

Global Markets Research

Fixed Income : Auction Calendar

New Issuance of 30-year GII 3/54 draws strong BTC of 3.187x

Post the tender announcement, WI opened at 4.32% bid. The WI saw RM10m being traded at 4.27%, and was quoted at 4.29/25% before the auction cut-off. This auction itself saw strong interest, with bids totaling RM9.56b tendered, resulting in a BTC ratio of 3.187x. The auction itself cleared at an average yield of 4.280%, with a short tail of 0.6bps. The total offering of RM5.0b for this sale (inclusive of a RM 2.0b private placement) was in line with the recent issue sizes for 2024 thus far, and as per our expectations. Summary of the tender results are as follows:

Bid to Cover: 3.187x
 High: 4.286%
 Average: 4.280%
 Low: 4.254%
 Cut-off: 90.0%

This 30Y GII new issuance saw good demand, with a strong BTC of 3.187x. Valuations look cheap from a term premium perspective, and looks fairly valued versus MGS

The auction itself went well with a strong BTC of 3.187x and the short tail was reflective of the demand. Interest was seen from a variety of insurers, pension funds and Islamic funds. The historical mean spread between the generic Islamic and conventional 30Y benchmarks over the past 12 months has been around 9.6bps, so at the current valuation of 9.7bps the new bond appears to be fairly valued versus MGS. From a term premium perspective, the 30Y sector of the GII curve looks a little on the cheap side, with the current GII 20s30s spread at 17.0bps which compares to an average of around 15.7bps over the past year. We expect this new issue to perform in the secondary markets, given its status as the new 30Y benchmark and expected continued demand from insurers and pension funds for duration. Up next is the reopening auction of the MGS 8/29, with a projected issuance size of RM5.0b.

MGS/GII issuance pipeline in 2024															
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	10-yr Reopening of MGII 8/33	10	Jan	Q1	5/1/2024	5,000	5,000		5,000	2.445	3.880	3.908	3.920	83.3%	
2	30-yr Reopening of MGS 3/53	30	Jan	Q1	12/1/2024	5,000	3,000	2,000	10,000	2.990	4.223	4.243	4.250	84.8%	
3	5-yr Reopening of MGII 7/28	5	Jan	Q1	19/1/2024	4,500	5,000		15,000	4.402	3.610	3.620	3.624	51.3%	
4	7-yr Reopening of MGS 4/31	7	Feb	Q1	5/2/2024	4,500	5,000		20,000	2.155	3.760	3.779	3.790	6.9%	
5	20-yr Reopening of MGII 8/43	20	Feb	Q1	14/2/2024	5,000	3,000	2,000	25,000	3.037	4.144	4.163	4.171	60.0%	
6	3-yr Reopening of MGS 5/27	3	Feb	Q1	21/2/2024	4,500	5,000		30,000	1.703	3.470	3.488	3.499	85.0%	
7	15-yr Reopening of MGII 9/39	15	Mar	Q1	29/2/2024	5,000	3,000	2,000	35,000	2.973	3.972	3.990	3.998	52.3%	
8	10-yr Reopening of MGS 11/33	10	Mar	Q1	14/3/2024	4,500	5,000		40,000	2.046	3.830	3.854	3.865	27.1%	
9	30-yr New Issue of MGII (Mat on 3/54)	30	Mar	Q1	21/3/2024	5,000	3,000	2,000	45,000	3.187	4.254	4.280	4.286	90.0%	
10	5-yr Reopening of MGS 8/29	5	Apr	Q1		5,000									
11	7.5-yr New Issue of MGII (Mat on 10/31)	7	Apr	Q2		5,000									
12	15-yr New Issue of MGS (Mat on 4/39)	15	Apr	Q2		5,000									
13	3-yr Reopening of MGII 9/26	3	Apr	Q2		5,000									
14	20-yr New Issue of MGS (Mat on 05/44)	20	May	Q2		5,500									
15	15-yr Reopening of MGII 9/39	15	May	Q2		5,000									
16	7-yr Reopening of MGS (4/31)	7	May	Q2		5,000									
17	20-yr Reopening of MGII 8/43	20	Jun	Q2		5,000									
18	3-yr Reopening of MGS 5/27	3	Jun	Q2		4,500									
19	30-yr Reopening of MGII 3/54	30	Jun	Q2		5,000									
20	5-yr Reopening of MGS 8/29	5	Jul	Q2		4,500									
21	10-yr Reopening of MGII 11/34	10	Jul	Q3		4,500									
22	15-yr Reopening of MGS 4/39	15	Jul	Q3		5,000									
23	7-yr Reopening of MGII 10/31	7	Aug	Q3		5,000									
24	30-yr Reopening of MGS 3/53	30	Aug	Q3		5,000									
25	5-yr Reopening of MGII 7/29	5	Aug	Q3		4,500									
26	10-yr Reopening of MGS 7/34	10	Aug	Q3		5,000									
27	20-yr Reopening of MGII 8/43	20	Sep	Q3		4,500									
28	7-yr Reopening of MGS 4/31	7	Sep	Q3		4,500									
29	30-yr Reopening of MGII 3/54	30	Sep	Q3		5,000									
30	3-yr Reopening of MGS 5/27	3	Oct	Q4		4,500									
31	10-yr Reopening of MGII 11/34	10	Oct	Q4		4,500									
32	20-yr Reopening of MGS 5/44	20	Oct	Q4		5,000									
33	7-yr Reopening of MGII 10/31	7	Oct	Q4		5,000									
34	15-yr Reopening of MGS 4/39	15	Nov	Q4		5,000									
35	5-yr Reopening of MGII 7/29	5	Nov	Q4		4,500									
36	10-yr Reopening of MGS 7/34	10	Nov	Q4		5,000									
37	3-yr Reopening of GII 9/27	3	Dec	Q4		4,500									
Grand MGS/GII supply in 2024						178,500	37,000	8,000	-	PROJECTED TOTAL ISSUANCE = RM180b					

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