

Global Markets Research

Fixed Income : Auction Calendar

Reopening of 7-year GII 10/31 draws strong BTC of 2.922x

Post the tender announcement, WI opened at 3.39/36%. Slightly more than RM200m of the WI was traded between 3.39% - 3.37%, and it was quoted at 3.37/36% before the auction cut-off. The auction itself saw good interest, with bids totaling RM14.61bn tendered, resulting in a strong BTC of 2.922x. The auction cleared at an average yield of 3.367%, with a short tail of 0.3bps (previous reopening in February cleared at 3.785% with a BTC of 2.867x and a tail of 0.5bps). The total offering of RM5.0bn for this reopening was in line with our expectations, and brings the total issue size of the bond to RM24.5bn. Summary of the tender results are as follows:

Bid to Cover: 2.922x

High: 3.370%

Average: 3.367%

Low: 3.360%

Cut-off: 15.00%

This 7Y GII reopening saw good demand, with a strong BTC of 2.922x; appears fairly valued versus MGS, but rich on a term premium basis

The strong BTC was reflective of good demand for the paper, with interest seen from insurers, banks and asset managers. From a relative premium perspective, the historical mean spread between the generic Islamic and conventional 7Y benchmarks over the last year has been around -0.1bps, which is where it is presently trading too. From a term premium perspective, the current GII 5s7s spread stands at 11.8bps, on the rich side compared to the 14.9bps average seen over the past 12 months. Up next is the new issuance of a new benchmark 30Y MGS maturing in July 2055, with a projected issuance size of RM5.0bn, of which RM2.0bn is expected to be privately placed.

MGS/GII Issuance pipeline in 2025														
No	Stock	Tenure (yrs)	Tender Month	Quarter	Tender Date	Projected Issuance Size (RM mil)	Actual Auction Issuance Size (RM mil)	Actual Private Placement	Total Issuance YTD	BTC (times)	Low	Average	High	Cut-off
1	7-yr Reopening of MGS 07/32	7	Jan	Q1	7/1/2025	4,000	5,000		5,000	2.808	3.791	3.799	3.803	51.7%
2	15.5-yr New Issue of MGII (Mat on 07/40)	15	Jan	Q1	14/1/2025	5,000	3,000	1,000	9,000	4.289	3.960	3.974	3.978	57.9%
3	3-yr Reopening of MGII 07/28	3	Jan	Q1	23/1/2025	4,000	5,500		14,500	2.623	3.549	3.561	3.564	90.6%
4	30-yr Reopening of MGS 03/53	30	Feb	Q1	5/2/2025	4,000	2,500	2,000	19,000	2.360	4.160	4.186	4.191	74.6%
5	7-yr Reopening of MGII 10/31	7	Feb	Q1	12/2/2025	5,000	5,000		24,000	2.867	3.777	3.785	3.790	56.9%
6	20-yr Reopening of MGS 05/44	20	Feb	Q1	20/2/2025	4,000	2,500	2,000	28,500	2.987	4.060	4.068	4.071	45.0%
7	5.5-yr New Issue of MGII (Mat on 08/30)	5	Feb	Q1	27/2/2025	5,000	5,500		34,000	3.165	3.620	3.635	3.639	27.2%
8	15-yr Reopening of MGS 04/39	15	Mar	Q1	7/3/2025	4,000	3,000	1,000	38,000	3.018	3.950	3.956	3.960	6.3%
9	30-yr Reopening of MGII 03/54	30	Mar	Q1	13/3/2025	4,500	3,000	2,000	43,000	3.077	4.164	4.169	4.171	50.0%
10	10-yr Reopening of MGS 07/34	10	Mar	Q1	27/3/2025	4,000	5,000		48,000	1.670	3.750	3.764	3.772	12.5%
11	15-yr Reopening of MGII 07/40	15	Apr	Q2	7/4/2025	4,000	3,000	1,000	52,000	3.362	3.735	3.748	3.754	41.7%
12	3-yr Reopening of MGS 04/28	3	Apr	Q2	14/4/2025	5,000	5,000		57,000	3.177	3.459	3.467	3.473	6.1%
13	10-yr New Issue of MGII (Mat on 04/35)	10	Apr	Q2	29/4/2025	4,500	5,000		62,000	1.995	3.578	3.612	3.625	31.4%
14	5-yr New Issue of MGS (Mat on 05/30)	5	May	Q2	14/5/2025	5,000	5,000		67,000	2.133	3.318	3.336	3.345	91.3%
15	20-yr New Issue of MGII (Mat on 05/45)	20	May	Q2	29/5/2025	4,500	3,000	2,000	72,000	3.318	3.770	3.775	3.780	45.2%
16	15-yr Reopening of MGS 04/39	15	Jun	Q2	9/6/2025	4,000	3,000	1,000	76,000	2.857	3.704	3.712	3.717	68.4%
17	30-yr Reopening of MGII 03/54	30	Jun	Q2	13/6/2025	5,000	3,000	2,000	81,000	3.295	4.000	4.010	4.018	62.0%
18	10-yr New Issue of MGS (Mat on 07/35)	10	Jun	Q2	26/6/2025	5,000	5,000		86,000	3.008	3.463	3.476	3.480	88.3%
19	7-yr Reopening of MGII 10/31	7	Jul	Q3	3/7/2025	5,000	5,000		91,000	2.922	3.360	3.367	3.370	15.0%
20	30-yr New Issue of MGS (Mat on 07/55)	30	Jul	Q3		5,000			91,000					
21	10-yr Reopening of MGII 04/35	10	Jul	Q3		4,000			91,000					
22	20-yr Reopening of MGS 05/44	20	Aug	Q3		4,500			91,000					
23	15-yr Reopening of MGII 07/40	15	Aug	Q3		4,000			91,000					
24	5-yr Reopening of MGS 5/30	5	Aug	Q3		5,000			91,000					
25	20-yr Reopening of MGII 05/45	20	Aug	Q3		4,500			91,000					
26	3-yr Reopening of MGS 04/28	3	Sep	Q3		5,000			91,000					
27	30-yr New Issue of MGII (Mat on 09/55) (H)	30	Sep	Q3		5,000			91,000					
28	15-yr Reopening of MGS 04/39	15	Sep	Q3		4,000			91,000					
29	3-yr Reopening of MGII 07/28	3	Sep	Q3		5,000			91,000					
30	30-yr Reopening of MGS 07/55	30	Oct	Q4		5,000			91,000					
31	5-yr Reopening of MGII 08/30	5	Oct	Q4		5,000			91,000					
32	20-yr Reopening of MGS 05/44	20	Oct	Q4		4,500			91,000					
33	10-yr Reopening of MGII 04/35	10	Nov	Q4		4,000			91,000					
34	7-yr Reopening of MGS 07/32	7	Nov	Q4		5,000			91,000					
35	20-yr Reopening of MGII 05/45	20	Nov	Q4		4,500			91,000					
36	10-yr Reopening of MGS 07/35	10	Dec	Q4		4,000			91,000					
Gross MGS/GII supply in 2025						168,500	77,000	14,000	91,000	PROJECTED TOTAL ISSUANCE = RM168.5bn				

Hong Leong Bank Berhad

Fixed Income & 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

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.