

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 7-year MGS 5/27 prints BTC of 2.498x

Following the auction announcement last Friday, WI was quoted at 3.30-25% levels and subsequently was traded at 3.28%. This auction saw strong bidding metrics above the 2.0x handle i.e. BTC ratio of 2.498x bids; totaling RM8.74b. This first inaugural bond auction for 2020 also thumped its previous equivalent 7Y issuance in September last year which notched a mere 1.21x with bids totaling a poor RM3.6b and also the preceding auction reopening of 15Y MGS 7/34 in December. The auction size of RM3.5b was slightly smaller than our expectations. The summary of tender results are as follows:-

Bid to Cover : 2.498x

High : 3.288%

Average : 3.281%

Low : 3.259%

Cut off : 57.14 %

Strong investor demand was evident (unlike its previous issuance in September) on yield-carry requirement taking cognizance of the deluge of negative-yielding global debt...

The tail of 2.9bps for this bond reflects solid investor interest that consisted both large, local and foreign institutions. The average yield at 3.281% is lower than the previous reopening of 7Y MGS 7/26 @ 3.35%. Yield-wise, the MGS 5/27 is seen to be decent when valued against the Islamic equivalent i.e. 7Y benchmark GII 3/26 which was last done at 3.29% and also off-the-run 2027 GII bonds @ 3.22-3.35% levels. (Note: the historical mean spread between both Islamic and conventional 7Y benchmarks ~2-3bps). Up next in the auction calendar is the reopening of 15Y GII 11/34 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	8/1/2019	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		4,000		X						
3	3-yr Reopening of MGS (Mat on 3/23)	3	Jan	Q1		3,000								
4	30-yr Reopening of GII (Mat on 11/49)	30	Feb	Q1		3,000		X						
5	10-yr Reopening of MGS (Mat on 08/29)	10	Feb	Q1		3,000								
6	5-yr Reopening of GII (Mat on 10/24)	5	Feb	Q1		3,000								
7	15-yr Reopening of MGS (Mat on 07/34)	15	Mar	Q1		4,000		X						
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		-						

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