

Global Markets Research

Fixed Income : Auction Calendar

mgii

Re-opening of 5-year GII 9/27 prints BTC of 3.133x

Post-announcement, WI opened at 4.27/22% and tightened whilst eventually moving lower. About RM80m worth of trades were reportedly done i.e.; taken between 4.21-15% levels; before closing at 4.15/12% levels. This auction saw total submission of bids amounting to the 2nd highest YTD @ RM14.1b, versus the RM6.6b seen for the last auction consisting of 15Y MGS. The BTC ratio for this exercise however notched 3.133x, which was higher than its last similar auction exercise held in February 2022 (BTC ratio: 1.733x, total bids: RM8.67b). The total offering of RM4.5b was higher than our earlier forecast but within sight of our YTD projected issuance size of RM81.5b. Summary of tender results were:

Bid to Cover: 3.133x

High: 4.167%

Average: 4.155%

Low: 4.135%

Cut-off: 100.00%

This 5Y GII auction saw solid demand mainly by financial institutions for their trading books and also insurance companies; resulting in the 2nd highest YTD bids totaling RM14.1b...

The short tail of 1.2bps was reflective of strong participation mainly from inter-banks and insurance companies. The yield offered for the bond at 4.155% is ~66bps higher than its last auction which averaged 3.495% in February 2022. This benchmark may be fairly valued when compared to the 5Y conventional benchmark equivalent MGS 11/26 which was last done at 3.949% levels BUT **perceived to offer relative value** if compared to its upcoming replacement benchmark MGS 11/27 which was last done at 4.07% (Note: the historical annualized mean spread between the Islamic and conventional 5Y benchmarks unadjusted for duration is ~20bps for the former and ~4bps for the latter. Up next on the calendar is the re-opening of 30Y MGS 6/50 with our projected issuance size of RM4.0b.

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 Reissuance 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		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	69,500	13,000	82,500	PROJECTED TOTAL ISSUANCE SIZE = 167,000,000					

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