

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 5-year MGS 4/28 prints BTC of 2.74x

Post-announcement, WI opened at 3.65/3.60% and narrowed to 3.63/59% on opening day. There were ~RM200m circa worth of WI trades done in total, between 3.61-3.59%; with last trade taken at 3.59%. This auction saw very decent demand with bids totaling RM13.68b, resulting in a BTC ratio of 2.736x, which was commendably higher than its previous re-opening in August with a BTC ratio of 1.718x). The total offering of RM5.0b was a **touch lower than our revised forecast**. Summary of tender results are as follows:

Bid to Cover: 2.736x

High: 3.595%

Average: 3.592%

Low: 3.582%

Cut-off: 21.27%

This penultimate auction for the year, of the 5Y MGS, registered solid bidding metrics as investors were bullish bonds on expectations that the Fed is at the end of its hiking cycle, with the outstanding issuance for the bond now rising to RM15b...

The short tail of 0.3bps was reflective of strong demand metrics with interest noted from inter-bank participants, insurance companies and offshore entities. The yield offered at 3.592% is 5.5bps lower compared to its last recent equivalent auction which notched an average 3.647% in August. Post the auction, the bond immediately was taken, resulting in it coming in by a couple of basis points to trade at around the 3.56% level. **We are of the view that the bond is now trading at a fair value from a term premium perspective, with the spread between 3y and 5y MGS now sitting at about 10bps, which is 2bps tighter than its average spread this year.** Up next is the re-opening of 10Y MGS 11/33 with a projected issuance size of RM5.5b.

