

## Global Markets Research

### Fixed Income : Auction Calendar

#### Re-opening of 10-year MGS 7/32 prints BTC of 1.707x

Post-announcement, WI opened wide at 4.15/4.00% and subsequently narrowed and taken between 4.075-04% levels; with amounts circa ~RM120m transacted before closing tighter at 4.075/4.06%. This penultimate auction saw total submission of bids @ RM7.682b; resulting in a BTC ratio of 1.707x and deemed weaker than its earlier equivalent maiden auction in May with total bids of RM11.691b and a BTC ratio of 2.598x. The total offering of RM4.5b was in line with our forecast, with actual YTD issuance size now pegged at RM167.5b. Summary of tender results were:

Bid to Cover: 1.707x

High: 4.09%

Average: 4.063%

Low: 4.009%

Cut-off: 40.50%

**This 10Y MGS auction saw weaker-than-anticipated participation from mainly insurance companies and asset management companies for liquidity and yield purposes...**

The long tail of a 2.7bps was reflective of muted appetite, with participation seen by pension funds and insurance companies. The yield offered for the bond at 4.063% is ~23bps lower than its last equivalent auction which averaged 4.294% in May 2022. **We remain neutral from a term premium perspective and deem this benchmark to be fairly-valued at this juncture;** when compared to the 10Y Islamic benchmark equivalent GII 10/32 which was last done at 4.13% levels (Note: the historical annualized mean spreads between the generic Islamic and conventional 10Y benchmarks along with actual benchmarks unadjusted for duration are between 6-10bps). Up next on the calendar is the re-opening of 3Y MGS 10/25 with our projected issuance size of RM4.5b.

