



MGS+GII Auction Calendar for 2026: Large supply vs. expected firm demand

16 December 2025

The 2026 MGS+GII auction calendar was released this week. We note interesting points in the 2026 schedule include a higher number of auctions for 3Y tenors (MGS and GII). We think one major reason to up the sale of the short tenor 3Y MGS+GII is to boost bond market secondary trading activity. Meanwhile, overall MGS+GIIs' longer tenor issuances could remain large, but upside to the amount may be limited so as to limit exposure to duration risks amid the higher gross issuance set for the year. Demand should be supported for next year's auctions if, by our estimate, *new monies* at local institutional investors maintain their firm average growth of recent years.

Large tenders continue. Despite a larger gross issuance in 2026 vs. 2025, the number of MGS+GII auctions in 2026 is pencilled in at 37, just up by one from 36 in 2025. That would mean that with larger total gross issuances, the average auction size would be a larger MYR5.0 billion vs MYR4.7 billion in 2025. Hence, bond players should ready themselves to encounter larger tender amounts in the coming year.

Raising the 3Y. Another facet in the coming year calendar is that the number of auctions for 3Y MGS+GII is upped to six (6) from four (4) in 2025. That would, in our opinion, shift the balance of auction amounts somewhat from the previous year. We expect the total 3Y auctions amount, MGS and GII combined, to then slightly eclipse the auction sizes of the 5Y (four auctions) and the 7Y (four auctions).

Duration risk. On duration, overall MGS+GIIs' longer tenor issuances could remain large, but upside to the amount may be limited. With higher gross issuances expected in 2026, we think authorities may instead limit the amount upside for longer duration papers, at risk of possible slack demand if yield levels are too low. In other words, DV01 supply risk is about to be managed.

Our outlook for BTCs in 2026 is relatively firm but could dip slightly from 2025; we expect an average of <2.50x per auction. Average BTCs at MGS+GII auctions in 2024 were 2.41x but rose to an average of 2.57x in 2025. New monies will continue to be the main drivers for auction demand. Our estimate of new monies at local insurance companies and the EPF is that if 25% are allocated for MGS+GII; this would come up to MYR46 billion and already a huge chunk of the MYR76 billion net MGS+GII issuance estimated for the coming year.

Exhibit 1: 2026 MGS+GII auction calendar with expected amount for each auction

Issue	Target Month	Expected Amt (MYR bil)
5-yr Reopening of MGII 8/30 3.635%	January	5.5
15-yr New Issue of MGS (Mat on 01/41)	January	5.0
30-yr New Issue of MGII (Mat on 01/56)	January	5.0
10-yr Reopening of MGS 7/35 3.476%	February	4.0
20-yr Reopening of MGII 5/45 3.775%	February	5.0
5-yr Reopening of MGS 6/31 4.232%	February	5.5
15-yr Reopening of MGII 7/40 3.974%	March	4.0
3-yr New Issue of MGS (Mat on 03/29)	March	5.0
7-yr New Issue of MGII (Mat on 03/33)	March	5.5
30-yr Reopening of MGS 7/55 3.917%	April	5.0
3.5-yr New Issue of MGII (Mat on 10/29)	April	5.0
20-yr New Issue of MGS (Mat on 04/46)	April	6.0
10-yr Reopening of MGII 4/35 3.612%	May	4.5
7-yr Reopening of MGS 4/33 3.844%	May	5.5
30-yr Reopening of MGII 1/56	May	4.5
3-yr Reopening of MGS 3/29	June	4.0
15-yr Reopening of MGII 7/40 3.974%	June	5.0
5-yr Reopening of MGS 6/31 4.232%	June	5.5
20-yr Reopening of MGII 5/45 3.775%	June	5.0
10-yr Reopening of MGS 7/35 3.476%	July	5.0
3.5-yr Reopening of MGII 10/29	July	4.0
15-yr Reopening of MGS 1/41	July	5.0
5-yr Reopening of MGII 10/31 3.804%	August	5.5
30-yr Reopening of MGS 7/55 3.917%	August	4.5
7-yr Reopening of MGII 3/33	August	5.5
20-yr Reopening of MGS 4/46	August	6.0
10-yr Reopening of MGII 7/36 3.447%	September	6.0
7-yr Reopening of MGS 4/33 3.844%	September	5.5
30-yr Reopening of MGII 1/56	September	5.0
3.5-yr Reopening of MGII 10/29	October	3.5
15-yr Reopening of MGS 1/41	October	4.0
20-yr Reopening of MGII 5/45 3.775%	October	6.0
10-yr New Issue of MGS (Mat on 10/36)	October	6.0
15-yr Reopening of MGII 7/40 3.974%	November	5.0
3-yr Reopening of MGS 3/29	November	3.5
10-yr Reopening of MGII 7/36 3.447%	November	5.5
30-yr Reopening of MGS 7/55 3.917%	December	5.0

