

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 5-year MGS 9/25 prints BTC of 1.789x

Post-announcement, WI opened at 2.78/70% with solid trades circa RM280m printed at 2.765/735% levels. This auction was slightly weaker-than-expected; notching a BTC ratio below the 2.0x handle with total bids amounting to RM8.05b and saw lesser interest when compared to its earlier auction recently in September with bids totaling RM14.02b on solid BTC ratio of 2.803x. The offering of RM4.5b (no private placement) was in line with our forecast. Summary of tender results are as follows:

Bid to Cover: 1.789x  
 High: 2.783%  
 Average: 2.764%  
 Low: 2.751%  
 Cut-off: 30.0 %

*This 5Y MGS auction saw slightly weaker-than-expected bidding metrics with main participants being inter-bank players with specific duration requirements....*

The tail of ~ 1.9bps was within expectations considering this duration. The auction reflected specific duration requirements i.e. mainly local and some off-shore inter-bank players to tender for these bonds. The average yield at 2.764% is higher by almost 40bps compared to its similar auction which was awarded at 2.389% in September last year. This benchmark when duration-adjusted is trading at a slight discount compared to the Islamic equivalent i.e. 5Y benchmark GII 3/26 which was last done at 2.87% levels. (Note: the yearly historical mean spread between the Islamic and conventional 5Y benchmarks is ~ 14bps). Up next on the calendar is the new issuance of 20.5Y GII 9/41 with our projected issuance size at 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 | 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      |             | 4,500                            |                                  |                          |                     |   |       |         |       |         |
| 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      |             | 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                          | 31,000                           | 5,500                    | 36,500              | PROJECTED TOTAL ISSUANCE SIZE = 152,500 |       |         |       |         |

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