

## Global Markets Research

### Fixed Income : Auction Calendar

#### Re-opening of 10-year MGS 11/33 prints BTC of 2.206x

Post-announcement, WI opened at 3.82/3.75% and moved lower with bid/offer quote narrowing gradually following the rally in UST's following the dovish pivot seen from the conclusion of FOMC meeting. There were ~RM100m circa worth of WI trades done all-in-all, between 3.77-3.70% before closing at 3.71/3.69%. This auction saw decent submission of bids YTD totaling RM11.03b, resulting in a BTC ratio of 2.206x, which is nevertheless way lower than its previous equivalent re-opening in July with a BTC ratio of 2.641x. The total offering of RM5.0b was **slightly lower than our earlier revised forecast**. Summary of tender results are as follows:

Bid to Cover: 2.206x

High: 3.73%

Average: 3.713%

Low: 3.68%

Cut-off: 42.00%

***This 10Y MGS auction registered average bidding metrics as investors who were bullish bonds following the just-concluded FOMC meeting engaged in profit-taking activities. However, preference and liquidity for the 10Y space may re-ignite demand...***

The longer-than-expected tail of 2.7bps was reflective of average demand metrics with interest from inter-bank participants, insurance companies and GLC's. The yield offered at 3.713% is ~ 15bps lower compared to its last recent equivalent auction which notched an average 3.86% in July. **We opine that the bond is trading at a fair value, taking note of the historical annualized mean spreads of 4-6bps between both generic and actual Islamic and conventional 10Y benchmarks** (Note: the 10Y Islamic benchmark equivalent GII 8/33 was last done at 3.757%). **From a term premium perspective, the 10Y sector looks rich along the curve despite sufficient liquidity.** This concludes the entire auction calendar offering totaling RM185.0bn for 2023, with next year's schedule expected out next week.

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 re-opening 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	14/12/2023	5,500	5,000		185,000	2.206	3.680	3.713	3.730	42.0%	
Gross MGS/GII supply in 2023							155,500	29,500	180,000	REVISED PROJECTED TOTAL ISSUANCE = RM184-189b					

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