

US & Europe Bond Markets

Govt, Equity, FX and Credit Benchmark & Economic Statistics

Benchmarks	Value	Net Change (bps)
UST 5Y	0.3%	0.16
UST 10Y	0.67%	0.16
UST 30Y	1.43%	0.20
Bund 5Y	-0.68%	0.30
Bund 10Y	-0.43%	0.10
Bund 30Y	0.03%	0.10
DOW JONES	26287.03	1.78 %
NASDAQ	10433.65	2.21 %
S&P 500	3179.72	1.59 %
DAX	12733.45	1.64 %
FTSE 100	6285.94	2.09 %
CAC 40	5081.51	1.49 %
EUR/USD	1.13	0.13 %
USD/JPY	107.41	(0.14)%
USD/CNY	7.02	(0.04)%
US 5Y CDS	--	--
Germany 5Y CDS	14.23	0.36
Italy 5Y CDS	160.38	0.06
Spain 5Y CDS	--	--
Portugal 5Y CDS	--	--
France 5Y CDS	21.04	(0.70)
Japan 5Y CDS	18.01	(0.23)
China 5Y CDS	45.12	0.12
Korea 5Y CDS	25.97	1.27

US & European Bond Markets

US & European Government Bond :

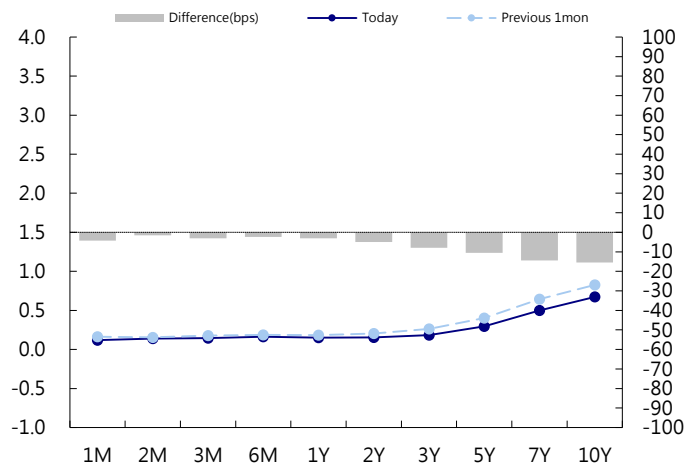
Front-end remained relatively anchored, steepening 2s10s by 1bp on the day; 10-year yields ended around 0.685% while 20- and 30-year sector led losses and cheapened 2bp to 2.5bp. Investors may look ahead to U.S. auctions which kick-off Tuesday with \$46b 3-year notes, followed by \$29b 10-year and \$19b 30-year sale Wednesday and Thursday.

US & European Corporate Bonds:

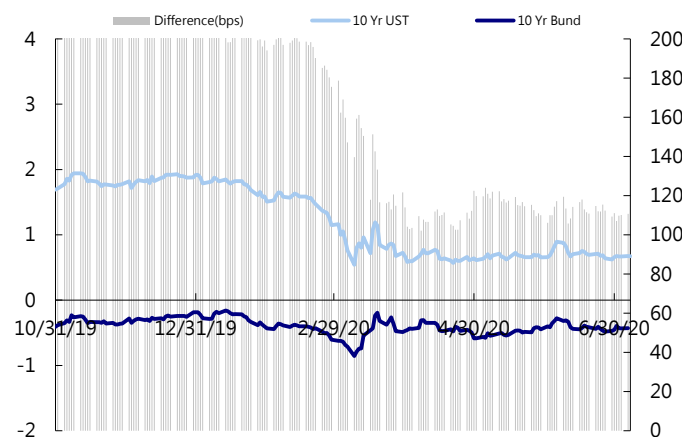
Sentiment was very strong in the China equities and bids are firmer and spreads -3 to -4 bps in the benchmark names but we actually bumped into more seller after spreads tighten. Not a lot of accounts are actually topping up from secondary as supplies are coming back. In HY sector, China property names opened stronger today on the back of Asian equity strength, and benchmark papers traded up another 50c -1pt with one way Real money buying while we did see some profit takers on long end papers but loose bonds were quickly absorbed by traders.

