

Global Markets Research

Fixed Income : Auction Calendar

New Issuance of 10-year GII 4/35 draws moderate BTC of 1.995x

Post the tender announcement, WI opened at 3.67/62%. The WI saw around RM50m being traded between 3.62% and 3.61%, and was quoted at 3.62/60% before the auction cut-off. This auction itself saw moderate interest, with bids totaling RM9.98bn tendered, resulting in a BTC ratio of 1.995x. The auction cleared at an average yield of 3.612%, with a tail of 1.3bps (the previous reopening of the outgoing 10Y benchmark GII 11/34 in October saw it clearing at 3.832%, a tail of 1.3bps and a weak BTC of 1.602x). The total offering of RM5.0bn for this new issuance was slightly more than the RM4.5bn that we had projected. Summary of the tender results:

Bid to Cover: 1.995x

High: 3.625%

Average: 3.612%

Low: 3.578%

Cut-off: 31.36%

This 10Y GII new issuance saw moderate demand, with a BTC of 1.995x. Valuations look slightly rich from a relative value angle, but rather attractive from a term premium perspective

The moderate demand for the bond was reflected by the BTC of less than 2x cover, only the second time this has happened in government bond auctions this year, with interest seen mostly from DFIs and Islamic asset managers. The historical mean spread between the generic Islamic and conventional 10Y benchmarks over the last year has been around 1.4bps, so at the current 0.2bps differential, valuations look slightly rich from a relative perspective. From a term premium perspective, the 10Y sector of the GII curve looks attractive, with the current GII 7s10s spread at 13.0bps which compares to an average of 6.9bps over the last 12 months. Up next in one of only two bond auctions scheduled for May is the new issuance of a new 5Y benchmark MGS maturing in May 2030, 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 | 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 | | 5,000 | | | 62,000 | | | | | |
| 15 | 20-yr New Issue of MGII (Mat on 05/45) | 20 | May | Q2 | | 4,500 | | | 62,000 | | | | | |
| 16 | 15-yr Reopening of MGS 04/39 | 15 | Jun | Q2 | | 4,000 | | | 62,000 | | | | | |
| 17 | 30-yr Reopening of MGII 03/54 | 30 | Jun | Q2 | | 4,500 | | | 62,000 | | | | | |
| 18 | 10-yr New Issue of MGS (Mat on 07/35) | 10 | Jun | Q2 | | 4,500 | | | 62,000 | | | | | |
| 19 | 7-yr Reopening of MGII 10/31 | 7 | Jul | Q3 | | 5,000 | | | 62,000 | | | | | |
| 20 | 30-yr New Issue of MGS (Mat on 07/55) | 30 | Jul | Q3 | | 4,500 | | | 62,000 | | | | | |
| 21 | 10-yr Reopening of MGII 04/35 | 10 | Jul | Q3 | | 4,000 | | | 62,000 | | | | | |
| 22 | 20-yr Reopening of MGS 05/44 | 20 | Aug | Q3 | | 4,500 | | | 62,000 | | | | | |
| 23 | 15-yr Reopening of MGII 07/40 | 15 | Aug | Q3 | | 4,000 | | | 62,000 | | | | | |
| 24 | 5-yr Reopening of MGS 5/30 | 5 | Aug | Q3 | | 5,000 | | | 62,000 | | | | | |
| 25 | 20-yr Reopening of MGII 05/45 | 20 | Aug | Q3 | | 4,500 | | | 62,000 | | | | | |
| 26 | 3-yr Reopening of MGS 04/28 | 3 | Sep | Q3 | | 5,000 | | | 62,000 | | | | | |
| 27 | 30-yr New Issue of MGII (Mat on 09/55) (H) | 30 | Sep | Q3 | | 4,500 | | | 62,000 | | | | | |
| 28 | 15-yr Reopening of MGS 04/39 | 15 | Sep | Q3 | | 4,000 | | | 62,000 | | | | | |
| 29 | 3-yr Reopening of MGII 07/28 | 3 | Sep | Q3 | | 5,000 | | | 62,000 | | | | | |
| 30 | 30-yr Reopening of MGS 07/55 | 30 | Oct | Q4 | | 4,500 | | | 62,000 | | | | | |
| 31 | 5-yr Reopening of MGII 08/30 | 5 | Oct | Q4 | | 5,000 | | | 62,000 | | | | | |
| 32 | 20-yr Reopening of MGS 05/44 | 20 | Oct | Q4 | | 4,500 | | | 62,000 | | | | | |
| 33 | 10-yr Reopening of MGII 04/35 | 10 | Nov | Q4 | | 4,000 | | | 62,000 | | | | | |
| 34 | 7-yr Reopening of MGS 07/32 | 7 | Nov | Q4 | | 5,000 | | | 62,000 | | | | | |
| 35 | 20-yr Reopening of MGII 05/45 | 20 | Nov | Q4 | | 4,500 | | | 62,000 | | | | | |
| 36 | 10-yr Reopening of MGS 07/35 | 10 | Dec | Q4 | | 4,000 | | | 62,000 | | | | | |
| Gross MGS/GII supply in 2025 | | | | | | 164,000 | 53,000 | 9,000 | 62,000 | PROJECTED TOTAL ISSUANCE = RM164bn | | | | |

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