

## Global Markets Research

### Fixed Income : Auction Calendar

#### *Maiden debut of 15.5-year GII 6/33 prints BTC cover of mere 1.78x*

Interest seen on cash trades for the existing (older) 15Y benchmark GII 8/33 at 4.66-4.67% levels pre-auction this week did not translate into strong interest during the “WI window”. Only one WI trade was printed at 4.70% but the bid/offer quote did move left prior to the cut-off for tender. WI was last seen quoting at 4.70-65% levels last prior to the auction proper. The BTC of 1.775x was almost unchanged compared to 1.73x seen in the re-opening of the older benchmark recently in September which averaged 4.579%. We note interest mainly from real money end-investors and some inter-bank players. Prior to this auction we saw some buying interest last week in the secondary market as local govies were relatively well-bid on the back of stronger ringgit and economic indicators. The total print-size of RM2.5b (RM2.0b + RM0.5b for private placement) came within our expectations. The summary of tender results are as follows:-

Bid to Cover : 1.775x  
 High : 4.790%  
 Average : 4.724%  
 Low : 4.668%  
 Cut off : 25.00%

#### *Yield and BTC for this tender reflects smaller appetite by end-investors as the auction calendar comes to a close for 2017...*

The relatively long-tail of 12bps for paper of this tenure was expected given similar circumstances in the previous 15Y GII auction. The softer appetite was also comparable to the previous auction for 10Y MGS 11/27 recently. However, the average of 4.724% is deemed attractive if compared to the previous tender average of 4.579% in September. Post tender levels of 4.74% last printed at the point of writing puts the paper at a steep discount of 31bps (versus the yearly historical mean spread of 26bps) when compared to its conventional cousin equivalent i.e. the MGS 4/33. With this, we come to the last chapter of the auction calendar for 2017 with the upcoming 2018 calendar scheduled anytime soon.

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 (Mat on 04/20)	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 (Mat on 06/31)	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 (Mat on 03/46)	30	Feb	Q1	27/2/2017	3,000	2,000	1,000	17,500	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		21,500	1.538	3.859	3.882	3.903	3.0%
7	15-yr Reopening of MGII (Mat on 08/33)	15	Mar	Q1	23/3/2017	3,000	3,000	1,000	24,500	1.897	4.660	4.696		27.0%
8	7.5-yr New Issue of MGS (Mat on 09/24)	7	Mar	Q1	30/3/2017	3,500	3,000	1,000	27,500	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	29,500	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		33,500	2.773	3.925	3.948	3.957	29.0%
11	15-yr Reopening of MGS (Mat on 04/33)	15	Apr	Q2	27/4/2017	3,000	2,500	500	36,000	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	38,000	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	3,500	3,000	1,000	41,000	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	4,000	3,000	1,000	44,000	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		46,500	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	49,500	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	52,500	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		54,500	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	4,000	3,000	1,000	57,500	1.683	3.957	3.978	3.989	5.6%
20	20-yr New Issue of MGII (Mat on 08/37)	20	Aug	Q3	3/8/2017	3,000	2,500		60,000	1.784	4.723	4.755	4.783	50.0%
21	3.5-yr New Issue of MGS (Mat on 02/21)	3	Aug	Q3	14/8/2017	4,000	3,500		63,500	1.706	3.422	3.441	3.455	72.0%
22	7-yr Reopening of MGII (Mat on 08/24)	7	Aug	Q3	29/8/2017	3,500	3,500	500	67,000	2.104	3.963	3.975	3.980	62.5%
23	5-yr Reopening of MGS (Mat on 03/22)	5	Sep	Q3	14/9/2017	3,500	4,000		71,000	1.899	3.481	3.501	3.520	72.9%
24	15-yr Reopening of MGII (Mat on 08/33)	15	Sep	Q3	28/9/2017	3,000	3,000	1,000	74,000	1.727	4.520	4.579	4.640	53.3%
25	7-yr Reopening of MGS (Mat on 09/24)	7	Oct	Q4	5/10/2017	3,500	3,000		77,000	1.604	3.850	3.879	3.898	20.0%
26	20-yr Reopening of MGII (Mat on 08/37)	20	Oct	Q4	12/10/2017	2,500	1,500	1,000	78,500	2.147	4.755	4.785	4.803	36.4%
27	30-yr Reopening of MGS (Mat on 03/46)	30	Oct	Q4	26/10/2017	2,000	2,000	500	80,500	1.603	4.850	4.957	5.000	2.5%
28	10-yr Reopening of MGII (Mat on 07/27)	10	Nov	Q4	14/11/2017	3,000	3,000		83,500	1.832	4.300	4.347	4.370	95.0%
29	15-yr Reopening of MGS (Mat 04/33)	15	Nov	Q4	22/11/2017	2,500	2,000	1,000	85,500	3.811	4.532	4.550	4.563	93.8%
30	5-yr Reopening of MGII (Mat on 04/22)	5	Nov	Q4	28/11/2017	3,000	3,000		88,500	1.715	3.84	3.872	3.900	5.6%
31	10-yr Reopening of MGS (Mat on 11/27)	10	Dec	Q4	6/12/2017	3,000	2,000	500	90,500	1.53	3.89	3.946	3.988	100.0%
32	15.5-yr New Issue of MGII (Mat on 06/33)	15	Dec	Q4	14/12/2017	2,500	2,000	500	92,500	1.775	4.668	4.724	4.79	25.0%
Actual gross MGS/GII supply in 2017							92,500	15,000						

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