Date	Event	Forecast	Previous
07/07	JOLTS Job Openings	4800.000	5046.000
07/08	MBA Mortgage Applications	--	(0.018)
07/09	Consumer Credit	-\$15.000b	-\$68.779b
07/09	Initial Jobless Claims	--	1427k
07/09	Continuing Claims	--	19290k
07/09	Bloomberg Consumer Comfort	--	43.300
07/09	Wholesale Trade Sales MoM	--	(0.169)
07/09	Wholesale Inventories MoM	(0.012)	(0.012)
07/10	PPI Final Demand MoM	0.004	0.004
07/10	PPI Ex Food and Energy MoM	0.001	(0.001)
07/10	PPI Ex Food, Energy, Trade MoM	0.001	0.001
07/10	PPI Final Demand YoY	(0.002)	(0.008)
07/10	PPI Ex Food and Energy YoY	0.005	0.003
07/10	PPI Ex Food, Energy, Trade YoY	--	(0.004)

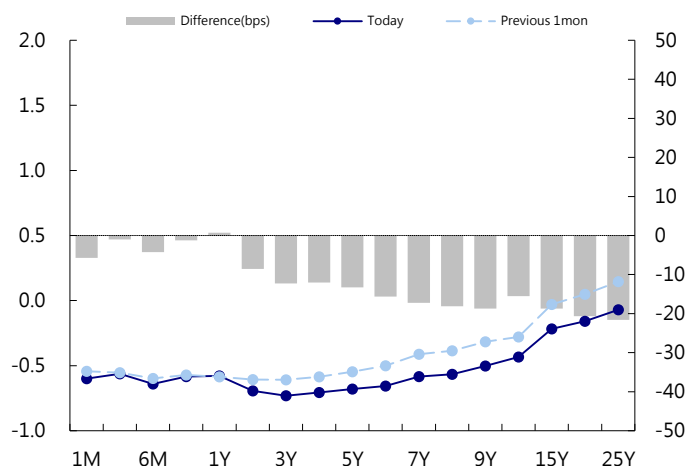
US Treasury Curve



UST V.S. Bund 10Y Yield



Bund Curve



China Bond Market

CNY & CNH Market Data

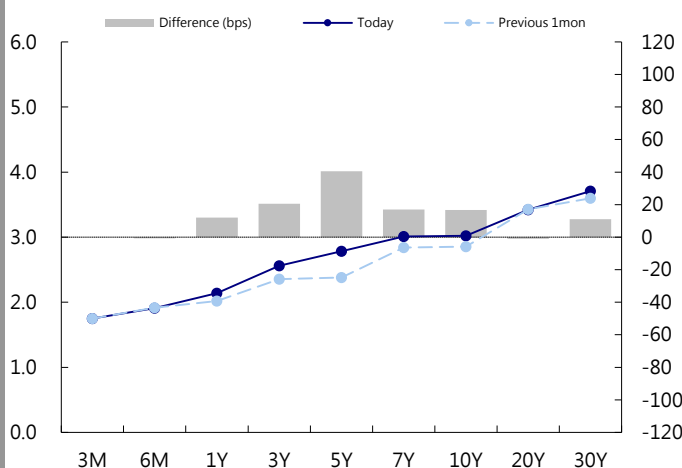
Benchmarks	Value		Net Change (bps)	
	CNY	CNH	CNY	CNH
CGB 5Y	2.78%	2.39%	7.43	(0.04)
CGB 10Y	3.02%	2.83%	5.99	--
CGB 20Y	3.42%	3.17%	--	--
Chinese Renminbi Spot	7.02	7.01	0.04%	(0.01)%
USDCNY 1M Forward	7.03	7.03	0.06 %	0.05 %
USDCNY 3M Forward	7.05	7.05	0.07 %	(0.03)%
USDCNY 6M Forward	7.08	7.08	0.07 %	0.03 %
	7D Repo	3M Shibor	7D Repo	3M Shibor
CNY IRS 1Y	2.315%	2.46%	16.00	15.00
CNY IRS 2Y	2.405%	2.645%	18.50	18.50
CNY IRS 3Y	2.495%	2.805%	18.00	17.00
CNY IRS 4Y	2.575%	2.93%	17.50	17.00
CNY IRS 5Y	2.665%	3.055%	17.50	18.00
SDBC 3.03 01/18/22	2.50		6.00	
SDBC 3.68 02/26/26	3.32		(0.00)	
SDBC 3.48 01/08/29	3.52		8.00	
SDBC 3 1/2 11/04/46	3.82		6.87	
CNH CCS 3M	2.25		9.79	
CNH CCS 6M	2.22		11.73	
CNH CCS 12M	2.18		14.90	
CNH CCS 3Y	2.07		11.13	
CNH CCS 5Y	2.00		4.72	

