

## Global Markets Research

### Fixed Income : Auction Calendar

#### Re-opening of 7-year GII 3/26 prints solid BTC of 2.87x

Subsequent to the auction announcement on Wednesday, WI quoted at 3.60-56% and subsequently tightened today to 3.58-55% levels with prints done at 3.85%. This auction saw solid demand on a high BTC ratio of 2.874x which is the last such auction for the year. Despite its BTC ratio notching lower than the recent new issuance of 15Y MGS 7/34 (BTC ratio: 3.437x), this exercise saw better reception compared to its last primary debut four (4) months back in March (BTC ratio: 2.33x). The auction size of RM3.0b + RM0.5b private placement was within our expectations. The summary of tender results are as follows:-

Bid to Cover : 2.874x  
 High : 3.586%  
 Average : 3.582%  
 Low : 3.568%  
 Cut off : 70.00%

#### Lower yield, tight tail an indicator of strong institutional demand...

The tight 1.8ps tail for this tenor reflects solid investor interest from both local and foreign institutions. The average yield of 3.582% is markedly lower than the previous 7Y tender of 3.726% done only recently in March. This marks the GII 3/26 at fair value compared against the conventional equivalent i.e. 7Y benchmark MGS 7/26 (last done 3.55% levels). Note that the historical extrapolated yearly mean spread between both Islamic and conventional 15Y benchmarks has narrowed from 8bps (for previous benchmarks to 2bps (current benchmarks). Up next in the auction calendar is the reopening of 30Y MGS 7/48 with a forecasted auction size of RM3.0b.

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	Auction 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	14/1/2019	4,000	3,500	500	7,000	2.216	3.890	3.906	3.914	8.2%
3	5-yr Reopening of GII (Mat on 11/23)	5	Jan	Q1	30/1/2019	3,500	4,000		11,000	1.974	3.845	3.862	3.873	19.0%
4	10.5-yr New Issue of MGS (Mat on 08/29)	10	Feb	Q1	14/2/2019	4,000	4,000	1,000	15,000	2.536	3.867	3.885	3.893	31.6%
5	15-yr Reopening of GII (Mat on 06/33)	15	Feb	Q1	27/2/2019	3,000	2,000	1,000	17,000	3.906	4.360	4.370	4.375	33.9%
6	3-yr Reopening of MGS (Mat on 03/22)	3	Mar	Q1	7/3/2019	3,500	3,000		20,000	3.132	3.470	3.483	3.487	70.0%
7	20.5-yr New Issue of GII (Mat on 09/39)	20	Mar	Q1	14/3/2019	4,000	2,500	2,000	22,500	2.758	4.445	4.467	4.480	14.5%
8	30-yr Reopening of MGS (Mat on 07/48)	30	Mar	Q1	21/3/2019	3,500	2,000	2,000	24,500	1.718	4.550	4.591	4.629	25.0%
9	7-yr New Issue of GII (Mat on 03/26)	7	Mar	Q1	28/3/2019	4,000	4,000		28,500	2.330	3.699	3.726	3.745	21.2%
10	15-yr Reopening of MGS (Mat on 11/33)	15	Apr	Q2	5/4/2019	4,000	2,500	1,000	31,000	2.792	4.058	4.065	4.071	40.0%
11	5.5-yr New Issue of GII (Mat on 10/24)	5	Apr	Q2	12/4/2019	4,000	3,500		34,500	2.313	3.627	3.655	3.669	64.7%
12	7-yr Reopening of MGS (Mat on 07/26)	7	Apr	Q2	29/4/2019	3,000	3,500	500	38,000	1.510	3.735	3.757	3.777	75.0%
13	30.5-yr New Issue of GII (Mat on 11/49)	30	May	Q2	14/5/2019	3,000	2,000	2,000	40,000	3.298	4.625	4.638	4.663	100.0%
14	10-yr Reopening of GII (Mat on 08/29)	10	May	Q2	23/5/2019	3,500	4,000		44,000	1.840	3.810	3.836	3.852	22.0%
15	15.5-yr New Issue of GII (Mat on 11/34)	15	May	Q2	30/5/2019	4,000	2,500	1,500	46,500	3.380	4.105	4.119	4.126	44.4%
16	5-yr New Issue of MGS (Mat on 06/24)	5	Jun	Q2	13/6/2019	4,000	4,000		50,500	2.489	3.466	3.478	3.484	8.3%
17	20-yr Reopening of GII (Mat on 09/39)	20	Jun	Q2	27/6/2019	3,000	2,000	2,000	52,500	4.275	4.070	4.074	4.079	59.1%
18	15-yr New Issue of MGS (Mat on 07/34)	15	Jul	Q3	4/7/2019	4,000	3,500		56,000	3.437	3.805	3.828	3.835	73.5%
19	7-yr Reopening of GII (Mat on 3/26)	7	Jul	Q3			3,000	500	59,000	2.874	3.568	3.582	3.586	70.0%
20	30-yr Reopening of MGS (Mat on 07/48)	30	Jul	Q3			2,500							
21	5-yr Reopening of GII (Mat on 10/24)	5	Aug	Q3			3,500							
22	20-yr Reopening of MGS (Mat on 06/38)	20	Aug	Q3			3,000							
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			3,000							
27	20-yr Reopening of GII (Mat on 09/39)	20	Oct	Q4			2,500							
28	5-yr Reopening of MGS (Mat on 06/24)	5	Oct	Q4			3,500							
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			3,000							
32	15-yr Reopening of MGS (Mat on 07/34)	15	Dec	Q4			3,000							
Gross MGS/GII supply in 2019						101,000		15,500						

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