

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 15-year GII 11/34 prints BTC of 2.17x

Post-announcement WI was quoted wide at 3.30/20% and closed tighter at ~ 3.27/22% levels with no trades printed. The auction saw average bidding metrics still above the 2.0x handle with total bids amounting to RM7.6b; and way higher compared to its previous equivalent 15Y issuance in Jan this year which notched the highest YTD BTC ratio of 3.396x then. The total offering consisting of auction size of RM3.5b + Private placement of RM1.5b was similar to our projected amount of ~RM5.0b under our recent revised auction calendar following the presentation of the economic stimulus packages. The summary of tender results are as follows:-

Bid to Cover: 2.171x
 High : 3.269%
 Average : 3.235%
 Low : 3.21%
 Cut off : 50.0 %

Large private placement amount and less aggressive demand for this duration has weighed slightly on the BTC ratio....despite recent resilience in local govies....

The longer tail of 5.9bps was possibly due to lower demand in view of the sizeable private placement amount especially to larger institutional investors and less aggressive requirements for this duration. The average yield at 3.235% is lower than its previous reopening awarded @ 3.507% in Jan this year. Yield-wise, this bond exhibits value as it is trading at a discount instead when compared to the conventional equivalent i.e. 15Y benchmark MGS 7/34 which was last done at 3.14%. (Note: the yearly historical mean spread between both conventional and Islamic 15Y benchmarks is -5bps). Up next on the calendar is the re-opening of 10Y MGS 8/29 with a forecasted auction size of RM4.5b.

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		4,500								
16	3-yr Reopening of GII (Mat on 05/23)	3	Jun	Q2		4,500								
17	30-yr New Issue of MGS (Mat on 06/50)	30	Jun	Q2		4,500		X						
18	20-yr Reopening GII (Mat on 09/39)	20	Jun	Q2		4,500		X						
19	3-yr Reopening of MGS (Mat on 03/23)	3	Jul	Q3		4,500								
20	10-yr Reopening of GII (Mat on 10/30)	10	Jul	Q3		4,500								
21	15-yr Reopening of MGS (Mat on 07/34)	15	Jul	Q3		4,500								
22	7-yr Reopening of GII (Mat on 09/27)	7	Aug	Q3		4,500								
23	20-yr Reopening of MGS (Mat on 05/40)	20	Aug	Q3		5,000		X						
24	15-yr Reopening of GII (Mat on 11/34)	15	Aug	Q3		5,000		X						
25	7-yr Reopening of MGS (Mat on 05/27)	7	Sep	Q3		4,500								
26	30-yr Reopening of GII (Mat on 11/49)	30	Sep	Q3		4,500		X						
27	5-yr Reopening of MGS (Mat on 09/25)	5	Sep	Q3		4,500								
28	3-yr Reopening of GII (Mat on 05/23)	3	Oct	Q4		4,500								
29	10.5-yr New Issue of MGS (Mat on 04/31)	10	Oct	Q4		4,500								
30	5-yr Reopening of GII (Mat on 03/26)	5	Oct	Q4		4,500								
31	30-yr Reopening of MGS (Mat on 06/50)	30	Nov	Q4		4,600		X						
32	7-yr Reopening of GII (Mat on 09/27)	7	Nov	Q4		4,500								
33	15-yr Reopening of MGS (Mat on 07/34)	15	Nov	Q4		4,500								
34	10-yr Reopening of GII (Mat on 10/30)	10	Dec	Q4		4,500		X						
Gross MGS/GII supply in 2020						141,400		9,500						

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