

Bond Auctions

Competitive auctions for Malaysian Government securities are normally opened three business days before and closed one business day before the target issue date. Principal Dealers appointed by the central bank participate directly in these auctions by submitting proprietary bids and bids on behalf of clients.

Key Features of the 2021 Auction Calendar

The 2021 Government Bond Auction Calendar is a testament to the continuous efforts to consolidate the number of government bond issuances in improving liquidity while maintaining balanced issuances across the curve in meeting investors' demand.

- **Larger benchmark bond sizes through more re-openings**

All MGS auctions will be via re-opening, while there will only be 2 new MGII issuances (2020: 4 new issuances ; 2019: 12 new issuances). This continues to build larger outstanding sizes per issuance, which is expected to improve overall trading liquidity and better facilitate index tracking activity as number of issuances are further consolidated.

- **Well-spread balanced supply across the curve and issuances are spread out throughout the year.**

There will be 37 issuances for 2021 (2020:34) in order to ensure that the supply is well distributed throughout the year, taking into consideration market's ability to absorb the additional supply. Generally, there will be 3 to 4 issuances per month in 2021 with the exception of December (2 issuances) as market winds down towards year end.

Additional issuances to be anchored by shorter term issuances while long end issuances are supported by private placements.

Additional 2021 issuances will be financed via short to medium term issuances including the treasury bill issuances (Table 1 for comparison with 2020). Besides, private placements will be allocated to all long-term issuances, providing support to the long end of the curve.

Table 1: Number of issuances by tenor

Tenor (Years)	2020	2021	Changes	Private Placement
3	4	5	+1	
5	4	6	+2	
7	6	6	-	
10	6	6	-	Yes
15	6	5	-1	Yes
20	4	5	+1	Yes
30	4	4	-	Yes
Total		+3		