

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 3-year MGS 4/28 draws strong BTC of 3.177x

Post the tender announcement, WI opened at 3.47/42%. The WI was not traded, and it was quoted at 3.47/46% before the auction cut-off. This auction saw solid interest, with bids totaling RM15.88b tendered, resulting in a strong BTC ratio of 3.177x. The auction itself cleared at an average yield of 3.467%, with a tail of 0.6bps (the previous reopening of the old benchmark 3Y MGS 5/27 in Oct saw it clearing at 3.426%, with a long tail of 1.4bps and a weak BTC of 1.606x). The total offering of RM5.0bn for this reopening sale was in line with our projections and brings the total issue size outstanding to RM20.0bn. Summary of the tender results:

Bid to Cover: 3.177x

High: 3.473%

Average: 3.467%

Low: 3.459%

Cut-off: 6.12%

This 3Y MGS reopening saw solid demand, with a strong BTC of 3.177x. Valuations look fair on a relative value angle versus GII, but a little cheap from a term premium perspective

The strong BTC was reflective of the robust demand for the bond, with interest seen from banks and asset managers mostly. The historical mean spread between the GII 7/28 (current Islamic 3Y benchmark) and the MGS 4/28 over the last year has been around 2.2bps, so at the current 1.9bps, the MGS appears fairly valued from a relative perspective. From a term premium perspective, the 3Y sector of the MGS curve looks to be slightly on the cheap side, with the current spread between the MGS 4/28 and the MGS 8/29 (the current 5y benchmark MGS) at 5.0bps which compares to an average of 6.5bps over the last 12 months. Up next is the new issuance of a new 10Y benchmark GII (maturing on 4/35), with a projected issuance size of RM4.5bn.

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	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		4,500			57,000					
14	5-yr New Issue of MGS (Mat on 05/30)	5	May	Q2		5,000			57,000					
15	20-yr New Issue of MGII (Mat on 05/45)	20	May	Q2		4,500			57,000					
16	15-yr Reopening of MGS 04/39	15	Jun	Q2		4,000			57,000					
17	30-yr Reopening of MGII 03/54	30	Jun	Q2		4,500			57,000					
18	10-yr New Issue of MGS (Mat on 07/35)	10	Jun	Q2		4,500			57,000					
19	7-yr Reopening of MGII 10/31	7	Jul	Q3		5,000			57,000					
20	30-yr New Issue of MGS (Mat on 07/55)	30	Jul	Q3		4,500			57,000					
21	10-yr Reopening of MGII 04/35	10	Jul	Q3		4,000			57,000					
22	20-yr Reopening of MGS 05/44	20	Aug	Q3		4,500			57,000					
23	15-yr Reopening of MGII 07/40	15	Aug	Q3		4,000			57,000					
24	5-yr Reopening of MGS 5/30	5	Aug	Q3		5,000			57,000					
25	20-yr Reopening of MGII 05/45	20	Aug	Q3		4,500			57,000					
26	3-yr Reopening of MGS 04/28	3	Sep	Q3		5,000			57,000					
27	30-yr New Issue of MGII (Mat on 09/55)	30	Sep	Q3		4,500			57,000					
28	15-yr Reopening of MGS 04/39	15	Sep	Q3		4,000			57,000					
29	3-yr Reopening of MGII 07/28	3	Sep	Q3		5,000			57,000					
30	30-yr Reopening of MGS 07/55	30	Oct	Q4		4,500			57,000					
31	5-yr Reopening of MGII 08/30	5	Oct	Q4		5,000			57,000					
32	20-yr Reopening of MGS 05/44	20	Oct	Q4		4,500			57,000					
33	10-yr Reopening of MGII 04/35	10	Nov	Q4		4,000			57,000					
34	7-yr Reopening of MGS 07/32	7	Nov	Q4		5,000			57,000					
35	20-yr Reopening of MGII 05/45	20	Nov	Q4		4,500			57,000					
36	10-yr Reopening of MGS 07/35	10	Dec	Q4		4,000			57,000					
Gross MGS/GII supply in 2025						164,000	48,000	9,000	57,000	PROJECTED TOTAL ISSUANCE = RM164bn				

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