

Global Markets Research
Fixed Income : Auction Calendar
New Issuance of 7-year MGS 7/26 prints decent BTC of 2.216x

The pre-auction market following the auction announcement last Thurs saw WI quote 4.00-3.90% levels and subsequently tighten to 3.92-3.95% with prints at 3.91%. This auction saw lesser demand compared to recent new issuance of 10Y benchmark GII 7/29 which notched a massive 4.067x. This exercise garnered a BTC of 2.216x viz-a-viz its equivalent previous benchmark auction in July 2018 which also saw a higher BTC of 3.302x. The print-size of RM4.0b (RM3.5b auction + RM500m Private Placement) was in line with our expectations. The summary of tender results are as follows:-

Bid to Cover : 2.216x
 High : 3.914%
 Average : 3.906 %
 Low : 3.89%
 Cut off : 8.18%

Lower-than-expected yield amid strong appetite...

The narrow 2.4bps tail for this tenor was expected and reminiscent of decent demand comparable to the 2.0bps in the last equivalent auction in July last year with bids mainly from both institutional investors and inter-bank players. The average yield of 3.89% is rich compared to the previous tender of 3.984% and this puts the MGS 7/26 at a 13bps discount when compared against the Islamic equivalent i.e. 7Y benchmark GII 8/25. (Note: the historical extrapolated yearly mean spread between both Islamic and conventional 7Y benchmarks averaged 10bps). Up next in the auction calendar is the reopening of the 5Y GII 11/23 with a forecasted auction issuance size of RM3.5b.

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	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		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	7,000	2,000						

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