

# The Analysis Report of Bond Market in March, 2021

## A・Macroeconomic Data

### ※America

Event	Date	Survey	Actual	Prior
ISM Index in January	2/1	60.0	58.7	60.5(Adj.)
ISM Service in January	2/3	56.7	58.7	57.7(Adj.)
Nonfarm Payrolls in January	2/5	105K	49K	-306K(Adj.)
Unemployment Rate in January	2/5	6.7%	6.3%	6.7%
Hourly Earnings MoM in January	2/5	0.3%	0.2%	1.0%(Adj.)
Average Workweek in January	2/5	34.7	35.0	34.7
CPI MoM in January	2/10	0.3%	0.3%	0.2%
CORE CPI MoM in January	2/10	0.2%	0.0%	0.0%
PPI MoM in January	2/17	0.4%	1.3%	0.3%
CORE PPI MoM in January	2/17	0.2%	1.2%	0.1%
NAHB Housing Market Index in February	2/17	83	84	83
Housing Starts MoM in January	2/18	-0.5%	-6.0%	8.2%(Adj.)
Building Permits MoM in January	2/18	-1.4%	10.4%	4.2%(Adj.)
Existing Home Sales in January	2/19	6,600K	6,690K	6,650K(Adj.)
New Home Sales in January	2/24	856K	923K	885K(Adj.)
Durable Orders MoM in January	2/25	1.1%	3.4%	1.2%(Adj.)
Durable Orders ex transportation MoM in January	2/25	0.7%	1.4%	1.7%(Adj.)
GDP-adv	2/25	4.2%	4.1%	4.0%
Personal Income MoM in January	2/26	9.5%	10.0%	0.6%
Personal Spending MoM in January	2/26	2.5%	2.4%	-0.4%(Adj.)

✧Taiwan

Event	Date	Actual	Prior
Foreign Exchange Reserves in January	2/5	541.48(US\$ Billion)	529.91(US\$ Billion)
CPI YoY in January	2/5	-0.16%	0.06%
Exports YoY in January	2/8	36.8%	12.0%
Export Orders YoY in January	2/24	49.30%	38.30%
Unemployment Rate in January	2/25	3.75%	3.75%(Adj. )
Industrial Production YoY in January	2/25	18.81%	10.29%(Adj. )
Money Supply M2 YoY in January	2/26	8.84%	8.45%

## B · The Analysis of Bond Market

Fed Chairman Powell issued a public statement, claiming that as the economy recovers, US inflation may increase, but he believes that this is only temporary. However, the market reacted strongly to this statement, which has caused the recent 10-year U.S. bond yield to rise sharply, bouncing above the level of 1.5%.

Although U.S. bond yields have rebounded sharply since February, Taiwanese bond dealers have a strong wait-and-see mood of anticipation. They view the rise in U.S. bond yields in a conservative way, which has resulted in almost no transaction records for mainstream 10-year Taiwan bonds in recent days.

Looking ahead, we observe that the Bid-to-Cover ratio of the 364-day NCD for the March 3rd auction is 2.79 times as much, a record high since 2001, showing that Taiwan dollar funds are still easing and abundant. However, because the price of international bond market is prone to fall and the Taiwan bond market is under the tension between long and short position, the Taiwan bond market may continue to maintain a range of consolidation in a short period of time. It is expected that the 10-year Taiwan bond yield should fluctuate between 0.40% and 0.50% in the near future.

C、The Chart of Benchmark GB Yield for 5 terms & 10 terms