| 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 | 6/1/2023 | 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 | 13/1/2023 | 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 | 27/1/2023 | 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 | 3/2/2023 | 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 | 13/2/2023 | 5,000 | 2,500 | 2,500 | 25,000 | 2.662 | 4.257 | 4.291 | 4.308 | 87.5% |
| 6 | 3-yr Reopening of MGS (Mat on 07/26) | 3 | Feb | Q1 | 20/2/2023 | 4,500 | 5,500 | | 30,500 | 1.691 | 3.438 | 3.458 | 3.472 | 10.0% |
| 7 | 15-yr Reopening of MGII 03/38 | 15 | Feb | Q1 | 27/2/2023 | 5,000 | 3,000 | 2,500 | 36,000 | 1.986 | 4.160 | 4.177 | 4.188 | 27.8% |
| 8 | 10-yr Reopening of MGS 07/32 | 10 | Mar | Q1 | 3/3/2023 | 4,500 | 4,500 | | 40,500 | 1.670 | 4.035 | 4.066 | 4.089 | 28.3% |
| 9 | 7-yr Reopening of MGII 9/30 | 7 | Mar | Q1 | 14/3/2023 | 4,500 | 5,000 | | 45,500 | 1.586 | 3.760 | 3.792 | 3.814 | 100.0% |
| 10 | 30-yr New Issue of MGS 03/53 | 30 | Mar | Q1 | 30/3/2023 | 5,000 | 2,500 | 2,500 | 50,500 | 1.970 | 4.370 | 4.457 | 4.489 | 65.5% |
| 11 | 10-yr Reopening of MGII (Mat on 10/32) | 10 | Apr | Q2 | 7/4/2023 | 4,500 | 4,500 | | 55,000 | 2.367 | 3.922 | 3.936 | 3.948 | 15.0% |
| 12 | 5-yr New Issue of MGS (Mat on 04/28) | 5 | Apr | Q2 | 19/4/2023 | 5,000 | 5,000 | | 60,000 | 2.434 | 3.500 | 3.519 | 3.528 | 72.4% |
| 13 | 30-yr Reopening of MGII 05/52 | 30 | Apr | Q2 | 26/4/2023 | 4,500 | 2,500 | 2,500 | 65,000 | 2.153 | 4.270 | 4.294 | 4.308 | 51.8% |
| 14 | 7-yr Reopening of MGS (Mat on 04/30) | 7 | May | Q2 | 11/5/2023 | 4,500 | 5,000 | | 70,000 | 2.183 | 3.590 | 3.604 | 3.615 | 81.7% |
| 15 | 20-yr Reopening of MGII (Mat on 08/43) | 20 | May | Q2 | 23/5/2023 | 5,000 | 3,000 | 2,500 | 75,500 | 1.747 | 4.155 | 4.182 | 4.207 | 28.0% |
| 16 | 15-yr Reopening of MGS (Mat on 06/38) | 15 | May | Q2 | 30/5/2023 | 4,500 | 3,000 | 1,500 | 80,000 | 2.201 | 3.990 | 4.023 | 4.033 | 48.4% |
| 17 | 3-yr Reopening of MGII 09/26 | 3 | Jun | Q2 | 7/6/2023 | 4,500 | 4,500 | | 84,500 | 1.759 | 3.420 | 3.435 | 3.447 | 15.6% |
| 18 | 20-yr Reopening of MGS 10/42 | 20 | Jun | Q2 | 21/6/2023 | 4,500 | 3,000 | 2,500 | 90,000 | 1.877 | 4.168 | 4.195 | 4.208 | 11.8% |
| 19 | 5-yr Reopening of MGII 07/28 | 5 | Jun | Q2 | 28/6/2023 | 5,000 | 5,500 | | 95,500 | 1.813 | 3.657 | 3.677 | 3.691 | 100.0% |
| 20 | 10-yr Reopening of MGS 11/33 | 10 | Jul | Q2 | 13/7/2023 | 4,500 | 5,500 | | 101,000 | 2.641 | 3.830 | 3.860 | 3.868 | 50.3% |
| 21 | 7-yr Reopening of MGII (Mat on 9/30) | 7 | Jul | Q3 | 20/7/2023 | 4,500 | 5,000 | | 106,000 | 2.295 | 3.760 | 3.788 | 3.798 | 65.0% |
| 22 | 3-yr Reopening of MGS (Mat on 07/26) | 3 | Jul | Q3 | 30/7/2023 | 4,500 | 4,500 | | 110,500 | 1.908 | 3.455 | 3.483 | 3.498 | 75.9% |
| 23 | 30-yr Reopening of MGII 05/52 | 30 | Aug | Q3 | 7/8/2023 | 4,500 | 3,000 | 2,000 | 115,500 | 2.557 | 4.318 | 4.362 | 4.378 | 61.5% |
| 24 | 5-yr Reopening of MGS 04/28 | 5 | Aug | Q3 | 14/8/2023 | 5,000 | 5,000 | | 120,500 | 1.718 | 3.630 | 3.647 | 3.662 | 41.7% |
| 25 | 20-yr Reopening of MGII 08/43 | 20 | Aug | Q3 | 22/8/2023 | 5,000 | 3,000 | 2,000 | 125,500 | 1.992 | 4.240 | 4.285 | 4.301 | 62.5% |
| 26 | 15-yr Reopening of MGS 06/38 | 15 | Aug | Q3 | 29/8/2023 | 4,500 | 3,000 | 1,000 | 129,500 | 2.118 | 4.030 | 4.049 | 4.062 | 20.0% |
| 27 | 3-yr Reopening of MGII 09/26 | 3 | Sep | Q3 | 12/9/2023 | 4,500 | 4,500 | | 134,000 | 2.167 | 3.528 | 3.539 | 3.546 | 40.3% |
| 28 | 30-yr Reopening of MGS (Mat on 03/53) | 30 | Sep | Q3 | 21/9/2023 | 5,000 | 3,500 | 1,500 | 139,000 | 1.897 | 4.415 | 4.454 | 4.475 | 100.0% |
| 29 | 5-yr Reopening of MGII (Mat on 07/28) | 5 | Sep | Q3 | 27/9/2023 | 5,000 | 5,000 | | 144,000 | 1.954 | 3.795 | 3.808 | 3.820 | 15.4% |
| 30 | 20-yr Reopening of MGS 10/42 | 20 | Oct | Q4 | 5/10/2023 | 4,500 | 3,500 | 2,000 | 149,500 | 1.772 | 4.455 | 4.487 | 4.521 | 50.0% |
| 22 | 10-yr Reopening of MGII (Mat on 08/33) | 10 | Oct | Q4 | 12/10/2023 | 4,500 | 5,500 | | 155,000 | 2.733 | 4.085 | 4.093 | 4.099 | 56.3% |
| 22 | 7-yr Reopening of MGS (Mat on 04/30) | 7 | Oct | Q4 | 23/10/2023 | 5,000 | 5,000 | | 160,000 | 1.356 | 4.090 | 4.134 | 4.188 | 17.0% |
| 33 | 30-yr Reopening of MGII 05/52 | 30 | Nov | Q4 | 7/11/2023 | 5,000 | 3,000 | 2,000 | 165,000 | 2.076 | 4.455 | 4.484 | 4.497 | 37.8% |
| 34 | 3-yr Reopening of GII (Mat on 09/26) | 3 | Nov | Q4 | 14/11/2023 | 5,500 | 5,000 | | 170,000 | 1.508 | 3.580 | 3.622 | 3.650 | 18.8% |
| 35 | 7-yr Reopening of MGII (Mat on 09/30) | 7 | Nov | Q4 | 30/11/2023 | 5,000 | 5,000 | | 175,000 | 3.304 | 3.880 | 3.897 | 3.908 | 45.0% |
| 36 | 5-yr Reopening of MGS 04/28 | 5 | Dec | Q4 | 6/12/2023 | 5,500 | 5,000 | | 180,000 | 2.736 | 3.582 | 3.592 | 3.595 | 21.3% |
| 37 | 10-yr Reopening of MGS 11/33 | 10 | Dec | Q4 | | 5,500 | | | | | | | | |
| Gross MGS/GII supply in 2023 | | | | | | | 150,500 | 29,500 | 175,000 | | REVISED PROJECTED TOTAL ISSUANCE = RM184-189b | | | |

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