

Global Markets Research

Fixed Income : Auction Calendar

Reopening of 15-year GII 7/40 draws moderate BTC of 2.295x

Post the tender announcement, WI opened at 3.84/80%. About RM200m of the WI was traded between 3.89-83%, and it was quoted at 3.900/885% before the auction cut-off. The auction itself saw decent interest, with bids totaling RM8.03bn tendered, resulting in a moderate BTC ratio of 2.295x. The auction cleared at an average yield of 3.895% with a tail of 1.0bps (the previous reopening of the GII 7/40 in August cleared at 3.577% with a strong BTC of 2.848x and a short tail of 0.3bps). The total offering of RM5.0bn for this reopening auction (which was inclusive of a private placement of RM1.5bn) was in line with our expectations, and brings the total issuance size of the bond to RM17.0bn. Summary of the tender results are as follows:

Bid to Cover: 2.295x
 High: 3.905%
 Average: 3.895%
 Low: 3.875%
 Cut-off: 38.82%

This 15Y GII reopening auction saw decent demand, with a moderate BTC of 2.295x. Valuations look slightly cheap versus MGS, and very attractive from a term premium perspective

The moderate BTC was reflective of the decent demand for the paper, with interest seen mainly from institutional players and the insurance community. The historical mean spread between the generic Islamic and conventional 15Y benchmarks over the last year has been around 0.4bps, so at the current 3.2bps, the bond appears cheap from a relative perspective. From a term premium angle, the 15Y sector of the GII curve appears very attractive, with the current generic GII 10s15s spread at 29.6bps which compares to an average of 19.8bps over the last 12 months. Up next is the new issuance of a fresh 3-year MGS benchmark maturing in March 2029, with a projected issuance size of RM5.0bn.

MGS/GII issuance pipeline in 2026														
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	5-yr Reopening of MGII 08/30	5	Jan	Q1	7/1/2026	5,000	5,000		5,000	2.296	3.260	3.268	3.272	7.1%
2	15-yr New Issue of MGS (Mat on 01/41)	15	Jan	Q1	14/1/2026	5,000	3,500	1,500	10,000	1.944	3.750	3.766	3.775	100.0%
3	30-yr New Issue of MGII (Mat on 01/56)	30	Jan	Q1	29/1/2026	5,000	3,000	2,000	15,000	2.071	4.020	4.044	4.055	15.6%
4	10-yr Reopening of MGS 07/35	10	Feb	Q1	5/2/2026	5,000	5,000		20,000	1.603	3.559	3.572	3.581	83.3%
5	20-yr Reopening of MGII 5/45	20	Feb	Q1	13/2/2026	5,000	3,000	2,000	25,000	2.896	3.959	3.990	3.994	4.2%
6	5-yr Reopening of MGS 06/31	5	Feb	Q1	26/6/2026	5,000	5,000		30,000	2.921	3.350	3.359	3.361	4.6%
7	15-yr Reopening of MGII 7/40	15	Mar	Q1	9/3/2026	5,000	3,500	1,500	35,000	2.295	3.875	3.895	3.905	38.8%
8	3-yr New Issue of MGS (Mat on 03/29)	3	Mar	Q1		5,000			35,000					
9	7-yr New Issue of MGII (Mat on 3/33)	7	Mar	Q1		5,000			35,000					
10	30-yr Reopening of MGS 07/55	30	Apr	Q2		5,000			35,000					
11	3.5-yr New Issue of MGII (Mat on 10/29)	3	Apr	Q2		5,000			35,000					
12	20-yr New Issue of MGS (Mat on 04/46)	20	Apr	Q2		5,000			35,000					
13	10-yr Reopening of MGII 4/35	10	May	Q2		5,000			35,000					
14	7-yr Reopening of MGS 4/33	7	May	Q2		5,000			35,000					
15	30-yr Reopening of MGII 1/56	30	May	Q2		5,000			35,000					
16	3-yr Reopening of MGS 3/29	3	Jun	Q2		5,000			35,000					
17	15-yr Reopening of MGII 7/40	15	Jun	Q2		5,000			35,000					
18	5-yr Reopening of MGS 6/31	5	Jun	Q2		5,000			35,000					
19	20-yr Reopening of MGII 5/45	20	Jun	Q2		5,000			35,000					
20	10-yr Reopening of MGS 07/35	10	Jul	Q3		5,000			35,000					
21	3.5-yr Reopening of MGII 10/29	3	Jul	Q3		5,000			35,000					
22	15-yr Reopening of MGII 01/41	15	Jul	Q3		5,000			35,000					
23	5-yr Reopening of MGII 10/31	5	Aug	Q3		5,000			35,000					
24	30-yr Reopening of MGS 7/55	30	Aug	Q3		5,000			35,000					
25	7-yr Reopening of MGII 3/33	7	Aug	Q3		5,000			35,000					
26	20-yr Reopening of MGS 4/46	20	Aug	Q3		5,000			35,000					
27	10-yr Reopening of MGII 7/36	10	Sep	Q3		5,000			35,000					
28	7-yr Reopening of MGS 04/33	7	Sep	Q3		5,000			35,000					
29	30-yr Reopening of MGII 1/56	30	Sep	Q3		5,000			35,000					
30	3.5-yr Reopening of MGII 10/29	3	Oct	Q4		5,000			35,000					
31	15-yr Reopening of MGS 1/41	15	Oct	Q4		5,000			35,000					
32	20-yr Reopening of MGII 5/45	20	Oct	Q4		5,000			35,000					
33	10-yr New Issue of MGS (Mat on 10/36)	10	Oct	Q4		5,000			35,000					
34	15-yr Reopening of MGII 7/40	15	Nov	Q4		5,000			35,000					
35	3-yr Reopening of MGS 3/29	3	Nov	Q4		5,000			35,000					
36	10-yr Reopening of MGII 7/36	10	Nov	Q4		5,000			35,000					
37	30-yr Reopening of MGS 07/55	11	Dec	Q1		5,000			35,000					
Gross MGS/GII supply in 2026						185,000	28,000	7,000	35,000	PROJECTED TOTAL ISSUANCE = RM185bn				

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1223/1

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.