

## Global Markets Research

### Fixed Income : Auction Calendar

#### Re-opening of 15-year GII 9/39 draws decent BTC of 2.973x

Post the tender announcement, WI opened at 4.05/95%. The WI did not register any trading, and it was quoted at 4.00/96% before the auction cut-off. This auction itself saw decent interest, with bids totaling RM8.92b tendered, resulting in a BTC ratio of 2.973x. The auction itself cleared at an average yield of 3.990%, with a short tail of 0.8bps. The total offering of RM5.0b for this reopening sale (inclusive of the RM2.0b that was privately placed) was in line with the recent issue sizes for 2024 thus far, and matched our projection, and brings the total issue size outstanding to RM25.8b. Summary of the tender results are as follows:

Bid to Cover: 2.973x

High: 3.998%

Average: 3.990%

Low: 3.972%

Cut-off: 52.27%

***This 15Y GII reopening saw decent demand, with an encouraging BTC of 2.973x. Valuations look rich, both from a term premium perspective and versus MGS***

The short tail of 0.8bps and decent BTC was reflective of the solid demand for the bond, with interest seen mainly from development financial institutions. The historical mean spread between the generic Islamic and conventional 15Y benchmarks over the last year has been around -0.6 bps, so at the current -1.9bps, valuations look stretched from a relative perspective. From a term premium perspective, the 15Y sector of the GII curve also looks on the rich side, with the current GII 10s15s spread at 12.1bps which compares to an average of 14.0bps over the last 12 months. The bond will become the new 15yr GII benchmark. Up next is the reopening of 10yr MGS 11/33, with a projected issuance size of RM4.5b.

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		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						178,500	29,000	6,000	-	PROJECTED TOTAL ISSUANCE = RM180b				

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