

The Analysis Report of Bond Market in December, 2019

A、Macroeconomic Data

※America

Event	Date	Survey	Actual	Prior
Nonfarm Payrolls in October	11/01	85K	128K	180K(Adj.)
Unemployment Rate in October	11/01	3.6%	3.6%	3.5%
Hourly Earnings MoM in October	11/01	0.3%	0.2%	0.0%
Average Workweek in October	11/01	34.4	34.4	34.4
ISM Index in October	11/01	48.9	48.3	47.8
ISM Service in October	11/05	53.5	54.7	52.6
CPI MoM in October	11/13	0.3%	0.4%	0.0%
CORE CPI MoM in October	11/13	0.2%	0.2%	0.1%
PPI MoM in October	11/14	0.3%	0.4%	-0.3%
CORE PPI MoM in October	11/14	0.2%	0.3%	-0.3%
NAHB Housing Market Index in November	11/18	71	70	71
Building Permits MoM in October	11/19	-0.40%	5.0%	-2.4%(Adj.)
Housing Starts MoM in October	11/19	5.1%	3.8%	-7.9%(Adj.)
Existing Home Sales in October	11/21	5,490K	5,460K	5,360K(Adj.)
New Home Sales in October	11/26	705K	733K	738K(Adj.)
Durable Orders MoM in October	11/27	-0.9%	0.6%	-1.4%(Adj.)
Durable Orders ex transportation MoM in October	11/27	0.1%	0.6%	-0.4%
GDP-adv	11/27	1.9%	2.1%	1.9%
Personal Income MoM in October	11/27	0.3%	0.0%	0.3%
Personal Spending MoM in October	11/27	0.3%	0.3%	0.2%

✧Taiwan

Event	Date	Actual	Prior
Foreign Exchange Reserves in October	11/05	472.48(US\$ Billion)	469.49 (US\$ Billion)
CPI YoY in October	11/06	0.39%	0.42%(Adj.)
Exports YoY in October	11/08	-1.50%	-4.60%
Export Orders YoY in October	11/20	-3.50%	-4.90%
Unemployment Rate in October	11/22	3.72%	3.74%
Industrial Production YoY in October	11/25	-2.92%	-0.68% (Adj.)
Money Supply M2 YoY in October	11/25	3.79%	3.40%

B · The Analysis of Bond Market

The traders are concerned about whether the fact that Trump has signed Hong Kong Human Right and Democracy Act will influence the conduct of US-China trade talks. The atmosphere is full of risk aversion. Although America has changed the economical growing rate in the third quarter up to 2.1%, which is more than expected, the growing annual rate of Personal Consumption Expenditures Price Index (PCEPI) and Core Price Index are 1.3% and 1.6% respectively, which are below prediction. In addition, the consumer confidence index has decreased for four months continuously, which make the 10-year US bond yield decrease recently.

On December 3, the minister of United States Department of Commerce Ross stated that it's more important to reach proper agreement in trade with China than merely jump to an agreement before deadline. This statement has reversed the market risk sentiment. On December 4, the 10-year yield of treasury benchmark(A08109R) was open lower. But the timing is close to the end of the year, and the trader's attitude was conservative, under the condition that the trading volume cannot be enlarged, and the interest rate failed to break out of the range. It caused the 10-year yield of treasury benchmark(A08109R) closed at 0.679%, as well as a slight decline of 0.96bp.

Looking ahead, the United States has issued strong warnings to China before 12/15 tariff limit, and the US House of Representatives has passed the Hong Kong and Xinjiang Human Rights Act. They all increased the difficulty of reaching an agreement. The 10-year yield of treasury benchmark (A08109R) is expected to fluctuate between 0.64%~0.70%.

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

