

Global Markets Research

Fixed Income : Auction Calendar

Re-opening of 3-year GII 7/28 draws decent BTC of 2.623x

Post the tender announcement, WI opened at 3.55/54%. Around RM1bn of the WI was traded between 3.563-545%, and it was quoted at 3.564/563% before the auction cut-off. This auction itself saw good interest, with bids totaling RM14.43b tendered, resulting in a BTC ratio of 2.623x. The auction itself cleared at an average yield of 3.561%, with a short tail of 0.3bps (previous benchmark 3Y GII 9/26 reopening in April last year cleared at 3.574% with a long tail of 2.5bps and a BTC of 1.746x). The total offering of RM5.5b for this reopening sale was more than our projection, and brings the total issue size outstanding to RM26.0bn. Summary of the tender results are as follows:

Bid to Cover: 2.623x

High: 3.564%

Average: 3.561%

Low: 3.549%

Cut-off: 90.61%

This 3Y GII reopening saw good demand, with a decent BTC of 2.623x. Valuations look stretched from a term premium perspective, and versus MGS historically

The short tail of 0.3bps and decent BTC was reflective of the good demand for the bond, with interest seen mainly from insurers, banks and asset managers. The historical mean spread between the GII 7/28 and benchmark 3Y MGS 5/27 over the last year has been around 10.7bps, so at the current 8.9bps spread, the GII seems a tad rich on a relative basis. From a term premium perspective, the 3Y sector of the GII curve appears on the expensive side, with the current GII 3s5s spread at 8.8bps versus an average of 5.1bps over the last 12 months. Up next in February is the reopening auction of the benchmark 30Y MGS, with a projected issuance size of RM4.0bn, looking at the issuance trend this year thus far, with smaller issuances seen for longer dated bonds with private placements.

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		5,000			14,500					
5	7-yr Reopening of MGII 10/31	7	Feb	Q1		4,000			14,500					
6	20-yr Reopening of MGS 05/44	20	Feb	Q1		5,000			14,500					
7	5.5-yr New Issue of MGII (Mat on 08/30)	5	Feb	Q1		4,500			14,500					
8	15-yr Reopening of MGS 04/39	15	Mar	Q1		5,000			14,500					
9	30-yr Reopening of MGII 03/54	30	Mar	Q1		5,000			14,500					
10	10-yr Reopening of MGS 07/34	10	Mar	Q1		4,000			14,500					
11	15-yr Reopening of MGII 07/40	15	Apr	Q2		5,000			14,500					
12	3-yr Reopening of MGS 04/28	3	Apr	Q2		4,000			14,500					
13	10-yr New Issue of MGII (Mat on 04/35)	10	Apr	Q2		4,500			14,500					
14	5-yr New Issue of MGS (Mat on 05/30)	5	May	Q2		4,500			14,500					
15	20-yr New Issue of MGII (Mat on 05/45)	20	May	Q2		5,000			14,500					
16	15-yr Reopening of MGS 04/39	15	Jun	Q2		5,000			14,500					
17	30-yr Reopening of MGII 03/54	30	Jun	Q2		5,000			14,500					
18	10-yr New Issue of MGS (Mat on 07/35)	10	Jun	Q2		4,500			14,500					
19	7-yr Reopening of MGII 10/31	7	Jul	Q3		4,000			14,500					
20	30-yr New Issue of MGS (Mat on 07/55)	30	Jul	Q3		5,000			14,500					
21	10-yr Reopening of MGII 04/35	10	Jul	Q3		4,000			14,500					
22	20-yr Reopening of MGS 05/44	20	Aug	Q3		5,000			14,500					
23	15-yr Reopening of MGII 07/40	15	Aug	Q3		5,000			14,500					
24	5-yr Reopening of MGS 5/30	5	Aug	Q3		4,000			14,500					
25	20-yr Reopening of MGII 05/45	20	Aug	Q3		5,000			14,500					
26	3-yr Reopening of MGS 04/28	3	Sep	Q3		4,000			14,500					
27	30-yr New Issue of MGII (Mat on 09/55) (t	30	Sep	Q3		5,000			14,500					
28	15-yr Reopening of MGS 04/39	15	Sep	Q3		5,000			14,500					
29	3-yr Reopening of MGII 07/28	3	Sep	Q3		4,000			14,500					
30	30-yr Reopening of MGS 07/55	30	Oct	Q4		5,000			14,500					
31	5-yr Reopening of MGII 08/30	5	Oct	Q4		4,000			14,500					
32	20-yr Reopening of MGS 05/44	20	Oct	Q4		5,000			14,500					
33	10-yr Reopening of MGII 04/35	10	Nov	Q4		4,000			14,500					
34	7-yr Reopening of MGS 07/32	7	Nov	Q4		4,000			14,500					
35	20-yr Reopening of MGII 05/45	20	Nov	Q4		5,000			14,500					
36	10-yr Reopening of MGS 07/35	10	Dec	Q4		4,000			14,500					
Gross MGS/GII supply in 2025						164,000	13,500	1,000	14,500	PROJECTED TOTAL ISSUANCE = RM164bn				

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