

Global Markets Research

Fixed Income : Auction Calendar

Reopening of 10-year GII 10/30 prints BTC of 2.591x

Post-announcement, WI opened at 2.75/65% and subsequently narrowed to a tighter 2.69/67% levels and transacted at 2.685%. This auction notched a solid BTC ratio way above the 2.0x handle with total bids amounting to a YTD high of RM12.96b but lower compared to its previous maiden debut of 3.12x (bids totaling RM12.47b recently in April this year). The auction size of RM5.0b was as per our projection. The summary of tender results are as follows:-

Bid to Cover: 2.591x

High : 2.679%

Average : 2.665%

Low : 2.65%

Cut off : 90.9 %

Participants which consisted of offshore, local and also inter-bank participants were keen bidders for this GII 10/30 auction for both their investment and trading books; causing a YTD high in BTC ratio....

The short tail of 1.4bps for this tenure reflected the solid appetite for local govies following BNM's OPR cut of 25bps recently on 7th July; shrugging off earlier concerns over supply pipeline and the nation's rating outlook revision from stable to negative by S&P Global Ratings and Fitch Ratings. The average yield at 2.665% is testament to investor demand (new issuance awarded @3.465% in April this year). This bond is seen fairly valued compared to the conventional equivalent i.e. 10Y benchmark MGS 8/29 which was last done at 2.662%. (Note: the yearly historical mean spread between both conventional and current Islamic 15Y benchmarks is a mere 1bps). Up next on the calendar is the re-opening of 15Y MGS 7/34 with a forecasted auction size of also 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	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		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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