Sources: BNM, AmBank Economics

Supply: Auction calendar for 2026 released

Schedule of sales. Bank Negara Malaysia (BNM) released the MGS and GII auction schedule (or auction 'calendar') for the year 2026, subsequently allowing us to present our view of the overall pattern of MGS+GII issuances for the coming year.

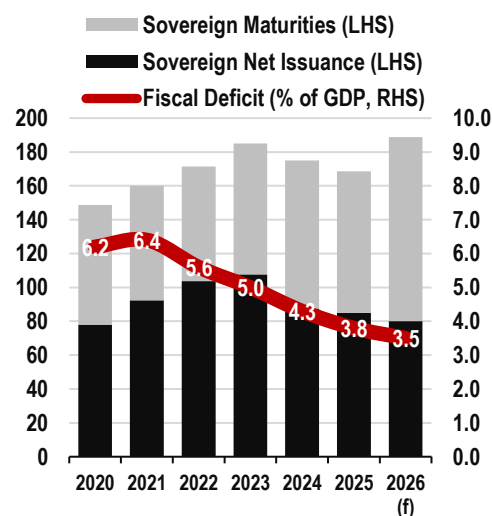
Before that, our total MGS+GII supply view is as follows:

- **2026 should see larger MGS+GII gross issuance:** For 2026, we have forecasted a larger MGS and GII gross issuance (2026: MYR185.0 billion; 2025: MYR168.5 billion). The 2026 gross total includes the government's expected requirement to finance the 2026 fiscal deficit, with refinancing of maturing MGS and GII in 2026 of MYR108.7 billion (comprising MYR53.7 billion in MGS and MYR55.0 billion in GII). As per the Budget document 'Fiscal Outlook and Federal Government Revenue Estimates 2026,' the target of fiscal deficit financing is circa MYR74.6 billion for 2026.
- **But an expected drop in net MGS+GII offerings** total size in 2026 (2026: MYR76.0 billion; 2025: MYR85.0 billion). We are not concerned with the larger MGS+GII gross issue size in the coming year, as the expected rise will be due to refinancing of a large number of maturing MGS+GII. With the fiscal deficit targeted at MYR74.6 billion in 2026, we forecast net issuance of MGS and GII to be MYR76.0 billion for the fiscal year 2026 after taking care of 2026 redemption of MYR108.8 billion. For 2025, we note redemption of MGS+GII totalled MYR83.5 billion; hence, net issuance was MYR85.0 billion.

Leading off from the above points, our main assessment of the MGS+GII auction schedule is the following:

