

Global Markets Research

Fixed Income : Auction Calendar

**Re-opening of 10-year GII 8/33 prints BTC of 2.445x**

Post-announcement, WI opened at 3.88/3.80% and drifted higher with bid/offer quote narrowing gradually 3.89-84%. Subsequently, there was a total ~RM80m circa worth of WI trades done all-in-all, between 3.88-3.87% before closing at 3.90/3.88%. This auction saw decent submission of bids totaling RM12.23b, resulting in a BTC ratio of 2.445x, which is nevertheless way lower than its previous equivalent re-opening last October with a BTC ratio of 2.733x. The total offering of RM5.0b for this inaugural opening was **in line with our projection**. Summary of tender results are as follows:

Bid to Cover: 2.445x  
 High: 3.92%  
 Average: 3.908%  
 Low: 3.88%  
 Cut-off: 83.33%

***This 10Y GII auction registered solid bidding metrics as investors preferred the liquid 10Y sector and were overall bullish bonds despite the latest slight setback due to decent US economic data. Comparative levels, term premium and liquidity however are deemed fair at this juncture....***

The average tail of 1.2bps was less reflective of the strong demand metrics with interest from diverse participants that included inter-bank players, lifers and GLC's. The yield offered at 3.908% is ~ 18bps lower compared to its last recent equivalent auction which notched an average 4.093% 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 conventional benchmark equivalent GII 8/33 was last done at 3.866%). **From a term premium perspective, the 10Y sector looks fairly valued at this juncture against the backdrop of decent liquidity.** Up next is the reopening of 30Y MGS 3/53 reopening with a projected issuance of RM5.0b.

MGS/GII issuance pipeline in 2024														
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 8/33	10	Jan	Q1	5/1/2023	5,000	5,000		5,000	2.445	3.880	3.908	3.920	83.3%
2	30-yr Reopening of MGS 3/53	30	Jan	Q1		5,000								
3	5-yr Reopening of MGII 7/28	5	Jan	Q1		4,500								
4	7-yr Reopening of MGS 4/31	7	Feb	Q1		4,500								
5	20-yr Reopening of MGII 8/43	20	Feb	Q1		5,000								
6	3-yr Reopening of MGS 5/27	3	Feb	Q1		4,500								
7	15-yr Reopening of MGII 9/39	15	Mar	Q1		5,000								
8	10-yr Reopening of MGS 11/33	10	Mar	Q1		4,500								
9	30-yr New Issue of MGII (Mat on 3/54)	30	Mar	Q1		5,000								
10	5-yr Reopening of MGS 8/29	5	Apr	Q1		5,000								
11	7.5-yr New Issue of MGII (Mat on 10/31)	7	Apr	Q2		5,000								
12	15-yr New Issue of MGS (Mat on 4/39)	15	Apr	Q2		5,000								
13	3-yr Reopening of MGII 9/26	3	Apr	Q2		5,000								
14	20-yr New Issue of MGS (Mat on 05/44)	20	May	Q2		5,500								
15	15-yr Reopening of MGII 9/39	15	May	Q2		5,000								
16	7-yr Reopening of MGS 4/31	7	May	Q2		5,000								
17	20-yr Reopening of MGII 8/43	20	Jun	Q2		5,000								
18	3-yr Reopening of MGS 5/27	3	Jun	Q2		4,500								
19	30-yr Reopening of MGII 3/54	30	Jun	Q2		5,000								
20	5-yr Reopening of MGS 8/29	5	Jul	Q2		4,500								
21	10-yr Reopening of MGII 11/34	10	Jul	Q3		4,500								
22	15-yr Reopening of MGS 4/39	15	Jul	Q3		5,000								
23	7-yr Reopening of MGII 10/31	7	Aug	Q3		5,000								
24	30-yr Reopening of MGS 3/53	30	Aug	Q3		5,000								
25	5-yr Reopening of MGII 7/29	5	Aug	Q3		4,500								
26	10-yr Reopening of MGS 7/34	10	Aug	Q3		5,000								
27	20-yr Reopening of MGII 8/43	20	Sep	Q3		4,500								
28	7-yr Reopening of MGS 4/31	7	Sep	Q3		4,500								
29	30-yr Reopening of MGII 3/54	30	Sep	Q3		5,000								
30	3-yr Reopening of MGS 5/27	3	Oct	Q4		4,500								
31	10-yr Reopening of MGII 11/34	10	Oct	Q4		4,500								
32	20-yr Reopening of MGS 5/44	20	Oct	Q4		5,000								
33	7-yr Reopening of MGII 10/31	7	Oct	Q4		5,000								
34	15-yr Reopening of MGS 4/39	15	Nov	Q4		5,000								
35	5-yr Reopening of MGII 7/29	5	Nov	Q4		4,500								
36	10-yr Reopening of MGS 7/34	10	Nov	Q4		5,000								
37	3-yr Reopening of GII 9/27	3	Dec	Q4		4,500								
Gross MGS/GII supply in 2024							5,000	-	-	REVISED PROJECTED TOTAL ISSUANCE = RM174-179b				

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