

Global Markets Research
Fixed Income : Auction Calendar
New issuance of 20-year GII 8/43 prints BTC of 2.662x

Post-announcement, WI opened on the 2nd day with a 4.35% bid and subsequently quoted @ 4.35/27% levels. Subsequently, it moved lower before transacting at 4.27% before closing at 4.30/25% levels on Day 3. This auction saw lowest YTD total submission of bids at RM6.66b but resulted in a strong BTC ratio of 2.662x (slightly lower than its earlier equivalent auction in August last year with total bids of mere RM8.23b with a BTC ratio of 2.742x). The total offering consisting of RM5.0b was in line with our forecast. Summary of tender results were:

Bid to Cover: 2.662x

High: 4.308%

Average: 4.291%

Low: 4.257%

Cut-off: 87.50%

This 20Y GII auction saw another strong performance with participation mainly from pension funds, and Lifers; relative valuation and term structure may not be compelling at this juncture...

The short tail of 1.7bps was reflective of strong demand mainly from pension funds, insurance companies and some asset management companies. The yield offered at 4.291% is ~12bps lower than its last equivalent auction which averaged 4.410% in August 2022. **We are NEUTRAL on this bond from both term premium structure and relative value perspective at this juncture** as our comparison to the 20Y conventional benchmark equivalent MGS 10/42 which was last done at 4.17% levels reveals negligible discount (Note: the historical annualized mean spreads between the generic Islamic and conventional 20Y benchmarks and actual benchmarks unadjusted for duration are between 4-6bps). Up next is the new issuance of 3Y MGS 7/26 with our projected gross issuance

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	13/2/2022	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		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	20,000	5,000	25,000	PROJECTED TOTAL ISSUANCE SIZE = 172,000,000				

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