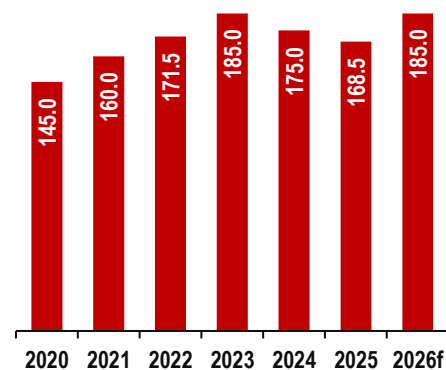
- **Just one more auction schedule in 2026 vs 2025.** Despite a larger gross issuance in 2026 vs. 2025, the number of MGS+GII auctions in 2026 is penciled in at 37, just up by one from 36 in 2025. That would mean that with larger total gross issuances, the average auction size would be a larger MYR5.0 billion vs MYR4.7 billion only in 2025. Hence, bond players should ready themselves to encounter larger tender amounts in the coming year.
- **Raising the 3Y.** Another facet in the coming year is that the number of auctions for 3Y MGS+GII is upped to six (6) from four (4) in 2025. That would, in our opinion, shift the balance of auction amounts somewhat from the previous year. We expect the total 3Y auctions amount, MGS and GII combined, to then slightly eclipse the auction sizes of the 5Y (four auctions) and the 7Y (four auctions). We think one major reason for boosting the sale of the short tenor 3Y MGS+GII is to boost secondary trading activity. As is, the 3Y MGS and GII are already the more liquid benchmarks in the secondary market, fitting due to their low duration risk.
- **On duration, overall MGS+GII longer tenor issuances could remain large, but upside to the amount may be limited.** The longer tenor (15Y-30Y) auction amount was raised in 2025 vis-à-vis 2024. Extending duration as well in 2026 could be a smart move on the part of the government, as we estimate there have been substantial increases in new monies made available at insurance companies and asset management companies in recent years, and these types of real money investors, we believe, have a slight preference to pick up relatively longer duration government and corporate bonds.
 - Nevertheless, with higher gross issuances expected in 2026, we think authorities may instead limit the amount upside for longer duration papers, at risk of lower BTCs and possible slack demand if yield levels are too low. In other words, DV01 supply risk is about to be managed. As per the new calendar, we note the number of auctions for 15Y-30Y MGS and GII is 17 vs. 18 in 2025.

Exhibit 2: Sovereign issuances vs fiscal deficits (2020-2026f)



Sources: DOSM, MOF, BNM, AmBank Economics

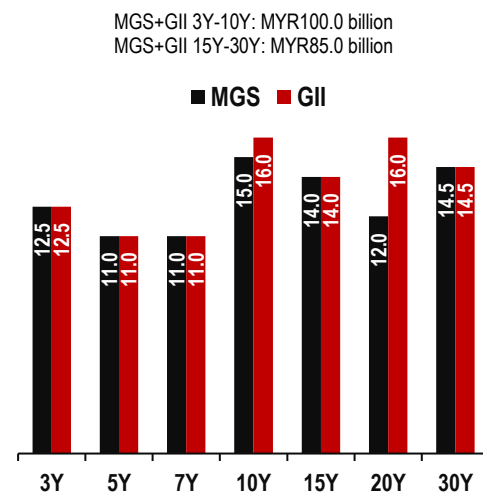
Exhibit 3: Gross MGS+GII issuance in 2020-2026f (MYR billion)



Note (f): Forecast

Sources: BNM, BPAM, AmBank Economics

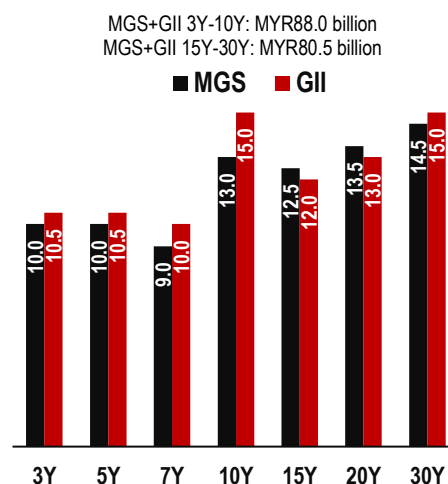
Exhibit 4: Expected 2026 MGS and GII gross issuance distribution by tenor (MYR billion)



