

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 7-year GII 10/28 prints BTC of 1.750x

Post-announcement, WI initially opened at 3.64/60% and subsequently easily saw an excess of RM100m of trades recorded between 3.605-60% area. Levels tightened eventually to close at 3.61/60% levels. This auction saw total submission of bids amounting to a decent RM7.88b, bearing in mind that there was no private placement despite metrics falling below our much-watched 2.0x handle. This auction notched higher demand than its similar previous auction exercise in December 2021 which notched 2.248x (Total bids: RM5.21b). The total offering of RM4.5b was in line with our forecast. Summary of tender results are as follows:

Bid to Cover: 1.750x
 High: 3.629%
 Average: 3.612%
 Low: 3.587%
 Cut-off: 50.00%

This 7Y GII auction drew decent interest mainly from insurance companies and inter-bank participants...

This last 7Y GII auction before (being replaced by the new benchmark GII 7/29 in July) saw decent expected tail of ~1.7bps, denoting good interest mainly from inter-banks and insurance companies. The yield offered at 3.612% was ~13bps higher than its last auction which averaged 3.481% in December 2021. However, this benchmark yield is **deemed rich and trading at a slight yield premium** when compared to the 7Y conventional benchmark equivalent i.e. MGS 6/28 which was last done at 3.572% levels. (Note: the historical annualized mean spread between the generic Islamic and conventional 7Y benchmarks is ~8-9bps). Up next on the calendar is the re-opening of 15Y MGS 4/37 with our projected issuance size of also 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	28/1/2021	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	7/2/2021	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	14/2/2021	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	21/2/2021	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		4,500								
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	24,500	2,500	27,000	PROJECTED TOTAL ISSUANCE SIZE = 167,000,000				

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