

## Global Markets Research

### Fixed Income : Auction Calendar

#### New Issuance of 10.5-year MGS 4/31 prints BTC of 1.994x

Post-announcement, WI was quoted at 2.75/60% with trades subsequently done at 2.65% and 2.62% before closing @ 2.65/60% levels. This auction was well-received in lieu of its size; notching a decent BTC ratio close to the 2.0x handle with total bids amounting to RM9.97b and also above its previous re-opening in May (BTC ratio of 1.732x with a lower sum of bids amounting to RM7.79b). The sizeable offering size of RM5.0b was in line with our projection due to the gov't's recent announcement of another RM10.0b of "Kita Prihatin" fiscal stimulus. The summary of tender results are as follows:-

Bid to Cover: 1.994x

High : 2.652%

Average : 2.632%

Low : 2.60%

Cut off : 40.91 %

*The short tail (similar to its previous auction) attracted both i.e. institutional investors and also interbank participants that resulted in decent sum of bids totaling RM9.97b....*

The short tail of ~2.0bps reflected strong interest; especially among institutional investors and inter-bank participants. The average yield at 2.632% was lower than its similar auction that was awarded at 2.799% in May this year and reflective of the current low-yield environment. Nevertheless this bond is seen **fairly valued** compared to the Islamic equivalent i.e. 10Y benchmark GII 10/30 which was last done at 2.55%. (Note: the yearly historical mean spread between current Islamic and previous conventional 10Y benchmarks is between 1-2bps but last seen ~10bps). Up next on the calendar is the re-opening of 5Y GII 3/26 for which we are penciling in a projected issuance 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	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	9/7/2020	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	16/7/2020	5,000	5,000		73,800	2.591	2.650	2.665	2.679	90.9%
21	15-yr Reopening of MGS (Mat on 07/34)	15	Jul	Q3	23/7/2020	5,000	5,000		78,800	2.105	2.950	2.970	2.985	13.7%
22	7-yr Reopening of GII (Mat on 09/27)	7	Aug	Q3	1/8/2020	5,000	4,000		82,800	2.045	2.265	2.280	2.285	76.5%
23	20-yr Reopening of MGS (Mat on 05/40)	20	Aug	Q3	13/8/2020	5,500	4,000	1,500	86,800	1.469	3.200	3.240	3.273	20.0%
24	15-yr Reopening of GII (Mat on 11/34)	15	Aug	Q3	26/8/2020	5,500	4,000	1,000	90,800	1.423	2.995	3.032	3.080	38.0%
25	7-yr Reopening of MGS (Mat on 05/27)	7	Sep	Q3	3/9/2020	5,000	3,500		94,300	1.538	2.254	2.291	2.340	63.3%
26	30-yr Reopening of GII (Mat on 11/49)	30	Sep	Q3	17/9/2020	5,000	3,000	500	97,300	1.358	3.985	4.178	4.351	90.0%
27	5-yr Reopening of MGS (Mat on 09/25)	5	Sep	Q3	29/9/2020	4,000	5,000		102,300	2.803	2.360	2.389	2.405	33.0%
28	3-yr Reopening of GII (Mat on 05/23)	3	Oct	Q4	5/10/2020	4,000	4,500		106,800	3.093	1.973	1.981	1.986	80.0%
29	10.5-yr New Issue of MGS (Mat on 04/31)	10	Oct	Q4	14/10/2020	5,000	5,000		111,800	1.994	2.600	2.632	2.652	40.9%
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		4,000		X						
32	7-yr Reopening of GII (Mat on 09/27)	7	Nov	Q4		4,000								
33	15-yr Reopening of MGS (Mat on 07/34)	15	Nov	Q4		4,100								
34	10-yr Reopening of GII (Mat on 10/30)	10	Dec	Q4		4,500		X						
Gross MGS/GII supply in 2020						149,900		17,000						

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