MGS/GII issuance pipeline in 2022														
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	5-yr reopening of MGS (Mat on 11/26)	5	Jan	Q1	6/1/2022	5,000	5,000		5,000	2.329	3.235	3.273	3.290	39.4%
2	10.5-yr new Issue of MGS (Mat on 7/32)	10	Jan	Q1	13/1/2022	4,500	4,500		9,500	2.044	2.615	3.582	3.598	51.6%
3	15-yr Reopening of GII (Mat on 07/36)	15	Jan	Q1	28/1/2022	4,500	3,000		12,500	2.574	4.147	4.161	4.180	30.0%
4	5-yr Reopening of GII (Mat on 09/27)	5	Feb	Q1	7/2/2022	4,500	5,000		17,500	1.733	3.470	3.495	3.512	47.6%
5	30-yr Reopening of MGS (Mat on 06/50)	30	Feb	Q1	14/2/2022	4,500	2,500	2,500	22,500	2.423	4.488	4.505	4.520	34.1%
6	7-yr Reopening of GII (Mat on 10/28)	7	Feb	Q1	21/2/2022	4,500	4,500		27,000	1.750	3.587	3.612	3.629	50.0%
7	15-yr Reopening of MGS 04/37	15	Mar	Q1	4/3/2022	4,500	3,000		30,000	1.986	4.048	4.064	4.078	87.6%
8	20-yr Reopening of MGII 09/41	20	Mar	Q1	17/3/2022	4,500	2,500	2,500	35,000	1.884	4.375	4.401	4.427	88.0%
9	3-yr Reopening of MGS 03/25	3	Mar	Q1	30/3/2022	5,000	5,500		40,500	1.666	3.210	3.239	3.255	69.2%
10	10.5-yr New Issue of MGII (Mat on 10/32)	10	Apr	Q2	6/4/2022	4,000	4,500		45,000	2.503	4.165	4.193	4.203	30.7%
11	20.5-yr New Issue of MGS (Mat on 10/42)	20	Apr	Q2	12/4/2022	5,000	2,500	2,500	50,000	1.918	4.653	4.696	4.730	32.0%
12	15-yr Reopening of MGII 07/36	15	Apr	Q2	21/4/2022	4,000	2,500	2,500	55,000	1.879	4.750	4.826	4.869	50.0%
13	7-yr New Issue of MGS (Mat on 04/29)	7	Apr	Q2	28/4/2022	4,500	5,000		60,000	2.196	4.470	4.504	4.520	96.8%
14	30-yr New Issue of MGII (Mat on 05/52)	30	May	Q2	12/5/2022	5,000	2,500	500	63,000	2.570	5.255	5.357	5.400	49.0%
15	10-yr Reopening of MGS (Mat on 07/32)	10	May	Q2	23/5/2022	5,000	4,500		67,500	2.598	4.243	4.294	4.310	10.0%
16	3-yr Re-issuance of MGII 10/25	3	May	Q2	30/5/2022	4,500	5,000		72,500	3.632	3.511	3.539	3.550	100.0%
17	15-yr Reopening of MGS 04/37	15	Jun	Q2	8/6/2022	4,000	3,000	2,500	78,000	2.211	4.565	4.599	4.618	4.6%
18	5-yr Reopening of MGII 09/27	5	Jun	Q2	22/6/2022	4,000	4,500		82,500	3.133	4.135	4.155	4.167	100.0%
19	30-yr Reopening of MGS 06/50	30	Jun	Q2	29/6/2022	4,000	2,500	2,500	87,500	2.459	4.930	4.959	4.974	30.0%
20	10-yr Reopening of MGII (Mat on 10/32)	10	Jul	Q3	14/7/2022	5,000	3,500	2,500	93,500	3.105	4.090	4.117	4.129	58.3%
21	20-yr Reopening of MGS (Mat on 10/42)	20	Jul	Q3	21/7/2022	5,000	2,500	2,500	98,500	2.656	4.585	4.598	4.607	37.0%
22	7-yr Re-issuance of MGII 07/29	7	Jul	Q3	28/7/2022	5,000	4,500		103,000	2.403	3.900	3.917	3.927	43.3%
23	5-yr Re-issuance of MGS 11/27	5	Aug	Q3	4/8/2022	5,000	5,000		108,000	2.044	3.770	3.798	3.808	38.3%
24	20-yr Reopening of MGII 09/41	20	Aug	Q3	12/8/2022	5,000	3,000	2,500	113,500	2.742	4.383	4.410	4.435	81.4%
25	15-yr Reopening of MGS 04/37	15	Aug	Q3	29/8/2022	5,000	2,500	2,500	118,500	2.244	4.210	4.249	4.272	85.0%
26	3-yr Reopening of MGII 10/25	3	Sep	Q3	14/9/2022	4,500	5,000		123,500	1.836	3.450	3.474	3.483	66.4%
27	7-yr Reopening of MGS (Mat on 04/29)	7	Sep	Q3	22/9/2022	5,000	5,000		128,500	1.662	4.190	4.232	4.275	37.5%
28	15.5-yr New Issue of MGII (Mat on 03/38)	15	Sep	Q3	29/9/2022	5,000	4,500		133,000	2.383	4.600	4.662	4.690	80.3%
29	3-yr Reopening of MGS 03/25	3	Oct	Q4	6/10/2022	5,000	5,000		138,000	1.920	3.800	3.823	3.837	5.7%
30	10-yr Reopening of MGII (Mat on 10/32)	10	Oct	Q4	13/10/2022	5,000	3,500	2,500	144,000	1.739	4.480	4.506	4.533	16.7%
31	20-yr Reopening of MGS (Mat on 10/42)	20	Oct	Q4	28/10/2022	5,000	2,500	1,500	148,000	1.913	4.750	4.795	4.810	86.1%
32	7-yr Reopening of MGII 07/29	7	Nov	Q4	7/11/2022	4,500	5,000		153,000	1.457	4.430	4.486	4.530	55.6%
33	5-yr Reopening of MGS 11/27	5	Nov	Q4	14/11/2022	4,500	5,000		158,000	1.593	4.250	4.281	4.300	71.1%
34	30-yr Reopening of MGII (Mat on 05/52)	30	Nov	Q4	29/11/2022	4,000	2,500	2,500	163,000	2.243	4.726	4.768	4.810	56.7%
35	10-yr Reopening of MGS (Mat on 07/32)	10	Dec	Q4	7/12/2022	4,500	4,500		167,500	1.707	4.009	4.063	4.090	40.5%
36	3-yr Reopening of MGII 10/25	3	Dec	Q4		4,500								
Gross MGS/GII supply in 2022						167,000	135,500	32,000	167,500	PROJECTED TOTAL ISSUANCE SIZE = 167,000,000				

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