

The Analysis Report of Bond Market in January, 2020

A、Macroeconomic Data

※America

Event	Date	Survey	Actual	Prior
ISM Index in November	12/02	49.2	48.1	48.3
ISM Service in November	12/04	54.5	53.9	54.7
Nonfarm Payrolls in November	12/06	180K	266K	156K(Adj.)
Unemployment Rate in November	12/06	3.6%	3.5%	3.6%
Hourly Earnings MoM in November	12/06	0.3%	0.2%	0.4%(Adj.)
Average Workweek in November	12/06	34.4	34.4	34.4
CPI MoM in November	12/11	0.2%	0.3%	0.4%
CORE CPI MoM in November	12/11	0.2%	0.2%	0.2%
PPI MoM in November	12/12	0.2%	0.0%	0.4%
CORE PPI MoM in November	12/12	0.2%	-0.2%	0.3%
NAHB Housing Market Index in November	12/16	70	76	71(Adj.)
Housing Starts MoM in November	12/17	2.4%	3.2%	4.5%(Adj.)
Building Permits MoM in November	12/17	-3.5%	1.4%	5.0%
Existing Home Sales in November	12/19	5,440K	5,350K	5,440K(Adj.)
GDP-adv	12/20	2.1%	2.1%	2.1%
Personal Income MoM in November	12/20	0.3%	0.5%	0.1%(Adj.)
Personal Spending MoM in November	12/20	0.4%	0.4%	0.3%
Durable Orders MoM in November	12/23	1.5%	-2.0%	0.2%(Adj.)
Durable Orders ex transportation MoM in November	12/23	0.2%	0.0%	0.3%(Adj.)
New Home Sales in November	12/23	732K	719K	710K(Adj.)

✧Taiwan

Event	Date	Actual	Prior
CPI YoY in November	12/05	0.59%	0.38%(Adj.)
Foreign Exchange Reserves in November	12/05	474.05(US\$ Billion)	472.48(US\$ Billion)
Exports YoY in November	12/09	3.30%	-1.50%
Export Orders YoY in November	12/20	-6.60%	-3.50%
Industrial Production YoY in November	12/23	2.15%	-2.64%(Adj.)
Unemployment Rate in November	12/23	3.73%	3.72%
Money Supply M2 YoY in November	12/24	4.14%	3.79%

B · The Analysis of Bond Market

The tension between the United States and Iran is rising sharply, and the situation in the Middle East is bound to become the focus of market attention in the next few days. Affected by the situation in the Middle East, U.S. Treasuries have shown signs of capital shifting to the bond market to hedge, and the manufacturing index data is not as good as expected, which has caused the 10-year U.S. bond yield to fall sharply recently.

Affected by the continuous fermentation of geological risk factors in the Middle East, 1/6 the bulls continued to enter the market in the early trading, which led to the continued decline of the market, but the price pursuit in the market became more cautious, and some profit-taking and selling pressure came out. Converging most of the early losses, the 10-year yield of treasury benchmark (A08109R) closed at 0.649%, with a slight decline of 0.15bp.

Looking ahead, due to the increasing uncertainty of geo-risks, traders are obviously reluctant to sell. Although the situation in the Middle East belongs to non-economic factor, most of them are regarded as short-term. However, the increased market risk awareness is an indisputable fact. Traders continued to hold debts, and the possibility of neutral and somewhat bull transaction is greatly increased. It is estimated that the 10-year yield of treasury benchmark (A08109R) will fluctuate between 0.60% and 0.68%.

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

