

The Analysis Report of Bond Market in January, 2022

A、Macroeconomic Data

※America

Event	Date	Survey	Actual	Prior
ISM Index in November	12/1	61.2	61.1	60.8
ISM Service in November	12/3	65.0	69.1	66.7
Nonfarm Payrolls in November	12/3	550K	210K	546K(Adj.)
Unemployment Rate in November	12/3	4.5%	4.2%	4.6%
Hourly Earnings MoM in November	12/3	0.4%	0.3%	0.4%
Average Workweek in November	12/3	34.7	34.8	34.7
CPI MoM in November	12/10	0.7%	0.8%	0.9%
CORE CPI MoM in November	12/10	0.5%	0.5%	0.6%
PPI MoM in November	12/14	0.5%	0.8%	0.6%
CORE PPI MoM in November	12/14	0.4%	0.7%	0.4%
NAHB Housing Market Index in December	12/15	84	84	83
Housing Starts MoM in November	12/16	3.1%	11.8%	-3.1%(Adj.)
Building Permits MoM in November	12/16	0.5%	3.6%	4.2%(Adj.)
GDP-adv	12/22	2.1%	2.3%	2.1%
Existing Home Sales in November	12/22	6,530K	6,460K	6,340K
New Home Sales in November	12/23	770K	744K	662K(Adj.)
Durable Orders MoM in November	12/23	1.8%	2.5%	0.1%(Adj.)
Durable Orders ex transportation MoM in November	12/23	0.6%	0.8%	0.3%(Adj.)
Personal Income MoM in November	12/23	0.4%	0.4%	0.5%
Personal Spending MoM in November	12/23	0.6%	0.6%	1.4%(Adj.)

✧Taiwan

Event	Date	Actual	Prior
Foreign Exchange Reserves in November	12/6	547.33(US\$ Billion)	546.70(US\$ Billion)
CPI YoY in November	12/7	2.84%	2.55%(Adj.)
Exports YoY in November	12/7	30.2%	24.6%
Export Orders YoY in November	12/20	13.4%	14.6%
Unemployment Rate in November	12/22	3.71%	3.84%
Industrial Production YoY in November	12/23	12.19%	11.60%(Adj.)
Money Supply M2 YoY in November	12/24	8.26%	8.45%

B · The Analysis of Bond Market

Recently, although the rapid spread of the Omicron variant virus has led to a surge in the number of confirmed diagnoses, the data shows that the number of hospitalizations has not increased significantly, which makes investors optimistic about the development of the epidemic and the economic outlook. As a result, the long-term bond yields hit new high and the 10-year U.S. bond yield is inclined to rise.

The central bank was entrusted by the Ministry of Finance to auction 18 billion dollars of 10-year Class B bonds, and the bid interest rate hit a new high in two and a half years, driving the recent rise in the 10-year Taiwan benchmark bond yield.

Looking ahead, there is a strong bearish atmosphere in the Taiwan bond market recently. Although the trading volume of benchmark bonds has increased significantly, the buying power seems to be unable to suppress the pressure of the yield rate rebound in the short term. In addition, investors are worried that the Federal Reserve will accelerate the reduction of bond purchases and advance expectations of interest rate hikes. Thus, it is expected that Taiwan bond yields will still have a chance to rise in the short term. It is estimated that the recent 10-year Taiwan bond yield should fluctuate between 0.75% and 0.85%.

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

