

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 7-year MGS 6/28 prints BTC of 1.59x

Post-announcement, WI opened at 3.08/2.98% with trades circa RM70m printed between 2.96/92% levels before being last quoted at 2.98/96%. Although this auction saw the lowest BTC YTD i.e. well below the 2.0x handle; total bids submitted amounted to a decent RM8.05b when compared to its earlier auction recently in January with bids totaling RM7.09b on a BTC ratio of 2.026x. The offering of RM4.5b (no private placement) was slightly higher than our forecast. Summary of tender results are as follows:

Bid to Cover: 1.590x
 High: 2.981%
 Average: 2.963%
 Low: 2.933%
 Cut-off: 30.0 %

This 7Y MGS auction saw conservative levels tendered (despite the impressive total sum of bids submitted) as local govies have mostly rallied the past week...

The tail of ~ 1.8bps was within expectations for this duration. The auction seemed to track the recent weaker bidding metrics seen for the past two (2) US Treasury 7Y auctions with some activity however, seen mainly by local inter-bank and institutions. The average yield at 2.963% is higher by ~ 50bps compared to its similar auction which was awarded at 2.449% in January this year. This benchmark is trading at a slight premium compared to the Islamic equivalent i.e. 7Y benchmark GII 9/27 which was last done at 2.91% levels. (Note: the annualized historical mean spread between the Islamic and conventional 5Y benchmarks is inverted @-14bps). Up next on the calendar is the reopening of 15Y GII 7/36 with our projected issuance size at RM4.0b.

| 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 | Actual 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 | | 4,000 | | | | | | | | |
| 13 | 3-yr Reopening of MGS (Mat on 06/24) | 3 | Apr | Q2 | | 4,000 | | | | | | | | |
| 14 | 30-yr Reopening of GII (Mat on 11/49) | 30 | May | Q2 | | 4,000 | | | | | | | | |
| 15 | 15-yr Reopening of MGS (Mat on 05/35) | 15 | May | Q2 | | 4,500 | | | | | | | | |
| 16 | 5-yr Reopening of GII (Mat on 03/26) | 5 | May | Q2 | | 4,000 | | | | | | | | |
| 17 | 10-yr Reopening of MGS (Mat on 04/31) | 10 | Jun | Q2 | | 4,500 | | | | | | | | |
| 18 | 3-yr Reopening of GII (Mat on 10/24) | 3 | Jun | Q2 | | 4,500 | | | | | | | | |
| 19 | 20-yr Reopening MGS (Mat on 05/40) | 20 | Jun | Q2 | | 4,000 | | | | | | | | |
| 20 | 15-yr Reopening of GII (Mat on 07/36) | 15 | Jul | Q3 | | 4,500 | | | | | | | | |
| 21 | 5-yr Reopening of MGS (Mat on 11/26) | 5 | Jul | Q3 | | 4,000 | | | | | | | | |
| 22 | 10-yr Reopening of GII (Mat on 10/30) | 10 | Jul | Q3 | | 4,000 | | | | | | | | |
| 23 | 30-yr Reopening of MGS (Mat on 06/50) | 30 | Aug | Q3 | | 4,500 | | | | | | | | |
| 24 | 7-yr Reopening of GII (Mat on 08/28) | 7 | Aug | Q3 | | 4,500 | | | | | | | | |
| 25 | 3-yr Reopening of MGS (Mat on 06/24) | 3 | Aug | Q3 | | 4,000 | | | | | | | | |
| 26 | 20-yr Reopening of GII (Mat on 09/41) | 20 | Sep | Q3 | | 4,500 | | | | | | | | |
| 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 | 37,500 | 7,500 | 36,500 | PROJECTED TOTAL ISSUANCE SIZE = 152,500 | | | | |

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1223/1

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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