

## Global Markets Research

### Fixed Income : Auction Calendar

#### Re-opening of 10-year GII 7/29 prints BTC of 2.00x

Following the auction announcement on Tuesday, WI opened up at 3.35/25% with trades done at 3.30% and subsequently given at 3.32% levels. This auction which saw decent demand on a BTC ratio of 2.00x with bids totaling RM6.0b; will see its next final auction again in November. Nevertheless this exercise saw weaker bidding metrics compared to the recent auction reopening of the 20Y MGS 6/38 @3.15x and also its previous debut issue, back in January this year (BTC ratio: 2.54x). The auction size of RM3.0b was slightly lesser than our expectations. The summary of tender results are as follows:-

Bid to Cover : 2.00x  
 High : 3.33%  
 Average : 3.318%  
 Low : 3.29%  
 Cut off : 80.0%

#### Longer-than-expected tail; evidence of bargain-hunting.....

The 5.0bps tail for this bond reflects moderate investor interest from both local and offshore institutions despite the average yield of 3.318% which is sharply lower than the previous 10Y debut tender of 4.13% recorded in January 2019. The GII 7/29 is seen fairly valued if compared against the conventional equivalent i.e. 10Y benchmark MGS 8/29 @ last done 3.31% levels. This denotes a rather rich valuation for the 10Y space on the sovereign curve. (Note: The historical extrapolated yearly mean spread between both Islamic and conventional 10Y benchmarks is currently ~ 5-6bps). Up next in the auction calendar is the reopening of 7Y MGS 7/26 with a forecasted auction 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	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 MGS (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	12/7/2019	3,000	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	26/7/2019	2,500	2,000	1,500	61,000	2.490	4.170	4.181	4.208	100.0%	
21	5-yr Reopening of GII (Mat on 10/24)	5	Aug	Q3	8/8/2019	3,500	3,000		64,000	4.137	3.329	3.345	3.349	10.7%	
22	20-yr Reopening of MGS (Mat on 06/38)	20	Aug	Q3	14/8/2019	3,000	3,000	1,000	67,000	3.150	3.745	3.753	3.758	81.1%	
23	10-yr Reopening of GII (Mat on 7/29)	10	Aug	Q3	29/8/2019	3,500	3,000		70,000	2.000	3.290	3.318	3.330	80.0%	
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								

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