

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 20-year GII 9/41 prints BTC of 2.687x

Post-announcement, WI opened slightly wide at 4.26/4.16% but subsequently tightened to 4.175/4.16% levels with zero trades recorded. However, underlying cash trades notched ~RM70m in total. This auction saw total bids submitted amounting to RM6.72b. The bidding metrics which notched way above the 2.0x handle was **solid** compared to its last and equivalent benchmark offering in March 2021 with total bids clocking RM5.15b (BTC ratio: 2.575x). The total offering of RM4.5b (RM2.5b auction + RM2.0b private placement) was **in line** with our forecast. Summary of tender results are as follows:

Bid to Cover: 2.687x

High: 4.191%

Average: 4.178%

Low: 4.165%

Cut-off: 87.27%

This 20Y GII auction saw strong demand from lifers, asset management companies, and inter-bank players despite a chunk of appetite dissipating from a few large investment institutions due to the sizeable private placement...

The short tail of 1.3bps was reflective of strong participation; especially from insurance companies, asset management companies and also both foreign and local inter-bank institutions. Appetite was boosted by abating political uncertainties and confidence of the government to allow further reopening of economic activities. The yield offered was ~24bps lower than its last equivalent auction which averaged 4.417% in March this year. This benchmark is deemed to offer some value when compared to the 20Y conventional benchmark MGS 5/40 which was last done at 3.984% levels. (Note: the annualized historical mean spread between the Islamic and conventional 3Y benchmarks is ~ 14bps). Up next on the calendar is the reopening of 10Y MGS 4/31 with our projected issuance size of RM4.5b.

