

## Global Markets Research

### Fixed Income : Auction Calendar

#### Reopening of 3-year MGS 3/23 prints BTC of 2.512x

Post-announcement, underlying cash was done at 2.09% and WI subsequently narrowed and quoted at 2.03/02%. It was transacted between 2.03-2.01% levels before the auction close. This auction notched an impressive BTC ratio above the 2.0x handle with total bids amounting to a YTD high of RM12.56b; and higher compared to its previous equivalent issuance in January this year, which notched a BTC ratio of 2.183x (total bids of a mere RM6.55b then). The auction size of RM5.0b was as per our revised projection. The summary of tender results are as follows:-

Bid to Cover: 2.512x  
 High : 2.010%  
 Average : 2.002%  
 Low : 1.987%  
 Cut off : 15.70 %

*Inter-bank participants provided strong bids for this MGS 3/23 auction for their trading books; causing a spike in BTC ratio with total bids seen at an YTD high....*

The short tail of 0.8bps reflected the solid appetite for this tenure in the govovies space following BNM's OPR cut of 25bps on Tuesday; which overshadowed the recent concerns over the nation's rating outlook revision from stable to negative by S&P Global Ratings and Fitch Ratings. The average yield at 2.002% is testament to the surge in demand for MYR sovereigns; especially in the shorter-medium tenures (previous reopening awarded @ 2.858% in January this year). This bond is seen trading at a slight discount when compared to the Islamic equivalent i.e. 3Y benchmark GII 5/23 which was last done at 2.057%. (Note: the yearly historical mean spread between both conventional and current Islamic 3Y benchmarks is a mere 2bps). Up next on the calendar is the re-opening of 10Y GII 10/30 with a forecasted auction size of RM5.0b.

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	12/3/2020	4,000	2,800	1,500	25,800	2.182	3.295	3.344	3.373	91.7%
9	5-yr Reopening of MGS (Mat on 09/25)	5	Mar	Q1	20/3/2020	3,000	4,000		29,800	2.080	3.372	3.450	3.494	80.0%
10	7.5-yr New Issue of GII (Mat on 09/27)	7	Mar	Q1	30/3/2020	4,000	3,500	1,000	33,300	2.874	3.391	3.422	3.454	100.0%
11	20-yr Reopening of MGS (Mat on 05/40)	20	Apr	Q2	6/4/2020	4,000	3,500	1,500	36,800	1.973	3.828	3.855	3.888	14.3%
12	10.5-yr New Issue of GII (Mat on 10/30)	10	Apr	Q2	14/4/2020	5,000	4,000	1,000	40,800	3.118	3.439	3.465	3.479	13.9%
13	7-yr Reopening of MGS (Mat on 05/27)	7	Apr	Q2	29/4/2020	4,500	4,000		44,800	2.239	2.668	2.679	2.689	61.9%
14	15-yr Reopening of GII (Mat on 11/34)	15	May	Q2	14/5/2020	5,000	3,500	1,500	48,300	2.171	3.210	3.235	3.269	50.0%
15	10-yr Reopening of MGS (Mat on 08/29)	10	May	Q2	21/5/2020	4,500	4,500		52,800	1.732	2.777	2.799	2.820	43.5%
16	3-yr Reopening of GII (Mat on 05/23)	3	Jun	Q2	3/6/2020	4,500	4,500		57,300	2.502	2.285	2.306	2.318	50.0%
17	30-yr New Issue of MGS (Mat on 06/50)	30	Jun	Q2	12/6/2020	5,000	3,000	2,500	60,300	2.167	4.013	4.065	4.098	78.0%
18	20-yr Reopening GII (Mat on 09/39)	20	Jun	Q2	29/6/2020	5,000	3,500	2,000	63,800	2.055	3.707	3.761	3.797	100.0%
19	3-yr Reopening of MGS (Mat on 03/23)	3	Jul	Q3	7/7/2020	5,000	5,000		68,800	2.512	1.987	2.002	2.010	15.7%
20	10-yr Reopening of GII (Mat on 10/30)	10	Jul	Q3		5,000								
21	15-yr Reopening of MGS (Mat on 07/34)	15	Jul	Q3		5,000								
22	7-yr Reopening of GII (Mat on 09/27)	7	Aug	Q3		5,000								
23	20-yr Reopening of MGS (Mat on 05/40)	20	Aug	Q3		5,500		X						
24	15-yr Reopening of GII (Mat on 11/34)	15	Aug	Q3		5,500		X						
25	7-yr Reopening of MGS (Mat on 05/27)	7	Sep	Q3		5,000								
26	30-yr Reopening of GII (Mat on 11/49)	30	Sep	Q3		5,000		X						
27	5-yr Reopening of MGS (Mat on 09/25)	5	Sep	Q3		5,000								
28	3-yr Reopening of GII (Mat on 05/23)	3	Oct	Q4		5,000								
29	10.5-yr New Issue of MGS (Mat on 04/31)	10	Oct	Q4		5,000								
30	5-yr Reopening of GII (Mat on 03/26)	5	Oct	Q4		5,000								
31	30-yr Reopening of MGS (Mat on 06/50)	30	Nov	Q4		5,600		X						
32	7-yr Reopening of GII (Mat on 09/27)	7	Nov	Q4		5,000								
33	15-yr Reopening of MGS (Mat on 07/34)	15	Nov	Q4		5,000								
34	10-yr Reopening of GII (Mat on 10/30)	10	Dec	Q4		5,000		X						
Gross MGS/GII supply in 2020						159,400		14,000						

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