

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 10-year MGS 4/31 prints BTC of 1.992x

Post-announcement, WI opened wide at 2.65/57% with levels shifting higher as several trades amounting to ~RM120m were transacted between 2.73-70% area before settling at 2.705%. This auction was slightly weaker-than-expected; notching a BTC ratio below the 2.0x handle with bids amounting to RM7.97b and saw similar interest compared to its maiden offering of RM5.0b in October 2020 with BTC ratio of 1.994x (Total bids: RM9.97b). The offering was again in line with our total forecast issuance of RM4.0b. The summary of tender results are as follows:-

Bid to Cover: 1.992x

High : 2.730%

Average : 2.714%

Low : 2.684%

Cut off : 91.67 %

This popular tenure however saw average support for this auction amid cautiousness post-MPC meeting which maintained the OPR at 1.75%. Nevertheless we note some values emerging on comparative basis...

The tail of ~1.6bps reflected average appetite whilst this tenure remains an important benchmark for portfolio managers and investors. The average yield at 2.714% was attractive compared to its similar auction which was awarded at 2.632% in October last year under the present low yield environment. Nevertheless this benchmark when duration-adjusted, **reflects slight value** compared to the Islamic equivalent i.e. 10Y benchmark GII 10/30 yields which was last done at 2.72% levels today (We note that the yearly historical mean spread between the Islamic and conventional 10Y benchmarks is ~4bps). Up next on the calendar is the reopening of 5Y GII 3/26 for which we are penciling in a total projected issuance size of RM4.5b.

MGS/GII issuance pipeline in 2021														
No	Stock	Tenure (yrs)	Tender Month	Quarter	Tender Date	Projected Auction Size (RM mil)	Actual Auction Issuance (RM mil)	Private Placement	Auction Amt Issued 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	3,000	3,000	1,500	6,500	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		10,500	1.992	2.684	2.714	2.730	91.7%
4	5-yr Reopening of GII (Mat on 03/26)	5	Feb	Q1		4,500								
5	20-yr Reopening of MGS (Mat on 05/40)	20	Feb	Q1		2,000		2,500						
6	7-yr Reopening of GII (Mat on 09/27)	7	Feb	Q1		3,500								
7	30-yr Reopening of MGS (Mat on 06/50)	30	Mar	Q1		2,000		2,000						
8	10-yr Reopening of GII (Mat on 10/30)	10	Mar	Q1		4,000								
9	5-yr Reopening of MGS (Mat on 09/25)	5	Mar	Q1		4,500								
10	20.5-yr New Issue of GII (Mat on 09/41)	20	Mar	Q1		2,000		2,500						
11	7-yr Reopening of MGS (Mat on 06/28)	7	Apr	Q2		4,000								
12	15-yr Reopening of GII (Mat on 7/36)	15	Apr	Q2		3,000		1,000						
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		2,000		2,000						
15	15-yr Reopening of MGS (Mat on 05/35)	15	May	Q2		3,000		1,500						
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		3,500		1,000						
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		2,000		2,000						
20	15-yr Reopening of GII (Mat on 07/36)	15	Jul	Q3		3,000		1,500						
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		2,500		1,500						
23	30-yr Reopening of MGS (Mat on 06/50)	30	Aug	Q3		2,000		2,500						
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		3,000		1,500						
27	10-yr Reopening of MGS (Mat on 04/31)	10	Sep	Q3		3,500		1,000						
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		2,000		2,000						
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		2,000		2,000						
33	15-yr Reopening of MGS (Mat on 05/35)	15	Nov	Q4		3,000		1,500						
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		2,000		2,000						
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						121,000		31,500		PROJECTED TOTAL ISSUANCE SIZE = 152,500				

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