

The Analysis Report of Bond Market in May, 2020

A、Macroeconomic Data

※America

Event	Date	Survey	Actual	Prior
ISM Index in February	4/1	44.5	49.1	50.1
ISM Service in February	4/3	43.0	52.5	57.3
Nonfarm Payrolls in February	4/3	-100K	-701K	275K(Adj.)
Unemployment Rate in February	4/3	3.8%	4.4%	3.5%
Hourly Earnings MoM in February	4/3	0.2%	0.4%	0.3%
Average Workweek in February	4/3	34.1	34.2	34.4
PPI MoM in February	4/9	-0.4%	-0.2%	-0.6%
CORE PPI MoM in February	4/9	0.0%	0.2%	-0.3%
CPI MoM in February	4/10	-0.3%	-0.4%	0.1%
CORE CPI MoM in February	4/10	0.1%	-0.1%	0.2%
NAHB Housing Market Index in March	4/15	55	30	72
Housing Starts MoM in February	4/16	-18.7%	-22.3%	-3.4%(Adj.)
Building Permits MoM in February	4/16	-10.7%	-6.8%	-6.3%(Adj.)
Existing Home Sales in February	4/21	5,250K	5,270K	5,760K(Adj.)
New Home Sales in February	4/23	642K	627K	741K(Adj.)
Durable Orders MoM in February	4/24	-12.0%	-14.4%	1.1%(Adj.)
Durable Orders ex transportation MoM in February	4/24	-6.5%	-0.2%	-0.7%(Adj.)
GDP-adv	4/29	-4.0%	-4.8%	2.1%
Personal Income MoM in February	4/30	-1.7%	-2.0%	0.6%
Personal Spending MoM in February	4/30	-5.1%	-7.5%	0.2%

✧Taiwan

Event	Date	Actual	Prior
Foreign Exchange Reserves in February	4/7	480.39(US\$ Billion)	479.68 (US\$ Billion)
CPI YoY in February	4/8	-0.01%	-0.19%(Adj.)
Exports YoY in February	4/8	-0.60%	24.90%
Export Orders YoY in February	4/20	4.30%	-0.80%
Unemployment Rate in February	4/22	3.76%	3.70%
Industrial Production YoY in February	4/23	10.41%	20.69%(Adj.)
Money Supply M2 YoY in February	4/24	4.42%	4.35%

B · The Analysis of Bond Market

Although parts of the United States have begun to restart, some economists state that it will take at least two years to restore the economy to pre-epidemic levels, and it is expected that there will be a wave of bankruptcy and a long-term high unemployment rate. Therefore, market investors' demand for risk aversion will continue to dominate the bond market.

The U.S. Treasury market yields fell into a consolidation after falling, affected by this. The Treasury market yields were also adjusted in the low range, and continued the recent situation of low trading volume. Due to the effects of selling pressures on Taiwan bond and the ease of the epidemic, the 5-year and 10-year yield of treasury benchmark rose slightly.

Looking ahead, the central bank of Republic of China deliberately created an easy market environment. Under the influence of abundant funds, the current short-term situation in which the Taiwan bonds are in short supply is difficult to solve, making the rise of yield of bonds still limited. The overall atmosphere is in the favor of the operation of those inclined to long positions in Taiwan bond market. The pattern of the long positions in the bond market remains unchanged. It is estimated that the 10-year yield of treasury benchmark (A09103) trading range will fluctuate between 0.42% ~0.52%.

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

