

The Analysis Report of Bond Market in December, 2023

A、Macroeconomic Data

※America

Event	Date	Survey	Actual	Prior
ISM Index in October	11/1	49.0	46.7	49.0
ISM Service in October	11/3	53.0	51.8	53.6
Nonfarm Payrolls in October	11/3	180K	150K	262K(Adj.)
Unemployment Rate in October	11/3	3.8%	3.9%	3.8%
Hourly Earnings MoM in October	11/3	0.3%	0.2%	0.3%(Adj.)
Average Workweek in October	11/3	34.4	34.3	34.4
CPI MoM in October	11/14	0.1%	0.0%	0.4%
CORE CPI MoM in October	11/14	0.3%	0.2%	0.3%
PPI MoM in October	11/15	0.1%	-0.5%	0.4%(Adj.)
CORE PPI MoM in October	11/15	0.3%	0.0%	0.2%(Adj.)
NAHB Housing Market Index in November	11/16	40	34	40
Housing Starts MoM in October	11/17	-0.6%	1.9%	3.1%(Adj.)
Building Permits MoM in October	11/17	-1.4%	1.1%	-4.5%(Adj.)
Existing Home Sales in October	11/21	3,900K	3,790K	3,950K(Adj.)
Durable Orders MoM in October	11/22	-3.2%	-5.4%	4.0%(Adj.)
Durable Orders ex transportation MoM in October	11/22	0.1%	0.0%	0.2%(Adj.)
New Home Sales in October	11/27	721K	679K	719K(Adj.)
GDP-adv	11/29	5.0%	5.2%	4.9%
Personal Income MoM in October	11/30	0.2%	0.2%	0.4%(Adj.)
Personal Spending MoM in October	11/30	0.2%	0.2%	0.7%

✧Taiwan

Event	Date	Actual	Prior
Foreign Exchange Reserves in October	11/3	561.079(US\$ Billion)	564.009(US\$ Billion)
CPI YoY in October	11/7	3.05%	2.93%
Exports YoY in October	11/7	-4.5%	3.4%
Export Orders YoY in October	11/20	-4.6%	-15.6%
Unemployment Rate in October	11/22	3.41%	3.44%
Industrial Production YoY in October	11/23	-2.32%	-6.93%(Adj.)
Money Supply M2 YoY in October	11/24	5.70%	5.98%

B · The Analysis of Bond Market

U.S. inflation expectations have declined due to the fall in international oil prices. In addition, the U.S. Federal Reserve's interest rate decision-making meeting hinted that there will be room for three interest rate cuts next year, leading to a sharp decline in U.S. bond yields. The 10-year U.S. bond yield has recently shown a downward trend.

Affected by the Federal Reserve's hint of interest rate cuts, Taiwanese bond yields have fallen along with U.S. bond yields. However, market trading remains light, and the 10-year Taiwanese bond yields have recently shown a downward trend.

The meeting of the Board of Supervisors of the Central Bank maintained the interest rate policy unchanged. The market interprets that the interest rate hike cycle will not end until inflation cools down to below 2%. Therefore, it is expected that Taiwanese debt will maintain a range-bound pattern in the short term. It is estimated that the recent 10-year Taiwanese bond yields trading range will fluctuate between 1.15%–1.25%.

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

