

Global Markets Research

Fixed Income : Auction Calendar

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New MGS 2/21 replaces as the new 3-year benchmark MGS, prints 1.71x BTC

Focus was on the new 3.5-year MGS 2/21 tender today, registering a decent BTC of 1.71x. Tender size of RM3.5b was within our expected range as we had projected a tender size of RM4b. This new print replaces as the new 3-year benchmark. Summary results of today's tender are as follows:-

Bid to Cover: 1.71x

High : 3.455%

Average : 3.441%

Low : 3.422%

Cut off : 72%

Decent demand despite Fed tapering on the cards reinforcing views that onshore liquidity remains ample

Despite tapering news gaining traction on prospect of Fed tapering to start relatively soon (details to be announced as early as September), today's tender attracted a decent demand of 1.71x. Up next is the reopening of 7-year GII 8/24 which we are penciling in a tender size of RM3.5b. Expect a well telegraphed Fed rhetoric and clarity on timing of Fed tapering to help smoothen out market volatilities.

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 | 4.696 | 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 | 13/7/2017 | 2,500 | 2,000 | | 63,500 | 1.915 | 4.900 | 4.926 | 4.946 | 66.7% | |
| 19 | 10-yr Reopening of MGS (Mat on 11/27) | 10 | Jul | Q3 | 27/7/2017 | 3,500 | 3,000 | 1,000 | 67,500 | 1.683 | 3.957 | 3.978 | 3.989 | 5.56% | |
| 20 | 20-yr New Issue of MGII (Mat on 08/37) | 20 | Aug | Q3 | 3/8/2017 | 3,000 | 2,500 | | 70,000 | 1.784 | 4.723 | 4.755 | 4.783 | 50% | |
| 21 | 3.5-yr New Issue of MGS (Mat on 02/21) | 3 | Aug | Q3 | 14/8/2017 | 4,000 | 3,500 | | 73,500 | 1.706 | 3.422 | 3.441 | 3.455 | 72% | |
| 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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