

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 15-year MGS 5/35 prints BTC of 3.063x

Post-announcement, WI opened at 4.09-02%, subsequently tightening to 4.00-3.97% levels with nil trades registered. This auction which saw total submission of bids amounting to ~RM6.13b, witnessed the 2nd highest bidding metrics above the 3.0x handle and almost similar to its last previous auction exercise recently in May which notched total bids of RM6.11b (BTC ratio: 2.445x). The total offering of RM4.0b (i.e. RM2.0b auction + RM2.0b private placement) was lower than our earlier forecast of RM5.0b. Summary of tender results are as follows:

Bid to Cover: 3.063x
 High: 4.00%
 Average: 3.99%
 Low: 3.976%
 Cut-off: 100.00%

This 15Y MGS auction saw solid participation from pension funds, GLC's, lifers and foreign institutions as it reflects favorable term premium along the curve...

The auction which tailed a mere 1.0bps compared to the previous equivalent auction was solid with participation from various investors that included GLC's, pension funds, life insurance companies and also offshore parties. The yield offered at 3.682% was a mere ~3bps higher than its last equivalent auction which averaged 3.956% in May this year. This benchmark is deemed to be **slightly rich** when compared to the 15Y Islamic benchmark equivalent i.e. GII 7/36 which was last done at 4.11% levels. (Note: the historical mean spread between the Islamic and conventional 15Y benchmarks is 8bps). Nevertheless, it reflects favorable term premium when compared across the curve. Up next on the calendar is the re-opening of 3Y GII 10/24 with our projected issuance size of 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	Total Issuance YTD	BTC (times)	Low	Average	High	Cut-off	
1	7-yr re-opening 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	14/9/2021	4,500	4,000	1,500	119,000	1.606	3.270	3.292	3.310	20.0%	
28	5-yr Reopening of GII (Mat on 03/26)	5	Sep	Q3	29/9/2021	4,000	4,000		123,000	2.133	3.000	3.025	3.040	90.0%	
29	7-yr Reopening of MGS (Mat on 06/28)	7	Oct	Q4	6/10/2021	4,000	4,500		127,500	1.598	3.380	3.409	3.439	100.0%	
30	30-yr Reopening of GII (Mat on 11/49)	30	Oct	Q4	14/10/2021	4,500	2,000	2,000	131,500	2.521	4.530	4.557	4.584	92.0%	
31	5-yr Reopening of MGS (Mat on 11/26)	5	Oct	Q4	21/10/2021	4,000	4,500		136,000	2.042	3.199	3.209	3.218	87.7%	
32	10-yr Reopening of GII (Mat on 10/30)	10	Oct	Q4	28/10/2021	4,500	3,500	500	140,000	2.018	3.659	3.682	3.698	92.0%	
33	15-yr Reopening of MGS (Mat on 05/35)	15	Nov	Q4	15/11/2021	5,000	2,000	2,000	144,000	3.063	3.976	3.990	4.000	100.0%	
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		4,500		X							
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		3,500									
Gross MGS/GII supply in 2021						160,500	114,000	30,000	144,000	PROJECTED TOTAL ISSUANCE SIZE = 160,500					

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