MGS/GII issuance pipeline in 2021

No	Stock	Tenure (yrs)	Tender Month	Quarter	Tender Date	Projected Issuance Size (RM mil)	Actual Auction Issuance (RM mil)	Actual Private Placement	Total Issuance YTD	BTC (times)	Low	Average	High	Cut-off
1	7-yr reopening of MGS (Mat on 06/28)	7	Jan	Q1	6/1/2021	3,500	3,500		3,500	2.026	2.406	2.449	2.463	50.0%
2	15.5-yr new Issuance of GII (Mat on 7/36)	15	Jan	Q1	14/1/2021	4,500	3,000	1,500	8,000	2.917	3.385	3.447	3.475	95.5%
3	10-yr Reopening of MGS (Mat on 04/31)	10	Jan	Q1	21/1/2021	4,000	4,000		12,000	1.992	2.684	2.714	2.730	91.7%
4	5-yr Reopening of GII (Mat on 03/26)	5	Feb	Q1	3/2/2021	4,500	4,500		16,500	2.067	2.230	2.252	2.260	63.2%
5	20-yr Reopening of MGS (Mat on 05/40)	20	Feb	Q1	17/2/2021	4,500	2,000	2,000	20,500	2.224	3.901	3.969	4.010	90.0%
6	7-yr Reopening of GII (Mat on 09/27)	7	Feb	Q1	24/2/2021	3,500	3,500		24,000	2.196	2.792	2.806	2.824	82.5%
7	30-yr Reopening of MGS (Mat on 06/50)	30	Mar	Q1	5/3/2021	4,000	2,000	2,000	28,000	2.023	4.443	4.486	4.549	20.0%
8	10-yr Reopening of GII (Mat on 10/30)	10	Mar	Q1	11/3/2021	4,000	4,000		32,000	1.799	3.500	3.561	3.589	15.0%
9	5-yr Reopening of MGS (Mat on 09/25)	5	Mar	Q1	22/3/2021	4,500	4,500		36,500	1.789	2.751	2.764	2.783	30.0%
10	20.5-yr New Issue of GII (Mat on 09/41)	20	Mar	Q1	30/3/2021	4,500	2,000	2,000	40,500	2.575	4.390	4.417	4.435	85.7%
11	7-yr Reopening of MGS (Mat on 06/28)	7	Apr	Q2	7/4/2021	4,000	4,500		45,000	1.590	2.933	2.963	2.981	30.0%
12	15-yr Reopening of GII (Mat on 7/36)	15	Apr	Q2	14/4/2021	4,000	2,500	2,000	49,500	2.545	3.975	4.010	4.034	96.0%
13	3-yr Reopening of MGS (Mat on 06/24)	3	Apr	Q2	21/4/2021	4,000	4,500		54,000	2.086	2.346	2.363	2.373	62.4%
14	30-yr Reopening of GII (Mat on 11/49)	30	May	Q2	7/5/2021	4,000	2,000	2,000	58,000	2.433	4.540	4.568	4.581	30.0%
15	15-yr Reopening of MGS (Mat on 05/35)	15	May	Q2	19/5/2021	4,500	2,500	2,000	62,500	2.445	3.930	3.956	3.970	21.4%
16	5-yr Reopening of GII (Mat on 03/26)	5	May	Q2	28/5/2021	4,000	4,500		67,000	2.003	2.700	2.728	2.739	100.0%
17	10-yr Reopening of MGS (Mat on 04/31)	10	Jun	Q2	8/6/2021	4,500	4,500	500	72,000	1.966	3.287	3.313	3.333	87.0%
18	3-yr Reopening of GII (Mat on 10/24)	3	Jun	Q2	22/6/2021	4,500	4,500		76,500	2.001	2.330	2.341	2.350	58.2%
19	20-yr Reopening MGS (Mat on 05/40)	20	Jun	Q2	29/6/2021	4,000	2,000	2,000	80,500	2.651	4.223	4.254	4.268	86.0%
20	15-yr Reopening of GII (Mat on 07/36)	15	Jul	Q3	14/7/2021	4,500	2,500	2,000	85,000	3.056	3.969	3.982	3.992	96.0%
21	5-yr Reopening of MGS (Mat on 11/26)	5	Jul	Q3	22/7/2021	4,000	5,000		90,000	1.505	2.585	2.616	2.644	47.8%
22	10-yr Reopening of GII (Mat on 10/30)	10	Jul	Q3	30/7/2021	4,000	3,500	2,000	95,500	3.403	3.273	3.286	3.297	2.1%
23	30-yr Reopening of MGS (Mat on 06/50)	30	Aug	Q3	5/8/2021	4,500	2,000	2,000	99,500	2.280	4.259	4.289	4.300	55.3%
24	7-yr Reopening of GII (Mat on 10/28)	7	Aug	Q3	17/8/2021	4,500	4,500		104,000	1.980	3.145	3.163	3.178	100.0%
25	3-yr Reopening of MGS (Mat on 06/24)	3	Aug	Q3	25/8/2021	4,000	5,000		109,000	1.950	2.338	2.355	2.363	90.0%
26	20-yr Reopening of GII (Mat on 09/41)	20	Sep	Q3	2/9/2021	4,500	2,500	2,000	113,500	2.687	4.165	4.178	4.191	87.3%
27	10-yr Reopening of MGS (Mat on 04/31)	10	Sep	Q3			4,500							
28	5-yr Reopening of GII (Mat on 03/26)	5	Sep	Q3			4,000							
29	7-yr Reopening of MGS (Mat on 06/28)	7	Oct	Q4			4,000							
30	30-yr Reopening of GII (Mat on 11/49)	30	Oct	Q4			4,000							
31	5-yr Reopening of MGS (Mat on 11/26)	5	Oct	Q4			4,000							
32	10-yr Reopening of GII (Mat on 10/30)	10	Oct	Q4			4,000							
33	15-yr Reopening of MGS (Mat on 05/35)	15	Nov	Q4			4,500							
34	3-yr Reopening of GII (Mat on 10/24)	3	Nov	Q4			4,000							
35	20-yr Reopening of MGS (Mat on 05/40)	20	Nov	Q4			4,000							
36	7-yr Reopening of GII (Mat on 08/28)	7	Dec	Q4			3,500							
37	3-yr Reopening of MGS (Mat on 06/24)	3	Dec	Q4			3,000							
Gross MGS/GII supply in 2021						152,500	89,500	24,000	113,500	PROJECTED TOTAL ISSUANCE SIZE = 152,500				

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