

## Global Markets Research

## Fixed Income : Auction Calendar

**Re-opening of 15-year MGS 6/38 prints BTC of 2.201x**

Post-announcement, WI opened at 4.09/4.04% and subsequently slipped lower to 4.05/4.00%. Total trades circa RM90m were printed between @ 4.03% and 4.025% levels; before closing levels, which were quoted tight at 4.03/02%. This auction saw total submission of bids at a RM6.603b, resulting in a BTC ratio of 2.201x when compared to its earlier re-opening in January with a BTC ratio 2.825x). The total offering consisting of RM4.5b was in line as per our forecast. Summary of tender results were:

Bid to Cover: 2.201x

High: 4.033%

Average: 4.023%

Low: 3.990%

Cut-off: 48.37%

***This 15Y MGS auction saw strong demand from lifers and pension funds; relative value may be absent at this juncture but we opine that the 15Y sector remains slightly undervalued...***

The mere tail of a mere 1.0bps reflected strong bidding metrics with demand mainly from insurance companies and pension funds. The yield offered at 4.023% is ~13bps lower compared to its last equivalent auction which notched an average 4.151% recently in January. **Although reflecting fair value at present, one must take cognizance of the fact that the historical annualized mean spreads between the generic Islamic and conventional 15Y benchmarks unadjusted for duration is 4-5bps** (Note: the 15Y Islamic benchmark equivalent GII 3/38 was last done at 4.01% levels). **From a term premium perspective however, we remain positive on 15Y MGS/GII tenures.** Up next is the re-opening of 3Y GII 9/26 with a projected issuance size of RM4.5b.

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 09/30	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	<b>15-yr Reopening of MGS (Mat on 06/38)</b>	<b>15</b>	<b>May</b>	<b>Q2</b>	<b>30/5/2023</b>	<b>4,500</b>	<b>3,000</b>	<b>1,500</b>	<b>80,000</b>	<b>2.201</b>	<b>3.990</b>	<b>4.023</b>	<b>4.033</b>	<b>48.4%</b>
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								
31	10-yr Reopening of MGII (Mat on 08/33)	10	Oct	Q4		4,500								
32	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	63,500	16,500	80,000	PROJECTED TOTAL ISSUANCE SIZE = 168-172b				

**Hong Leong Bank Berhad**

Fixed Income &amp; 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](mailto:HLMarkets@hlbb.hongleong.com.my)

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