

Global Markets Research

Fixed Income : Auction Calendar

**Re-issue of 15-year MGS 6/38 prints BTC of 2.825x**

Post-announcement, WI opened wide at 4.30/4.15% and subsequently tightened and transacted between 4.17-15% levels in RM30m-type amounts. Eventually bid/offer spreads narrowed with WI settling at 4.16/13% prior to closing. This 2<sup>nd</sup> auction for 2023 saw total submission of bids @ RM8.48b; resulting in a BTC ratio of 2.825x and much stronger than its earlier equivalent auction recently in October (total bids of RM5.61b and a BTC ratio of 2.244x). The total offering consisting of RM5.5b (auction 3.0b +private placement RM2.5b) was higher than our forecast. Summary of tender results were:

Bid to Cover: 2.825x  
 High: 4.16%  
 Average: 4.151%  
 Low: 4.11%  
 Cut-off: 73.33%

***This 15Y MGS auction saw strong participation i.e.; mainly local institutions in search of yield-carry, despite the sharply lower spread currently versus mean spread of ~220bps against OPR...***

The short tail of a mere 0.9bps was reflective of solid demand and participation; mainly from pension funds, GLC's and insurance companies. The yield offered for this reissued bond at 4.151% is ~10bps lower than its last equivalent auction which averaged 4.249% in August 2022. **We are neutral from both term premium perspective and deem this benchmark to be fairly valued at this juncture;** when compared to the 15Y Islamic benchmark equivalent GII 3/38 which was last done at 4.19% levels (Note: the historical annualized mean spreads between the generic Islamic and conventional 15Y benchmarks along with actual benchmarks unadjusted for duration are between 1-5bps).

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		5,000								
4	7-yr Reopening of MGS (Mat on 04/30)	7	Feb	Q1		4,500								
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	7,500	2,500	10,000	PROJECTED TOTAL ISSUANCE SIZE = 172,000,000				

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