Sources: BNM, BPAM, AmBank Economics

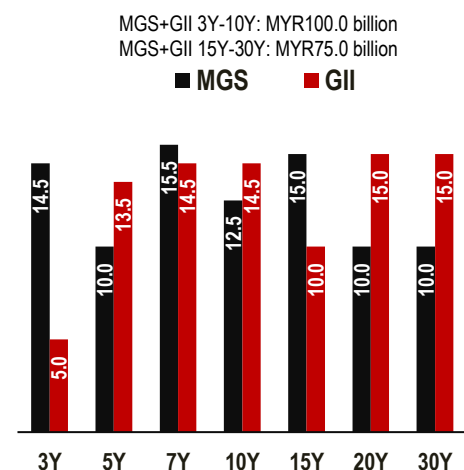
- We note that total gross issuances of bonds with shorter 3Y-10Y tenors in 2025 were MYR88.0 billion (2024: MYR100.0 billion), and those of longer 15Y-30Y tenors totalled MYR80.5 billion (2024: MYR75.0 billion); the shorter tenors slightly outsized the longer tenors compared with 2024. Thus, due to a focus turn towards the 3Y auctions, we expect that in 2026, shorter tenors would have a greater share of total gross offerings than longer tenors, as was recorded in 2025. For 2026, total gross issuances of bonds with tenors 3Y-10Y we set at MYR100.0 billion and those of 15Y-30Y we set at MYR85.0 billion.
- **Private placements.** Since gross issuances will rise in 2026, we think there'll be more private placements (PPs) in 2026. There are 17 auctions for 15Y-30Y MGS+GII, which are the usual tenors where public tenders run alongside PPs. In 2025, 17 PPs were conducted, and in 2024, there were 15.
- **GII could again be a tad higher than MGS** in total issuance amounts. Issuance amounts were on par or slightly heavier for GII vis-à-vis MGS since 2023, after 2021-2022 when MGS eclipsed GII. We heard from market players that the authorities might have been intending to boost liquidity in Islamic GII trading. However, we also think that the focus on GII helped to raise the exposure of the government's borrowings more towards shariah securities. For 2026, we foresee GII auction amounts to slightly shade MGS again.
- **Some front loading again.** There was a higher total gross issuance amount in 1H2025 (MYR86.0 billion) than in 2H2025 (MYR82.5 billion). This was despite the maturities of MGS+GII being heavier in 2H (MYR66.8 billion) than in 1H2025 (MYR16.7 billion). So, the pace of gross issuance was not primarily dictated by the pace of maturities. This also meant that auction bids in 1H2025 were either financed by new monies/or via financing. In 2026, maturities of MGS+GII are quite evenly spread out between 1H2026 (MYR53.7 billion) and 2H2026 (MYR55.0 billion), but this will not determine the chances of front-loading. Thus, will there be front-loading again? We think so, with 1H2026 may see slightly higher gross issuance, as this may go far to minimise market and pricing risks in 2H2026 if the government requires more than expected financing.
- Meanwhile, the following are the new **MGS and GII benchmarks** in 2026.
 - 3Y MGS 03/29 new issue in March.
 - 5Y MGS 06/31 reopening in February.
 - 7Y MGS 04/33 reopening in May.
 - 10Y MGS 10/36 new issue in October.
 - 15Y MGS 01/41 new issue in January.
 - 20Y MGS 04/46 new issue in April.
 - 30Y MGS 07/55 reopening in April. However, 07/55 maintains as a benchmark from 2025.
 - 3Y GII 10/29 new issue in April.
 - 5Y GII 10/31 reopening in August.
 - 7Y GII 03/33 new issue in March.
 - 10Y GII 07/36 reopening in September.
 - 15Y GII 07/40 reopening in March. However, 07/40 maintains as a benchmark from 2025.
 - 20Y GII 05/45 reopening in February. GII 07/40 remains as a benchmark from 2025.
 - 30Y GII 01/56 new issue in January.

