

Global Markets Research

Fixed Income : Auction Calendar

New Issuance of 10-year MGS 7/35 draws strong BTC of 3.008x

Post the tender announcement, WI opened at 3.57/52%. The WI was not traded at all, and it was quoted at 3.49/47% prior to the auction cut-off. This auction saw solid interest, with bids totaling RM15.04bn tendered, resulting in a strong BTC ratio of 3.008x, and cleared at an average yield of 3.476% with a short tail of 0.4bps (the previous 10Y MGS reopening in March cleared at 3.764% with a BTC of 1.670x and a tail of 0.8bps). The total offering of RM5.0bn for this new issuance was in line with what we were expecting, with the new bond replacing MGS 7/34 as the 10Y MGS benchmark. Summary of the tender results are as follows:

Bid to Cover: 3.008x

High: 3.480%

Average: 3.476%

Low: 3.463%

Cut-off: 88.3%

This 10Y MGS new issuance saw solid demand, with a strong BTC of 3.008x. Valuations look marginally attractive relative to GIIs, and cheap from a term premium perspective

The auction was solid, drawing a strong BTC of 3.008x, with interest seen from a wide variety of participants, including banks, fund management houses, institutional investors and the insurance community. The historical mean spread between the generic Islamic and conventional 10Y benchmarks over the past 12 months has been around 1.2bps, so at the current valuation of -1.2bps, the MGS looks slightly attractive. From a term premium perspective, the 10Y sector of the MGS curve also appears to be cheap, with the current MGS 7s10s spread at 12.6bps which compares to an average of 6.1bps over the past year. This concludes the government bond auctions for the month, and up next in July will be the reopening of the benchmark 7Y GII 10/31, where we expect RM5bn to be put up for auction.

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	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		5,000			86,000					
20	30-yr New Issue of MGS (Mat on 07/55)	30	Jul	Q3		5,000			86,000					
21	10-yr Reopening of MGII 04/35	10	Jul	Q3		4,000			86,000					
22	20-yr Reopening of MGS 05/44	20	Aug	Q3		4,500			86,000					
23	15-yr Reopening of MGII 07/40	15	Aug	Q3		4,000			86,000					
24	5-yr Reopening of MGS 5/30	5	Aug	Q3		5,000			86,000					
25	20-yr Reopening of MGII 05/45	20	Aug	Q3		4,500			86,000					
26	3-yr Reopening of MGS 04/28	3	Sep	Q3		5,000			86,000					
27	30-yr New Issue of MGII (Mat on 09/55)	30	Sep	Q3		5,000			86,000					
28	15-yr Reopening of MGS 04/39	15	Sep	Q3		4,000			86,000					
29	3-yr Reopening of MGII 07/28	3	Sep	Q3		5,000			86,000					
30	30-yr Reopening of MGS 07/55	30	Oct	Q4		5,000			86,000					
31	5-yr Reopening of MGII 08/30	5	Oct	Q4		5,000			86,000					
32	20-yr Reopening of MGS 05/44	20	Oct	Q4		4,500			86,000					
33	10-yr Reopening of MGII 04/35	10	Nov	Q4		4,000			86,000					
34	7-yr Reopening of MGS 07/32	7	Nov	Q4		5,000			86,000					
35	20-yr Reopening of MGII 05/45	20	Nov	Q4		4,500			86,000					
36	10-yr Reopening of MGS 07/35	10	Dec	Q4		4,000			86,000					
Gross MGS/GII supply in 2025						168,500	72,000	14,000	86,000	PROJECTED TOTAL ISSUANCE = RM168.5bn				

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