

## Global Markets Research

### Fixed Income : Auction Calendar

#### *New issue of 7.5-year GII 8/25 prints solid BTC of 2.28x*

The pre-auction WI trades was literally a non-event with only a single trade done at 4.12%. However strong investor interest during the tender exercise saw BTC of 2.284x which bettered the previous 2.104x during its last auction in August 2017. Interest is believed to originate mainly from local end- investors. Prior to this we saw a cautious stance last week following rapid rise in US Treasuries amid FOMC staying pat on the Federal Fund Rate. On the local front BNM hiked the Overnight Policy Rate by 25bps “in a phase of normalization” while adhering to an accommodative monetary policy. The print-size of RM3.0b+1.0b (private placement) totaling RM4.0b was within our expectations. The summary of tender results are as follows:-

Bid to Cover : 2.284x  
 High : 4.138%  
 Average : 4.128%  
 Low : 4.110%  
 Cut off : 55.00%

#### *Decent yield and BTC for this tender reflects appetite from both offshore and local investors...*

The stub or tail of a mere 2.8bps for this paper along with the higher BTC is testimony to the strong demand compared to the previous auction in August 2017. The higher average yield of 4.128% was deemed attractive compared to the similar previous tender averaging 3.975% and encouraged end-investors to snap into a buy-mode. This puts this GII 8/25 at an acceptable premium of 19bps (versus the historical mean spread of 13bps for the past year) when its predecessor GII 8/24 is compared to the equivalent conventional benchmark bond i.e. MGS 9/24. Up next in the auction calendar is the reopening of 10Y MGS 11/27 with a forecasted tender size of RM3.0b.

MGS/GII issuance pipeline in 2018														
No	Stock	Tenure (yrs)	Tender Month	Quarter	Tender Date	Total Expected Size (RM mil)	Auction Issuance (RM mil)	Private Placement	Amt Issued YTD	BTC (times)	Low	Average	High	Cut-off
1	20-yr Reopening of MGS (Mat on 04/37)	20	Jan	Q1	4/1/2017	3,000	2,000	1,000	3,000	1.905	4.573	4.607	4.640	14.3%
2	5-yr Reopening of MGII (Mat on 04/22)	5	Jan	Q1	12/1/2018	3,000	4,000		7,000	2.581	3.810	3.823	3.829	78.6%
3	15-yr Reopening of MGS (Mat on 04/33)	15	Jan	Q1	26/1/2018	3,000	2,500	1,000	9,500	2.474	4.415	4.446	4.455	1.7%
4	7.5-yr New Issue of MGII (Mat on 08/25)	7	Feb	Q1	6/2/2018	4,000	3,000	1,000	12,500	2.284	4.110	4.128	4.138	55.0%
5	10-yr Reopening of MGS (Mat on 11/27)	10	Feb	Q1		3,000								
6	30-yr Reopening of MGII (Mat on 05/47)	30	Mar	Q1		2,500								
7	7-yr New Issue of MGS (Mat on 03/25)	7	Mar	Q1		4,000								
8	15-yr Reopening of MGII (Mat on 06/33)	15	Mar	Q1		3,000								
9	3-yr Reopening of MGS (Mat on 11/21)	3	Mar	Q1		3,500								
10	20-yr Reopening of MGII (Mat on 08/37)	20	Apr	Q2		2,000								
11	5-yr New Issue of MGS (Mat on 04/23)	5	Apr	Q2		4,000								
12	10.5-yr New Issue of MGII (Mat on 10/28)	10	Apr	Q2		4,000								
13	15.5-yr New Issue of MGS (Mat on 11/33)	15	May	Q2		4,000								
14	7-yr Reopening of MGII (Mat on 08/25)	7	May	Q2		3,500								
15	10-yr Reopening of MGS (Mat on 06/28)	10	May	Q2		3,500								
16	5.5-yr New Issue of MGII (Mat on 11/23)	5	May	Q2		4,000								
17	20-yr New Issue of MGS (Mat on 06/38)	20	Jun	Q2		3,000								
18	15-yr Reopening of MGII (Mat on 06/33)	15	Jun	Q2		2,500								
19	30-yr New Issue of MGS (Mat on 07/48)	30	Jul	Q3		3,000								
20	10-yr Reopening of MGII (Mat on 10/28)	10	Jul	Q3		3,000								
21	7-yr Reopening of MGS (Mat on 03/25)	7	Jul	Q3		3,500								
22	20-yr Reopening of MGII (Mat on 08/37)	20	Aug	Q3		2,000								
23	15-yr Reopening of MGS (Mat on 11/33)	15	Aug	Q3		3,500								
24	5-yr Reopening of MGII (Mat on 11/23)	5	Aug	Q3		3,000								
25	30-yr Reopening of MGII (Mat on 05/7)	30	Sep	Q3		2,000								
26	10-yr Reopening of MGS (Mat on 06/28)	10	Sep	Q3		3,500								
27	3.5-yr New Issue of MGII (Mat on 03/22)	3	Sep	Q3		3,000								
28	20-yr Reopening of MGS (Mat on 06/38)	20	Oct	Q4		3,000								
29	10-yr Reopening of MGII (Mat on 10/28)	10	Oct	Q4		3,500								
30	7-yr Reopening of MGII (Mat 08/25)	7	Nov	Q4		3,000								
31	5-yr Reopening of MGS (Mat on 04/23)	5	Nov	Q4		3,000								
32	20-yr Reopening of MGII (Mat on 08/37)	20	Dec	Q4		2,000								
33	3-yr Reopening of MGII (Mat on 03/22)	3	Dec	Q4		2,000								
Actual gross MGS/GII supply in 2018						102,500	11,500	3,000						

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