

Global Markets Research

Fixed Income : Auction Calendar

Reopening of 10-year MGS 11/27 prints 1.683x BTC

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Key events from US FOMC as well as upcoming 2Q GDP release (scheduled on Friday), seen as key events this week. As expected, the Fed maintained its key policy rate unchanged within the range of 1.00%-1.25%. Meanwhile rhetoric of the policy tone provided further clues in terms of timing of Fed's balance sheet reduction. (Tender size was within our expected range of RM3b-RM3.5b, with actual size of RM3b (separate private placement worth RM1b). Policymakers narrowed the implementation window for tapering plans from an earlier phrase "this year" to "relatively soon", suggesting that balance sheet reduction timing may be announced as soon as the September FOMC meeting. Summary of today's reopening tender results are as follow:-

Bid to Cover: 1.683x

High : 3.989%

Average : 3.978%

Low : 3.957%

Cut off : 6%

YTD MGS/GII issued stands at RM67.5b, circa 64% versus our gross target size of RM105b

Going forward, a well telegraphed communication from upcoming Fed speeches will help provide better guidance and thus lesser volatility across financial markets. Overall, we expect MYR govies to remain supported despite demand moderating lower for today's tender, as bargain hunting interest may emerge along the way when levels becomes attractive from a valuation perspective given the scarcity supply of primary corporate bonds issuances. Summary of YTD completed MGS/GII are as follows:-

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 | | 3,000 | | | | | | | | |
| 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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