

Global Markets Research

Fixed Income : Auction Calendar

Reopening of 5-year GII 4/22 prints good BTC cover of 2.48x

Interest on pre-auction WI trades was lukewarm initially as it was quoted at 3.85/80% whilst the cash was done at 3.795% earlier. Total WI trades amounted to about RM200m. However on the day of the auction the bid/offer improved and tightened prior to the cut-off for tender. The BTC of 2.481x was impressive compared to 1.715x during its last auction recently in December 2017. We note interest mainly from both offshore foreign and local investors. Prior to this auction we saw improved demand for local govvnies given the strength of ringgit and improving macro indicators. The total print-size of RM4.0b slightly larger than our expectations. The summary of tender results are as follows:-

Bid to Cover : 2.481x
 High : 3.829%
 Average : 3.823%
 Low : 3.81%
 Cut off : 78.57%

Decent Yield and Good Demand seen for this auction....

The tail of a mere 2bps for paper of this tenure along with the lower average of 3.823% seen is testimony to the demand compared to the previous auction. (December 2017: 6bps tail with average of 3.872%). This puts it at a whopping premium of 30bps (versus the yearly historical mean spread of 17bps) when compared to the conventional bond i.e. MGS 3/22. Up next, is the auction calendar with the reopening of the 15Y MGS 4/33 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	2.481	3.81	3.823	3.829	78.6%
3	15-yr Reopening of MGS (Mat on 04/33)	15	Jan	Q1		3,000								
4	7.5-yr New Issue of MGII (Mat on 08/25)	7	Feb	Q1		4,000								
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	6,000	1,000						

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