

The Analysis Report of Bond Market in December, 2022

A、Macroeconomic Data

※America

Event	Date	Survey	Actual	Prior
ISM Index in October	11/1	50.0	50.2	50.9
ISM Service in October	11/3	55.3	54.4	56.7
Nonfarm Payrolls in October	11/4	193K	261K	269K(Adj.)
Unemployment Rate in October	11/4	3.6%	3.7%	3.5%
Hourly Earnings MoM in October	11/4	0.3%	0.4%	0.4%(Adj.)
Average Workweek in October	11/4	34.5	34.5	34.5
CPI MoM in October	11/10	0.6%	0.4%	0.4%
CORE CPI MoM in October	11/10	0.5%	0.3%	0.6%
PPI MoM in October	11/15	0.4%	0.2%	0.2%(Adj.)
CORE PPI MoM in October	11/15	0.3%	0.0%	0.2%(Adj.)
NAHB Housing Market Index in November	11/16	36	33	38
Housing Starts MoM in October	11/17	-2.0%	-4.2%	-1.3%(Adj.)
Building Permits MoM in October	11/17	-3.2%	-2.4%	1.4%
Existing Home Sales in October	11/18	4,400K	4,430K	4,710K
New Home Sales in October	11/23	570K	632K	588K(Adj.)
Durable Orders MoM in October	11/23	0.4%	1.0%	0.3%(Adj.)
Durable Orders ex transportation MoM in October	11/23	0.0%	0.5%	-0.9%(Adj.)
GDP-adv	11/30	2.8%	2.9%	2.6%
Personal Income MoM in October	12/1	0.4%	0.7%	0.4%
Personal Spending MoM in October	12/1	0.8%	0.8%	0.6%

✧Taiwan

Event	Date	Actual	Prior
Foreign Exchange Reserves in October	11/4	542.792(US\$ Billion)	541.107(US\$ Billion)
CPI YoY in October	11/8	2.72%	2.76%(Adj.)
Exports YoY in October	11/8	-0.5%	-5.3%
Export Orders YoY in October	11/21	-6.3%	-3.1%
Unemployment Rate in October	11/22	3.64%	3.64%
Industrial Production YoY in October	11/23	-3.56%	-4.49%(Adj.)
Money Supply M2 YoY in October	11/24	7.32%	6.83%

B · The Analysis of Bond Market

Recently, due to the dovish remarks of the chairman of the US Federal Reserve, the certainty of raising interest rates by only 2 yards in December has increased. In addition, as the monetary tightening policy is coming to an end, it will lead to a decline in yields. The 10-year U.S. bond yield has shown a downward trend recently.

Currently, the Taiwan bond market has been affected by the accounting factors at the end of the previous month and the recent economic indicators have deteriorated. As a result, the market has gradually lowered expectations for the central bank to raise interest rates in December, causing Taiwan bond yield to continue to fall. The 10-year Taiwan bond yield has shown a downward trend.

Looking ahead, although the Taiwan bond yield has been revised recently, the trading volume is still insufficient. In addition to the future trend being dominated by the international bond market, the follow-up bond bidding situation can also confirm the actual buyer's view on the current yield rate. When bond yields are reversing and are corrected, Taiwan bond yields may fluctuate lower or fluctuate in a range. It is estimated that the recent 10-year Taiwan bond yield trading range should fluctuate between 1.30% and 1.50%.

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

