

## Global Markets Research

### Fixed Income : Auction Calendar

#### Re-opening of 3-year MGS 6/24 prints BTC of 1.158x

Post-announcement, WI quoted wide at 2.79/74%, subsequently drifting higher with ~RM100m trades notched between 2.84-79% area. WI was last given at 2.84%. This auction which saw total submission of bids amounting to only ~RM5.21b, was tepid, with bidding metrics just above the 1.0x handle and a drastic shift from its similar previous auction exercise recently in August which notched one of the highest YTD bids of RM9.75b (BTC ratio: 1.95x). The total offering of RM4.5b was higher than our earlier forecast of RM3.5b. Summary of tender results are as follows:

Bid to Cover: 1.158x  
 High: 3.00%  
 Average: 2.881%  
 Low: 2.809%  
 Cut-off: 63.00%

**This 3Y MGS auction drew long tail, tepid participation indicated with token interest from inter-bank participants i.e. mainly Principal Dealers...**

The auction which notched an unusually long tail of 11.9bps saw muted interest with token interest mainly from inter-bank participants. The yield offered at 2.881% was 53bps higher than its last auction which averaged 2.355% in August. This benchmark is **deemed to be marginally attractive** when compared to the 3Y Islamic benchmark equivalent i.e. GII 10/24 which was last done at 2.80% levels. (Note: the historical mean spread between the Islamic and conventional 3Y benchmarks is between 5-6bps). We note that this 3Y spread to 3-month KLIBOR however is more than double the recent average of 33bps seen for 2021. Lastly, we hereby come to the conclusion of the auction calendar for this year for which our total projected issuance of RM160.5b was within grasp of the actual RM160.0b.

| 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 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      | 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      | 22/11/2021  | 4,000                            | 4,500                            |                          | 148,500            | 1.412                                   | 2.763 | 2.787   | 2.808 | 97.9%   |  |
| 35                                | 20-yr Reopening of MGS (Mat on 05/40)     | 20           | Nov          | Q4      | 29/11/2021  | 4,500                            | 2,000                            | 1,500                    | 152,000            | 1.888                                   | 4.125 | 4.145   | 4.160 | 80.0%   |  |
| 36                                | 7-yr Reopening of GII (Mat on 10/28)      | 7            | Dec          | Q4      | 6/12/2021   | 3,500                            | 3,500                            |                          | 155,500            | 2.247                                   | 3.459 | 3.481   | 3.499 | 63.4%   |  |
| 37                                | 3-yr Reopening of MGS (Mat on 06/24)      | 3            | Dec          | Q4      | 15/12/2021  | 3,500                            | 4,500                            |                          | 160,000            | 1.158                                   | 2.809 | 2.881   | 3.000 | 63.0%   |  |
| Gross MGS/GII supply in 2021      |   |              |              |         |             | 160,500                          | 128,500                          | 31,500                   | 160,000            | PROJECTED TOTAL ISSUANCE SIZE = 160,500 |       |         |       |         |  |

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