Exhibit 5: 2025 MGS and GII gross issuance distribution by tenor (MYR billion)



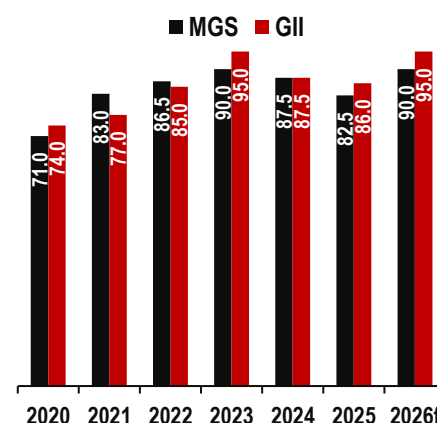
Sources: BNM, BPAM, AmBank Economics

Exhibit 6: 2024 MGS and GII gross issuance distribution by tenor (MYR billion)



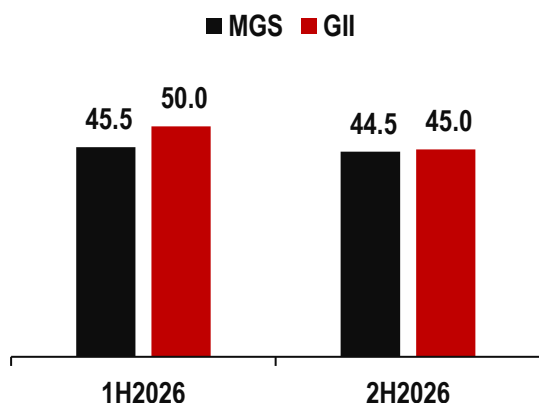
Sources: BNM, BPAM, AmBank Economics

Exhibit 7: Distribution of MGS vs. GII gross issuance in 2020-2026f (MYR billion)



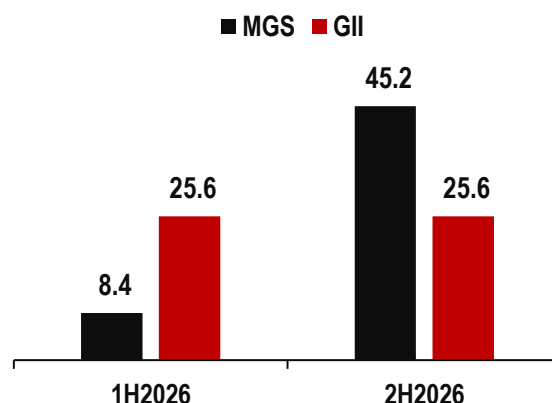
Sources: BNM, BPAM, AmBank Economics

Exhibit 8: MGS+GII to be issued in 1H2026 vs 2H2026 (MYR billion)



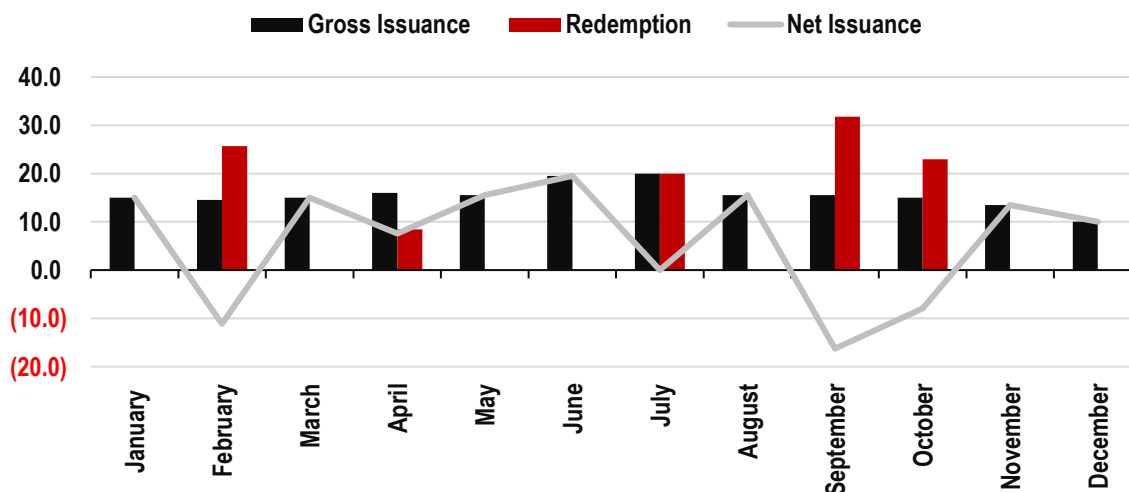
Sources: AmBank Economics

Exhibit 9: MGS+GII to mature in 1H2026 vs 2H2026 (MYR billion)



