

## Global Markets Research

### Fixed Income : Auction Calendar

#### *New issuance of 10-year MGS 8/29 prints strong BTC of 2.536x*

The pre-auction market following the auction announcement on Tuesday saw WI quote wide and subsequently narrow to 3.888-3.880% (CNY coincidence?!) with prints totaling almost RM100m between 3.90-88% area. This auction saw greater demand compared to recent reopening of 5Y benchmark MGS 11/23 which notched 1.974x. This exercise garnered a pleasant BTC of 2.536x viz-a-viz its equivalent previous benchmark auction in September 2018 which saw an almost similar BTC at 2.67x. The auction print-size of RM4.0bn was as per our expectations. The summary of tender results are as follows:-

Bid to Cover : 2.536x  
 High : 3.893%  
 Average : 3.885 %  
 Low : 3.867%  
 Cut off : 31.61%

#### *Lower-than-expected yield due to wider pool of investor demand...*

The 2.6bps tail for this tenor was reminiscent of demand from a wide pool of investors that included local and foreign institutional demand. The average yield of 3.885% is considered low compared to the previous 10Y tender of 4.097% whilst this puts the MGS 8/29 at an expensive 14bps premium when compared against the Islamic equivalent i.e. 10Y benchmark GII 7/29. (Note: the historical extrapolated yearly mean spread between both Islamic and conventional 10Y benchmarks averaged 10bps). Up next in the auction calendar is the reopening of the 15Y GII 6/33 with a forecasted auction issuance 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	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		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	15,000	3,000						

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