

Global Markets Research

Fixed Income : Auction Calendar

New Issuance of 10-year MGS 7/32 prints BTC of 2.044x

Post-announcement, WI initially quoted at 3.73/63%, subsequently tightening to 3.70/63% with circa ~RM60m trades notched between 3.59-58% area (last quoted at 3.61/575%). This auction which saw total submission of bids amounting to a solid ~RM11.65b, with bidding metrics just above our much-watched 2.0x handle and higher than its similar previous auction exercise recently in October 2021 which notched 1.61x (Total bids: RM6.42b). The total offering of RM4.5b was again in line with our forecast. Summary of tender results are as follows:

Bid to Cover: 2.044x
 High: 3.598%
 Average: 3.582%
 Low: 2.615%
 Cut-off: 51.61%

This auction consisting of the new 10Y MGS drew a reasonably short tail and saw solid participation from a wide profile of buyers...

This 2nd auction for the year notched a short tail of 1.6bps and saw interest from a wider net of clientele that included GLC's, inter-bank participants and lifers. The yield offered at 3.582% was ~29bps higher than its last auction which averaged 3.292% in September 2021. Strangely, the "low" for this exercise does not reflect actual levels and is believed to be a temporary glitch. This benchmark is **deemed to be slightly attractive and trading at a discount** when compared to the 10Y Islamic benchmark equivalent i.e. GII 10/30 which was last done at 3.63% levels. (Note: the historical annualized mean spread between the generic Islamic and conventional 10Y benchmarks is ~8bps). Up next on the calendar is the re-opening of 15Y GII 7/36 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	6/1/2021	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	13/1/2021	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		4,500								
4	5-yr Reopening of GII (Mat on 09/27)	5	Feb	Q1		4,500								
5	30-yr Reopening of MGS (Mat on 06/50)	30	Feb	Q1		4,500		X						
6	7-yr Reopening of GII (Mat on 10/28)	7	Feb	Q1		4,500								
7	15-yr Reopening of MGS 04/37	15	Mar	Q1		4,500								
8	20-yr Reopening of MGII 09/41	20	Mar	Q1		4,500		X						
9	3-yr Reopening of MGS 03/25	3	Mar	Q1		5,000								
10	10.5-yr New Issue of MGII (Mat on 10/32)	10	Apr	Q2		4,000								
11	20.5-yr New Issue of MGS (Mat on 10/42)	20	Apr	Q2		5,000		X						
12	15-yr Reopening of MGII 07/36	15	Apr	Q2		4,000		X						
13	7-yr New Issue of MGS (Mat on 04/29)	7	Apr	Q2		4,500								
14	30-yr New Issue of MGII (Mat on 05/52)	30	May	Q2		5,000		X						
15	10-yr Reopening of MGS (Mat on 07/32)	10	May	Q2		5,000								
16	3-yr Reopening of MGII 10/25	3	May	Q2		4,500								
17	15-yr Reopening of MGS 04/37	15	Jun	Q2		4,000		X						
18	5-yr Reopening of MGII 09/27	5	Jun	Q2		4,000								
19	30-yr Reopening of MGS 06/50	30	Jun	Q2		4,000		X						
20	10-yr Reopening of MGII (Mat on 10/32)	10	Jul	Q3		5,000		X						
21	20-yr Reopening of MGS (Mat on 10/42)	20	Jul	Q3		5,000		X						
22	7-yr Reopening of MGII 07/29	7	Jul	Q3		5,000								
23	5-yr Reopening of MGS 11/27	5	Aug	Q3		5,000								
24	20-yr Reopening of MGII 09/41	20	Aug	Q3		5,000		X						
25	15-yr Reopening of MGS 04/37	15	Aug	Q3		5,000		X						
26	3-yr Reopening of MGII 10/25	3	Sep	Q3		4,500								
27	7-yr Reopening of MGS (Mat on 04/29)	7	Sep	Q3		5,000								
28	15.5-yr New Issue of MGII (Mat on 03/38)	15	Sep	Q3		5,000								
29	3-yr Reopening of MGS 03/25	3	Oct	Q4		5,000								
30	10-yr Reopening of MGII (Mat on 10/32)	10	Oct	Q4		5,000		X						
31	20-yr Reopening of MGS (Mat on 10/42)	20	Oct	Q4		5,000		X						
32	7-yr Reopening of MGII 07/29	7	Nov	Q4		4,500								
33	5-yr Reopening of MGS 11/27	5	Nov	Q4		4,500								
34	30-yr Reopening of MGII (Mat on 05/52)	30	Nov	Q4		4,000		X						
35	10-yr Reopening of MGS (Mat on 07/32)	10	Dec	Q4		4,500								
36	3-yr Reopening of MGII 10/25	3	Dec	Q4		4,500								
Gross MGS/GII supply in 2022						167,000	9,500	-	9,500	PROJECTED TOTAL ISSUANCE SIZE = 167,000,000				

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