

The Analysis Report of Bond Market in February, 2024

A、Macroeconomic Data

※America

Event	Date	Survey	Actual	Prior
ISM Index in December	1/3	47.1	47.4	46.6(Adj.)
Nonfarm Payrolls in December	1/5	175K	216K	173K(Adj.)
Unemployment Rate in December	1/5	3.80%	3.70%	3.70%
Hourly Earnings MoM in December	1/5	0.30%	0.40%	0.40%
Average Workweek in December	1/5	34.4	34.3	34.4
ISM Service in December	1/5	52.5	50.6	52.5(Adj.)
PPI MoM in December	1/12	0.10%	-0.10%	-0.10%(Adj.)
CORE PPI MoM in December	1/12	0.20%	0.00%	0.00%
NAHB Housing Market Index in January	1/17	39	44	37
Housing Starts MoM in December	1/18	-8.70%	-4.30%	10.80%(Adj.)
Building Permits MoM in December	1/18	0.70%	1.90%	-2.1%(Adj.)
Existing Home Sales in December	1/19	3,830K	3,780K	3,820K
Durable Orders ex transportation MoM in December	1/25	0.20%	0.60%	0.50%(Adj.)
Durable Orders MoM in December	1/25	1.50%	0.00%	5.50%(Adj.)
New Home Sales in December	1/25	649K	664K	615K(Adj.)
GDP-adv	1/25	2.00%	3.30%	4.90%
Personal Income MoM in December	1/26	0.30%	0.30%	0.40%
Personal Spending MoM in December	1/26	0.50%	0.70%	0.40%(Adj.)

✧Taiwan

Event	Date	Actual	Prior
Foreign Exchange Reserves in December	1/5	570.60(US\$ Billion)	567.52(US\$ Billion)
CPI YoY in December	1/5	2.71%	2.90%
Exports YoY in December	1/9	11.80%	3.80%
Export Orders YoY in December	1/22	-16.00%	1.00%
Unemployment Rate in December	1/22	3.40%	3.37%
Industrial Production YoY in December	1/23	-3.99%	-2.05%(Adj.)
Money Supply M2 YoY in December	1/24	5.30%	5.33%

B · The Analysis of Bond Market

Recently, personal consumption expenditures in the United States exceeded market expectations, initially driving up US bond yields. However, subsequent announcements by the US Department of the Treasury regarding second-quarter borrowing plans indicate that the borrowing amount will be significantly lower than in the first quarter. Additionally, regional banks cutting dividends have heightened risk aversion, leading to a decline in US bond yields. The 10-year US Treasury yield has exhibited a downward trend.

Turning to the Taiwanese bond market, the 10-year Taiwan government bond yield fluctuates in response to changes in the US bond yield. As the US bond yield oscillated downward, it influenced the Taiwanese bond yield, resulting in increased trading activity in the market just before the Lunar New Year. In recent times, the 10-year Taiwan government bond yield experienced an initial rise followed by a subsequent decline, ultimately closing lower.

Looking ahead, the Taiwanese bond yield is expected to follow the downward trajectory of the US bond yield. As we approach the Lunar New Year, there is a noticeable demand for bond purchases. However, the lack of a clear interest rate reduction plan from our central bank, coupled with the timing of potential rate cuts being later, will likely lead to short-term volatility in the Taiwanese bond yield, which may trade within the range of 1.15% to 1.25%.

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