Sources: BNM, BPAM, AmBank Economics

Exhibit 10: AmBank Economics' MGS and GII monthly auction and maturity schedule estimates for 2026 (gross and net amount) (MYR billion)



Sources: AmBank Economics

Exhibit 11: Number of auctions, 2024-2026f

	2024		2025		2026f	
	MGS	GII	MGS	GII	MGS	GII
3Y	3	1	2	2	3	3
5Y	2	3	2	2	2	2
7Y	3	3	2	2	2	2
10Y	3	3	3	3	3	3
15Y	3	2	3	3	3	3
20Y	2	3	3	3	2	3
30Y	2	3	3	3	3	3
Total	18	18	18	18	18	19

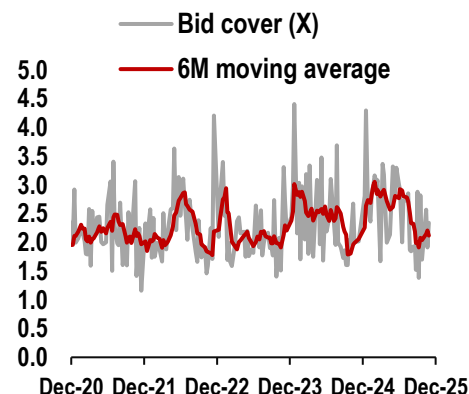
Sources: AmBank Economics

Demand

Our outlook for BTCs in 2026 is relatively firm but could dip slightly from 2025; expect an average of <2.50x per auction, though select auctions may score low BTCs near or below 2x, depending on many factors, including general market sentiment. **Demand at MGS+GII auctions, as measured by bid-to-cover (BTC) ratios, in 2025 was sporadic, though improved overall from 2024.** Average BTCs at MGS+GII auctions in 2024 were 2.41x but rose to an average of 2.57x in 2025.

