

Global Markets Research
Fixed Income : Auction Calendar
Re-opening of 15-year GII 11/34 prints BTC of 3.396x

Following the auction announcement last Friday, WI was quoted tight at 3.54-52% levels and subsequently was traded at 3.53, 3.52% and last at 3.50%. This auction saw strong bidding metrics above the 2.0x handle i.e. BTC ratio of 3.396x bids; totaling RM8.49b. This 2nd bond auction for 2020 also thumped its previous equivalent 15Y issuance in September last year which notched a BTC ratio of 3.195x with bids totaling RM6.39b. The auction size of RM2.5b + RM1.0b (Private placement) was slightly smaller than our expectations. The summary of tender results are as follows:-

Bid to Cover : 3.396x

High : 3.513%

Average : 3.507%

Low : 3.500%

Cut off : 42.86 %

Strong investor demand was evident on tailing short as large institutions took bid aggressively for their books...

The tail of a mere 1.3bps for this bond reflects solid investor interest consisting predominantly of large local institutions. The average yield at 3.507% is lower than the previous reopening of 15Y GII11/34 @ 3.632%. Yield-wise, this bond is seen to exhibit rich valuations compared to the conventional equivalent i.e. 15Y benchmark MGS 7/34 which was last done at 3.47%. (Note: the historical mean spread between both Islamic and conventional 15Y benchmarks ~5-6bps). Up next in the auction calendar is the reopening of 3Y MGS 3/23 with a forecasted auction size of RM3.0b.

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	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		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							
						117,400		1,000							

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