22)	5	Sep	Q3		3,500								
24	15-yr Reopening of MGII 08/33 4.582%	15	Sep	Q3		3,000								
25	7-yr Reopening of MGS (Mat on 09/24)	7	Oct	Q4		3,500								
26	20-yr Reopening of MGII (Mat on 08/37)	20	Oct	Q4		2,500								
27	30-yr Reopening of MGS 03/46 4.736%	30	Oct	Q4		2,000								
28	10-yr Reopening of MGII (Mat on 07/27)	10	Nov	Q4		3,500								
29	15-yr Reopening of MGS 04/33 3.844%	15	Nov	Q4		3,000								
30	5-yr Reopening of MGII (Mat on 04/22)	5	Nov	Q4		3,500								
31	10-yr Reopening of MGS (Mat on 11/27)	10	Dec	Q4		3,000								
32	15.5-yr New Issue of MGII (Mat on 06/33)	15	Dec	Q4		3,000								
Estimated gross MGS/GII supply in 2017						105,000								

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