

## Global Markets Research

### Fixed Income : Auction Calendar

#### Re-opening of 3-year MGS 5/27 draws lukewarm BTC of 1.703x

Post the tender announcement, WI opened at 3.50/45%. About RM400m was traded between 3.487% and 3.470%, and it was quoted at 3.488/485% before the auction cut-off. This auction itself saw lukewarm interest, with bids totaling RM8.515b tendered, resulting in a BTC ratio of only 1.703x. The auction itself cleared at an average yield of 3.488%, with quite a long tail of 1.1bps. The total offering of RM5.0b for this reopening sale was in line with the recent issue sizes for 2024 thus far, and slightly ahead of our projection, and brings the total issue size outstanding to RM22b. Summary of the tender results are as follows:

Bid to Cover: 1.703x

High: 3.499%

Average: 3.488%

Low: 3.470%

Cut-off: 85.0%

***This 3Y MGS reopening saw lukewarm demand, with a low BTC of 1.703x. Valuations look fair, but bond could see some performance as it attains benchmark status.***

The long tail of a 1.1bps and weak BTC was reflective of the slightly bearish market sentiments at the moment, with interest seen mainly amongst banks only. The historical mean spread between the generic Islamic and conventional 3Y benchmarks over the last year has been around 0.9bps, so at the current 1.0bps, valuations look fair from a relative perspective. From a term premium perspective, the 3Y sector of the MGS curve looks fairly valued, with the current MGS 3s5s spread at 13.9bps which compares to an average of 13.4bps over the last 12 months. The bond should see some performance as it becomes the new 3yr benchmark. Up next is the reopening of 15Y GII 9/39 next month, with a projected issuance size 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	5/1/2024	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	12/1/2024	5,000	3,000	2,000	10,000	2.990	4.223	4.243	4.250	84.8%	
3	5-yr Reopening of MGII 7/28	5	Jan	Q1	19/1/2024	4,500	5,000		15,000	4.402	3.610	3.620	3.624	51.3%	
4	7-yr Reopening of MGS 4/31	7	Feb	Q1	5/2/2024	4,500	5,000		20,000	2.155	3.760	3.779	3.790	6.9%	
5	20-yr Reopening of MGII 8/43	20	Feb	Q1	14/2/2024	5,000	3,000	2,000	25,000	3.037	4.144	4.163	4.171	60.0%	
6	3-yr Reopening of MGS 5/27	3	Feb	Q1	21/2/2024	4,500	5,000		30,000	1.703	3.470	3.488	3.499	85.0%	
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									
Grand MGS/GII supply in 2024						178,500	26,000	4,000	-	PROJECTED TOTAL ISSUANCE = RM174-179b					

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