

Global Markets Research

Fixed Income : Auction Calendar

Re-issuance of 7-year MGS 4/30 prints BTC of 2.460x

Post-announcement, WI opened with a bid at 3.70% and subsequently quoted tight @ 3.70/68% levels. Subsequently, it moved lower before transacting between 3.67-66% levels in amounts totaling ~RM100m on Day 3. This auction saw total submission of bids at a respectable RM12.3b and resulted in a strong BTC ratio of 2.460x (stronger than its earlier equivalent auction in September last year (total bids of mere RM8.31b with a BTC ratio of 1.662x). The total offering consisting of RM5.0b was a tad higher than our forecast. Summary of tender results were:

Bid to Cover: 2.460x
 High: 3.666%
 Average: 3.656%
 Low: 3.61%
 Cut-off: 25.00%

This 7Y MGS auction saw another strong performance with participation mainly from inter-banks; relative valuation may not be compelling at this juncture but the 7Y sector remains a potential area of interest...

The short tail of a mere 1.0bps was reflective of strong demand and participation mainly from inter-bank participants, GLC's and asset management companies. The yield offered at 3.656% is ~58bps sharply lower than its last equivalent auction which averaged 4.232% in September 2022. **Although this bond may be positive from a term premium perspective, we are however neutral in terms of relative value** when compared to the 7Y Islamic benchmark equivalent GII 7/29 which was last done at 3.77% levels (Note: the historical annualized mean spreads between the generic Islamic and conventional 7Y benchmarks and actual benchmarks unadjusted for duration are between 4-6bps. Up next is the new issuance of 20Y GII 8/43 with our projected gross issuance size of RM5.0b.

MGS/GII issuance pipeline in 2023														
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	10-yr reopening of MGII (Mat on 10/32)	10	Jan	Q1	6/1/2022	4,500	4,500		4,500	2.093	4.109	4.135	4.147	58.3%
2	15-yr Reopening of MGS (Mat on 6/38)	15	Jan	Q1	13/1/2022	4,500	3,000	2,500	10,000	2.825	4.110	4.151	4.160	73.3%
3	5.5-yr New Issue of MGII (Mat on 07/28)	5	Jan	Q1	27/1/2022	5,000	5,000		15,000	3.395	3.580	3.599	3.610	80.8%
4	7-yr Reopening of MGS (Mat on 04/30)	7	Feb	Q1	3/2/2022	4,500	5,000		20,000	2.460	3.610	3.656	3.660	25.0%
5	20.5-yr New Issue of MGII (Mat on 08/43)	20	Feb	Q1		5,000								
6	3-yr Reopening of MGS (Mat on 07/26)	3	Feb	Q1		4,500								
7	15-yr Reopening of MGII 03/38	15	Feb	Q1		5,000								
8	10-yr Reopening of MGS 07/32	10	Mar	Q1		4,500								
9	7-yr Reopening of MGII 09/30	7	Mar	Q1		4,500								
10	30-yr New Issue of MGS 03/53	30	Mar	Q1		5,000								
11	10-yr Reopening of MGII (Mat on 10/32)	10	Apr	Q2		4,500								
12	5-yr New Issue of MGS (Mat on 04/28)	5	Apr	Q2		5,000								
13	30-yr Reopening of MGII 05/52	30	Apr	Q2		4,500								
14	7-yr Reopening of MGS (Mat on 04/30)	7	May	Q2		4,500								
15	20-yr Reopening of MGII (Mat on 08/43)	20	May	Q2		5,000								
16	15-yr Reopening of MGS (Mat on 06/38)	15	May	Q2		4,500								
17	3-yr Reopening of MGII 09/26	3	Jun	Q2		4,500								
18	20-yr Reopening of MGS 10/42	20	Jun	Q2		4,500								
19	5-yr Reopening of MGII 07/28	5	Jun	Q2		5,000								
20	10-yr Reopening of MGS 11/33	10	Jul	Q2		4,500								
21	7-yr Reopening of MGII (Mat on 07/30)	7	Jul	Q3		4,500								
22	3-yr Reopening of MGS (Mat on 07/26)	3	Jul	Q3		4,500								
23	30-yr Reopening of MGII 05/52	30	Aug	Q3		4,500								
24	5-yr Reopening of MGS 04/28	5	Aug	Q3		5,000								
25	20-yr Reopening of MGII 08/43	20	Aug	Q3		5,000								
26	15-yr Reopening of MGS 06/38	15	Aug	Q3		4,500								
27	3-yr Reopening of MGII 09/26	3	Sep	Q3		4,500								
28	30-yr Reopening of MGS (Mat on 03/53)	30	Sep	Q3		5,000								
29	5-yr Reopening of MGII (Mat on 07/28)	5	Sep	Q3		5,000								
30	20-yr Reopening of MGS 10/42	20	Oct	Q4		4,500								
22	10-yr Reopening of MGII (Mat on 08/33)	10	Oct	Q4		4,500								
22	7-yr Reopening of MGS (Mat on 04/30)	7	Oct	Q4		5,000								
33	30-yr Reopening of MGII 05/52	30	Nov	Q4		4,500								
34	5-yr Reopening of MGS 04/28	5	Nov	Q4		5,000								
35	7-yr Reopening of MGII (Mat on 09/30)	7	Nov	Q4		4,500								
36	3-yr Reopening of GII (Mat on 09/26)	3	Dec	Q4		4,000								
37	10-yr Reopening of MGS 11/33	10	Dec	Q4		4,000								
Gross MGS/GII supply in 2023						172,000	17,500	2,500	20,000	PROJECTED TOTAL ISSUANCE SIZE = 172,000,000				

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1223/1

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

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