

Global Markets Research
Fixed Income : Auction Calendar
New Issuance of 10-year GII 7/29 prints a massive BTC of 4.067x

The pre-auction market following the auction announcement last Friday saw WI quote 4.20-15% levels and subsequently tighten to 4.15-13% with last print at 4.13% compared to previous 10Y benchmark GII 10/28 which notched 4.20% on tender day. The exercise garnered a BTC of 4.067x amid impressive viz-a-viz its equivalent previous benchmark auction in October 2018 with a BTC of 2.235x. The print-size of RM5.0b (RM3.5b auction + RM1.5b Private Placement) was slightly lower than our expectations. The summary of tender results are as follows:-

Bid to Cover : 4.067x

High : 4.135%

Average : 4.13 %

Low : 4.11%

Cut off : 86.05%

Lower-than-expected yield on strong BTC reflects solid appetite...

The narrow 2.5bps tail for this tenor is reminiscent of extremely strong demand comparable to the 3.0bps in the recent equivalent auction in October last year with bids mainly from both local/offshore investors and inter-bank players. The average yield of 4.13% is rich compared to the previous tender of 4.313% as this puts the GII 7/29 at a mere 6bps premium when compared against the conventional equivalent i.e. 3Y benchmark MGS 11/21. (Note: the historical extrapolated yearly mean spread between current Islamic and conventional 3Y benchmarks also averaged 12bps). Up next in the auction calendar is the new issuance of 7Y MGS 7/26 with a forecasted issuance size of RM4.0b.

MGS/GII issuance pipeline in 2019														
No	Stock	Tenure (yrs)	Tender Month	Quarter	Tender Date	Projected Issuance Size (RM mil)	Actual Auction Issuance (RM mil)	Private Placement	Amt Issued YTD	BTC (times)	Low	Average	High	Cut-off
1	10.5-yr New Issue of GII (Mat on 07/29)	10	Jan	Q1	8/1/2019	4,000	3,500	1,500	3,500	4.067	4.110	4.130	4.135	86.1%
2	7.5-yr New Issue of MGS (Mat on 07/26)	7	Jan	Q1		4,000								
3	5-yr Reopening of GII (Mat on 11/23)	5	Jan	Q1		3,500								
4	10.5-yr New Issue of MGS (Mat on 08/29)	10	Feb	Q1		4,000								
5	15-yr Reopening of GII (Mat on 06/33)	15	Feb	Q1		3,000								
6	3-yr Reopening of MGS (Mat on 03/22)	3	Mar	Q1		3,500								
7	20.5-yr New Issue of GII (Mat on 09/39)	20	Mar	Q1		4,000								
8	30-yr Reopening of MGS (Mat on 07/48)	30	Mar	Q1		3,500								
9	7-yr New Issue of GII (Mat on 03/26)	7	Mar	Q1		4,000								
10	15-yr Reopening of MGS (Mat on 11/33)	15	Apr	Q2		4,000								
11	5.5-yr New Issue of GII (Mat on 10/24)	5	Apr	Q2		4,000								
12	7-yr Reopening of MGS (Mat on 07/26)	7	Apr	Q2		4,000								
13	30.5-yr New Issue of GII (Mat on 11/49)	30	May	Q2		4,000								
14	10-yr Reopening of MGS (Mat on 08/29)	10	May	Q2		4,000								
15	15.5-yr New Issue of GII (Mat on 11/34)	15	May	Q2		4,000								
16	5-yr New Issue of MGS (Mat on 06/34)	5	Jun	Q2		4,000								
17	20-yr Reopening of GII (Mat on 09/39)	20	Jun	Q2		3,500								
18	15-yr New Issue of MGS (Mat on 07/34)	15	Jul	Q3		4,000								
19	7-yr Reopening of GII (Mat on 3/26)	7	Jul	Q3		4,000								
20	30-yr Reopening of MGS (Mat on 07/48)	30	Jul	Q3		3,000								
21	5-yr Reopening of GII (Mat on 10/24)	5	Aug	Q3		4,000								
22	20-yr Reopening of MGS (Mat on 06/38)	20	Aug	Q3		3,500								
23	10-yr Reopening of GII (Mat on 7/29)	10	Aug	Q3		3,500								
24	7-yr Reopening of MGS (Mat on 07/26)	7	Sep	Q3		3,500								
25	15-yr Reopening of GII (Mat on 11/34)	15	Sep	Q3		3,000								
26	10-yr Reopening of MGS (Mat on 08/29)	10	Oct	Q4		3,500								
27	20-yr Reopening of GII (Mat on 09/39)	20	Oct	Q4		3,000								
28	5-yr Reopening of MGS (Mat on 06/24)	5	Oct	Q4		4,000								
29	3.5-yr New Issue of GII (Mat on 05/23)	3	Nov	Q4		4,000								
30	20.5-yr New Issue of MGS (Mat on 05/40)	20	Nov	Q4		4,000								
31	10-yr Reopening of GII (Mat on 07/29)	10	Nov	Q4		3,500								
32	15-yr Reopening of MGS (Mat on 07/34)	15	Dec	Q4		3,500								
Gross MGS/GII supply in 2018						119,000	3,500	1,500						

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