

Global Markets Research

Fixed Income : Auction Calendar

**Re-opening of 3-year GII 9/26 draws low BTC of 1.746x**

Post the tender announcement, WI opened at 3.52/49%. RM90m of the WI itself was traded between 3.57-55%, and it was quoted at 3.58/56% before the auction cut-off. This auction itself saw tepid interest, with bids totaling RM8.73b tendered, resulting in a BTC ratio of 1.746x. The auction itself cleared at an average yield of 3.574%, with a long tail of 2.5bps (longest tail of any auction in 2024 thus far). The total offering of RM5.0b for this reopening sale was in line with our projection, and brings the total issue size outstanding to RM29.5b. Summary of the tender results are as follows:

Bid to Cover: 1.746x  
 High: 3.599%  
 Average: 3.574%  
 Low: 3.547%  
 Cut-off: 40.0%

*This 3Y GII reopening saw lukewarm demand, with a low BTC of 1.746x. Valuations look rich from a term premium perspective, but fair vs MGS historically*

The long tail of 2.5bps and low BTC was reflective of the lukewarm demand for the bond, with interest seen mainly from development financial institutions. The historical mean spread between the benchmark 3Y GII 9/26 and the benchmark 3Y MGS 5/27 over the last year has been around -5.9 bps, so at the current -5.6 bps spread, the GII seems fairly valued on a relative basis. From a term premium perspective, the 3Y sector of the GII curve looks on the rich side, with the current GII 3s5s spread at 18.6bps which compares to an average of 15.1bps over the last 12 months. This concludes the funding for the month, and up next in May is the new issuance of a benchmark 20yr MGS, 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	29/2/2024	5,000	3,000	2,000	35,000	2.973	3.972	3.990	3.998	52.3%
8	10-yr Reopening of MGS 11/33	10	Mar	Q1	14/3/2024	4,500	5,000		40,000	2.046	3.830	3.854	3.865	27.1%
9	30-yr New Issue of MGII (Mat on 3/54)	30	Mar	Q1	21/3/2024	5,000	3,000	2,000	45,000	3.187	4.254	4.280	4.286	90.0%
10	5-yr Reopening of MGS 8/29	5	Apr	Q2	29/3/2024	5,000	5,000		50,000	1.797	3.665	3.681	3.690	11.4%
11	7.5-yr New Issue of MGII (Mat on 10/31)	7	Apr	Q2	5/4/2024	5,000	4,500		54,500	3.333	3.780	3.804	3.815	41.3%
12	15-yr New Issue of MGS (Mat on 4/39)	15	Apr	Q2	16/4/2024	5,000	3,000	2,000	59,500	2.159	4.016	4.054	4.069	82.2%
13	3-yr Reopening of MGII 9/26	3	Apr	Q2	25/4/2024	5,000	5,000		64,500	1.746	3.547	3.574	3.599	40.0%
14	20-yr New Issue of MGS (Mat on 05/44)	20	May	Q2		5,000								
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	Q3		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						178,000	54,500	10,000	-	PROJECTED TOTAL ISSUANCE = RM180b				

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