

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 15-year MGS 7/34 prints BTC of 2.247x

Post-announcement WI was quoted at 3.10/00 levels and subsequently tightened to 3.04/02 with trades printed at 3.03%. This auction saw strong bidding metrics well above the expected 2.0x handle i.e. BTC ratio of 2.247x; with total bids amounting to a decent RM7.86b; far succeeding when compared to its previous equivalent 15Y penultimate issuance in December last year which notched a mere BTC ratio of 1.61x. The auction size of RM3.5b along with the private placement of RM500m was in line with our estimates. The summary of tender results are as follows:-

Bid to Cover : 2.247x

High : 3.036%

Average : 3.027%

Low : 3.008%

Cut off : 80.0 %

Institutional participants were active following the recent OPR cut and rally that ensued which overshadowed the substantial size (including the private placement).....

The short tail of 2.8bps for this tenure was reminiscent of strong investor consisting mainly of institutional investors and inter-bank players. The average yield at 3.027%; which is reflective of the current interest rate regime is lower than the previous reopening of 15Y MGS 7/34 @ 3.679%. Yield-wise, this bond's valuation is currently at a slightly larger discount than the norm compared to the Islamic equivalent i.e. 15Y benchmark GII 11/34 which was last done at 3.05/04 levels. (Note: the yearly historical mean spread between both Islamic and conventional 5Y benchmarks is ~5bps). Up next in the auction calendar is the reopening of 20Y GII 9/39 with a forecasted auction size of RM4.0b.

MGS/GII issuance pipeline in 2020														
No	Stock	Tenure (yrs)	Tender Month	Quarter	Tender Date	Projected Issuance Size (RM mil)	Actual Auction Issuance (RM mil)	Private Placement X	Auction Amt Issued YTD	BTC (times)	Low	Average	High	Cut-off
1	7-yr reopening of MGS (Mat on 05/27)	7	Jan	Q1	8/1/2020	4,000	3,500		3,500	2.498	3.259	3.281	3.288	57.1%
2	15-yr Reopening of GII (Mat on 11/34)	15	Jan	Q1	14/1/2020	4,000	2,500	1,000	6,000	3.396	3.500	3.507	3.513	42.9%
3	3-yr Reopening of MGS (Mat on 3/23)	3	Jan	Q1	23/1/2020	3,000	3,000		9,000	2.183	2.837	2.858	2.875	80.0%
4	30-yr Reopening of GII (Mat on 11/49)	30	Feb	Q1	4/2/2020	3,000	2,500	1,500	11,500	2.328	3.747	3.780	3.792	66.7%
5	10-yr Reopening of MGS (Mat on 08/29)	10	Feb	Q1	13/2/2020	3,000	4,000		15,500	2.036	2.860	2.888	2.898	80.0%
6	5-yr Reopening of GII (Mat on 10/24)	5	Feb	Q1	20/2/2020	3,000	4,000		19,500	2.776	2.817	2.845	2.852	46.2%
7	15-yr Reopening of MGS (Mat on 07/34)	15	Mar	Q1	5/3/2020	4,000	3,500	500	23,000	2.247	3.008	3.027	3.036	80.0%
8	20-yr Reopening of GII (Mat on 09/39)	20	Mar	Q1		4,000		X						
9	5-yr Reopening of MGS (Mat on 09/25)	5	Mar	Q1		3,000								
10	7.5-yr New Issue of GII (Mat on 09/27)	7	Mar	Q1		4,000		X						
11	20-yr Reopening of MGS (Mat on 05/40)	20	Apr	Q2		4,000		X						
12	10.5-yr New Issue of GII (Mat on 10/30)	10	Apr	Q2		4,000		X						
13	7-yr Reopening of MGS (Mat on 05/27)	7	Apr	Q2		3,500								
14	15-yr Reopening of GII (Mat on 11/34)	15	May	Q2		3,500		X						
15	10-yr Reopening of MGS (Mat on 08/29)	10	May	Q2		3,500								
16	3-yr Reopening of GII (Mat on 05/23)	3	Jun	Q2		3,000								
17	30-yr New Issue of MGS (Mat on 06/50)	30	Jun	Q2		3,500		X						
18	20-yr Reopening GII (Mat on 09/39)	20	Jun	Q2		3,500		X						
19	3-yr Reopening of MGS (Mat on 03/23)	3	Jul	Q3		3,500								
20	10-yr Reopening of GII (Mat on 10/30)	10	Jul	Q3		3,500								
21	15-yr Reopening of MGS (Mat on 07/34)	15	Jul	Q3		3,000								
22	7-yr Reopening of GII (Mat on 09/27)	7	Aug	Q3		3,500								
23	20-yr Reopening of MGS (Mat on 05/40)	20	Aug	Q3		4,000		X						
24	15-yr Reopening of GII (Mat on 11/34)	15	Aug	Q3		3,500		X						
25	7-yr Reopening of MGS (Mat on 05/27)	7	Sep	Q3		3,000								
26	30-yr Reopening of GII (Mat on 11/49)	30	Sep	Q3		3,000		X						
27	5-yr Reopening of MGS (Mat on 09/25)	5	Sep	Q3		3,000								
28	3-yr Reopening of GII (Mat on 05/23)	3	Oct	Q4		3,000								
29	10.5-yr New Issue of MGS (Mat on 04/31)	10	Oct	Q4		4,000								
30	5-yr Reopening of GII (Mat on 03/26)	5	Oct	Q4		4,000								
31	30-yr Reopening of MGS (Mat on 06/50)	30	Nov	Q4		3,000		X						
32	7-yr Reopening of GII (Mat on 09/27)	7	Nov	Q4		3,500								
33	15-yr Reopening of MGS (Mat on 07/34)	15	Nov	Q4		3,000								
34	10-yr Reopening of GII (Mat on 10/30)	10	Dec	Q4		3,400		X						
Gross MGS/GII supply in 2020						117,400		3,000						

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