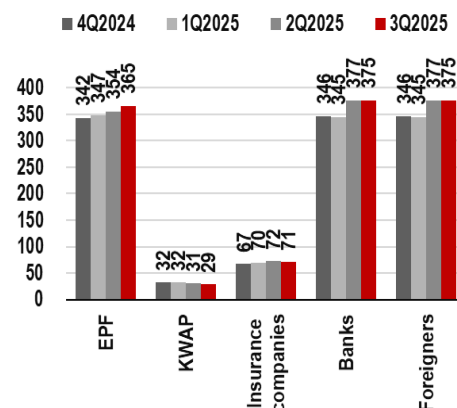
- BTCs during 1H2025 was 2.89x and then deteriorated to 2.23x in 2H2025. The firm BTC in 1H2025 came alongside the rally in the MGS+GII market; the 10Y MGS fell from 3.85% in January 2025 to 3.35% area by July. The rally owed to 1) Outlook for a BNM interest rate cut; 2) Declining global rates, especially a decline in UST yields alongside Fed rate cut expectations; 3) MYR upside; 4) Positive fiscal outlook, which brought conducive MGS+GII supply outlook; and 5) Continued positive investor demand. Yields rose in 2H2025 post the BNM rate cut in July, and MGS players are mostly expecting no more BNM policy easing rest in short to medium term. The 10Y MGS is now back near the 3.60% level. In 2026, we expect mostly steady MGS yield levels with some limited upside. Steady, firm macroeconomic conditions with benign inflation and BNM keeping OPR steady ought to, in our opinion, sustain MGS levels.
- Average BTCs in 2025 for shorter tenors 3Y-5Y auctions was 2.57x, for the bellies of the curve 7Y-10Y at 2.50x, and 2.60x for longer 15Y-30Y tenors. However, for 15Y-30Y, issuances were dominated by private placements, which we think improved the BTC count. PPs totalled MYR24.0 billion in 2025. Hence, for 2026, more PPs for longer tenors are preferable to lock in demand with the select investors.
- Bringing the BTCs down in 2026 is likely the higher gross issuance expectations. Yet, net issuance at a lower level in 2026 will support BTCs in our opinion.
- New Monies:** Expectations of continued new money coming into the MGS market ought to soften the dip in BTCs.
 - We attempted to estimate the “New Monies” at major investors of fixed income securities in the country. Typically, these “new” cash, i.e., new cash raised by investors (such as insurance premiums and pension contributions, as well as institutions’ profits from investments), should be available to pick up the net issuance of MGS+GII in the coming year. Meanwhile, cash returned to investors because of the redemption of MGS+GII during the year should, we assume, be rolled back into the bond market as well. In any case, based on available data that we managed to gather of General Insurance and Life Insurance companies, and the EPF, we estimate that as of 2024 (Exhibit 14), their total new monies were MYR183.9 billion (led by EPF at MYR83.9 billion and Life Insurance companies at MYR75.9 billion). If the same levels of new monies are seen in 2026, and taking 25% of these new monies, estimated at MYR46 billion, are ploughed into MGS+GII, that will already eat up a huge chunk of the MYR76 billion net MGS+GII issuance estimated for the coming year. Based on BNM’s monthly data, EPF’s holdings of MGS+GII rose by MYR37.5 billion in the period September 2024-September 2025, while that of insurance companies rose by MYR5.0 billion in the same period.

Exhibit 12: Bid-to-cover (BTC) of MGS+GII auctions in Dec 2020 - Dec 2025



Sources: AmBank Economics

Exhibit 13: Domestically issued Federal Government Debt: Classification by Holder (MYR billion)



Sources: BNM, AmBank Economics

Exhibit 14: AmBank's Estimate of New Monies at local Insurance Companies and EPF, and expected placement in MGS+GII (MYR billion)

	Life Insurance MYR billion	General Insurance MYR billion	Takaful MYR billion	EPF MYR billion
New Monies				
2018	47.50	14.62	5.04	54.32
2019	57.60	14.46	6.39	67.20
2020	57.73	14.27	6.38	58.58
2021	52.38	14.29	8.17	(8.89)
2022	49.62	15.46	9.24	32.49
2023	63.20	16.14	8.46	91.67
2024	75.89	17.05	7.12	83.86
2025 (estimate)	51.01	14.00	7.42	87.76
2026 (forecast)	53.50	15.17	8.81	85.81
Asset Allocation - MGS+GII				
2018	11.72%	14.52%	9.76%	25.24%
2019	10.14%	13.78%	8.62%	24.25%
2020	11.14%	13.64%	8.09%	21.84%
2021	12.32%	14.56%	7.72%	22.07%
2022	13.89%	15.42%	8.48%	24.70%
2023	15.12%	15.75%	8.91%	25.08%
2024	15.52%	16.15%	10.06%	24.90%
2025 (estimate)	13.60%	15.10%	8.65%	23.72%
2026 (forecast)	14.09%	15.40%	8.76%	24.09%
Investable Amounts – MGS+GII				
2018	5.57	2.12	0.49	13.71
2019	5.84	1.99	0.55	16.30
2020	6.43	1.95	0.52	12.79
2021	6.45	2.08	0.63	-1.96
2022	6.89	2.39	0.78	8.03
2023	9.55	2.54	0.75	22.99
2024	11.78	2.75	0.72	20.88
2025 (estimate)	6.94	2.12	0.64	20.81
2026 (forecast)	7.54	2.34	0.77	20.67

Sources: BNM Monthly Statistical Bulletin, EPF Annual Reports, AmBank Economics.

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