

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 30-year MGS 3/53 draws decent BTC of 2.360x

Post the tender announcement, the WI opened at 4.20/17%. About RM60m of the WI was traded at 4.19%, and it was quoted at 4.19/18% before the auction cut-off. The auction itself saw moderate demand, with bids totaling RM5.90bn tendered, resulting in a BTC ratio of 2.360x. The auction cleared at an average yield of 4.186%, with a short tail of 0.5bps (previous reopening of the bond in August saw it clearing at 4.172%, with a low BTC of 1.952x and long tail of 1.6bps). The total offering of RM4.5bn for this reopening auction (which was inclusive of a private placement of RM2.0bn) was slightly more than our expectations, and bring the total issue size outstanding to RM25.4bn. The only other auction with a private placement so far this year saw a placement of RM1.0bn (15Y GII) so we had expected RM3bn plus RM1bn for this auction in line with the recent issuance trend. Summary of the tender results are as follows:

Bid to Cover: 2.360x

High: 4.191%

Average: 4.186%

Low: 4.160%

Cut-off: 74.62%

This 30Y MGS reopening saw decent demand, with a moderate BTC of 2.360x. Valuations looks fair relative to GII, and slightly attractive from a term premium perspective

The moderate BTC was reflective of the decent demand for longer dated paper, with interest seen mainly from insurers and banks. The historical spread between the Islamic and conventional 30Y benchmarks since the inception of the existing 30Y GII has been flat, so at the current 0.9bp spread, the MGS looks about fairly valued from a relative perspective. From a term premium perspective, the 30Y sector of the MGS curve appears slightly attractive, with the current MGS 20s30s spread at 12.8bps which compares to an average of 11.2bps over the past year. Up next is the reopening auction of the benchmark 7Y GII 10/31 with a projected issuance size of RM5.0bn.

MGS/GII Issuance pipeline in 2025														
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	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	17,000	2.360	4.160	4.186	4.191	74.6%
5	7-yr Reopening of MGII 10/31	7	Feb	Q1		5,000			17,000					
6	20-yr Reopening of MGS 05/44	20	Feb	Q1		4,000			17,000					
7	5.5-yr New Issue of MGII (Mat on 08/30)	5	Feb	Q1		5,000			17,000					
8	15-yr Reopening of MGS 04/39	15	Mar	Q1		4,000			17,000					
9	30-yr Reopening of MGII 03/54	30	Mar	Q1		5,000			17,000					
10	10-yr Reopening of MGS 07/34	10	Mar	Q1		4,500			17,000					
11	15-yr Reopening of MGII 07/40	15	Apr	Q2		4,000			17,000					
12	3-yr Reopening of MGS 04/28	3	Apr	Q2		5,000			17,000					
13	10-yr New Issue of MGII (Mat on 04/35)	10	Apr	Q2		4,500			17,000					
14	5-yr New Issue of MGS (Mat on 05/30)	5	May	Q2		5,000			17,000					
15	20-yr New Issue of MGII (Mat on 05/45)	20	May	Q2		4,000			17,000					
16	15-yr Reopening of MGS 04/39	15	Jun	Q2		4,000			17,000					
17	30-yr Reopening of MGII 03/54	30	Jun	Q2		5,000			17,000					
18	10-yr New Issue of MGS (Mat on 07/35)	10	Jun	Q2		4,500			17,000					
19	7-yr Reopening of MGII 10/31	7	Jul	Q3		5,000			17,000					
20	30-yr New Issue of MGS (Mat on 07/55)	30	Jul	Q3		5,000			17,000					
21	10-yr Reopening of MGII 04/35	10	Jul	Q3		4,500			17,000					
22	20-yr Reopening of MGS 05/44	20	Aug	Q3		4,000			17,000					
23	15-yr Reopening of MGII 07/40	15	Aug	Q3		4,000			17,000					
24	5-yr Reopening of MGS 5/30	5	Aug	Q3		5,000			17,000					
25	20-yr Reopening of MGII 05/45	20	Aug	Q3		4,000			17,000					
26	3-yr Reopening of MGS 04/28	3	Sep	Q3		5,000			17,000					
27	30-yr New Issue of MGII (Mat on 09/55) (H)	30	Sep	Q3		5,000			17,000					
28	15-yr Reopening of MGS 04/39	15	Sep	Q3		4,000			17,000					
29	3-yr Reopening of MGII 07/28	3	Sep	Q3		5,000			17,000					
30	30-yr Reopening of MGS 07/55	30	Oct	Q4		5,000			17,000					
31	5-yr Reopening of MGII 08/30	5	Oct	Q4		5,000			17,000					
32	20-yr Reopening of MGS 05/44	20	Oct	Q4		4,000			17,000					
33	10-yr Reopening of MGII 04/35	10	Nov	Q4		4,000			17,000					
34	7-yr Reopening of MGS 07/32	7	Nov	Q4		5,000			17,000					
35	20-yr Reopening of MGII 05/45	20	Nov	Q4		4,000			17,000					
36	10-yr Reopening of MGS 07/35	10	Dec	Q4		4,000			17,000					
Gross MGS/GII supply in 2025						164,000	16,000	3,000	17,000	PROJECTED TOTAL ISSUANCE = RM164bn				

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