China Bond Market

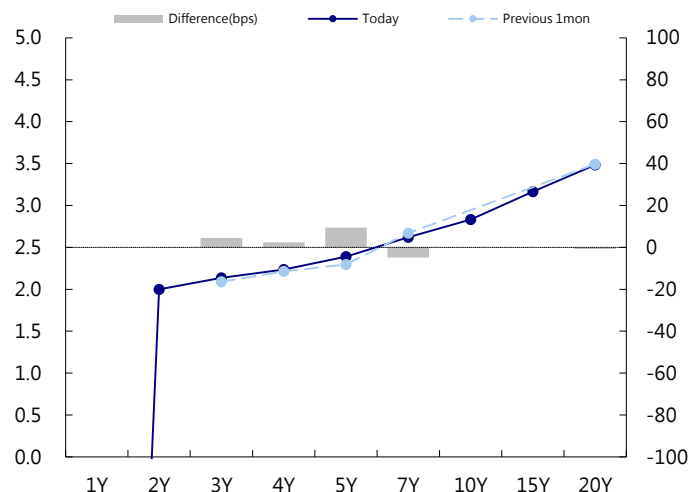
Regarding bond market, the spot fell sharply on Monday. Pressured by the soaring stock market, the yield of cash bonds extended upward, the 10-year interest rate bond yield rose by more than 10 basis points, and the 10-year and 5-year Treasury bond futures dropped down more than 1%. Traders said that the domestic stock market continued its enthusiasm and created the largest single-day gain during last five-days, which dispersed the open market to continue its net return. In terms of exchange rate, the spot exchange rate of RMB against the US dollar CNY = CFXS closed up 350 points on Monday to a new high of more than three and a half months, offshore CNHCNH = intraday also rose nearly 400 points and broke the 7.03 mark. Traders said that China's economic recovery is progressing well, and the optimism of the stock market surge has attracted more foreign capital inflows, which has boosted the renminbi's strength. If the bull market sentiment in A shares continues, the short-term exchange rate may continue to approach 7 .

Date	Event	Forecast	Previous
07/07	Foreign Reserves	\$3112.00b	\$3101.69b
07/09	PPI YoY	(0.032)	(0.037)
07/09	CPI YoY	0.025	0.024
07/10	Money Supply M0 YoY	0.091	0.095
07/10	Money Supply M1 YoY	0.070	0.068
07/10	Money Supply M2 YoY	0.111	0.111
07/10	New Yuan Loans CNY	1800.0b	1480.0b
07/10	Aggregate Financing CNY	3067.5b	3190.0b
07/10	Foreign Direct Investment YoY CNY	--	0.075

Onshore CNY Government Bond Curve



Offshore CNH Government Bond Curve



Taiwan Bond Market

Taiwan Market data

Benchmarks	Value	Net Change (bps)
TWGB 5Y	0.34%	(0.13)
TWGB 10Y	0.45%	(0.13)
USD/TWD	29.41	(0.21)%
EURO/TWD	33.27	(0.08)%
HKD/TWD	3.79	(0.27)%
VNY/TWD	4.19	(0.05)%
TWD Overnight Rate	0.081%	0.20
TWD Secondary CP 10D	0.7125%	(1.61)
TWD Secondary CP 30D	0.7544%	(1.35)
TWD Secondary CP 90D	0.8081%	(1.97)

Taiwan Bond Secondary Market

Chinese share indices were soaring yesterday with gains above 3%. The moves are remarkable that it drove the whole Asian markets including Taiwanese market upwards. Taiwan 5 year treasury yield is at 0.3414%, gained 0.02bps.

Taiwan Bond Primary Market

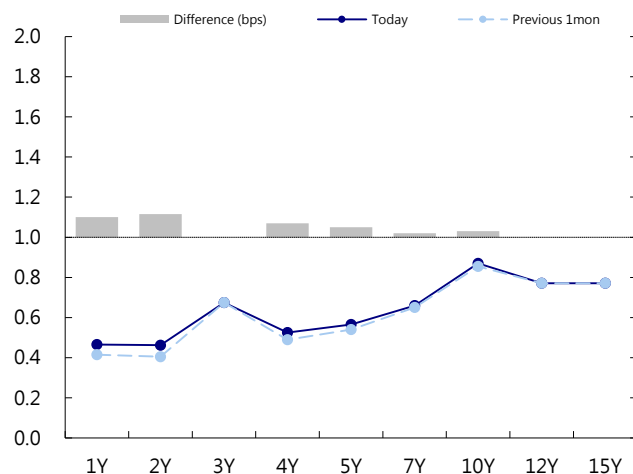
Announcements of Corporate Bonds Issuances approved by the BOD on 6th July : None.
Bonds issued on 7th July : None.

Date	Event	Forecast	Previous
07/07	Trade Balance	\$4.62b	\$4.72b
07/07	Exports YoY	-3.8%	-2.0%
07/07	Imports YoY	-7.7%	-3.5%
07/07	WPI YoY	-9.4%	-11.6%
07/07	CPI Core YoY	0.1%	0.1%

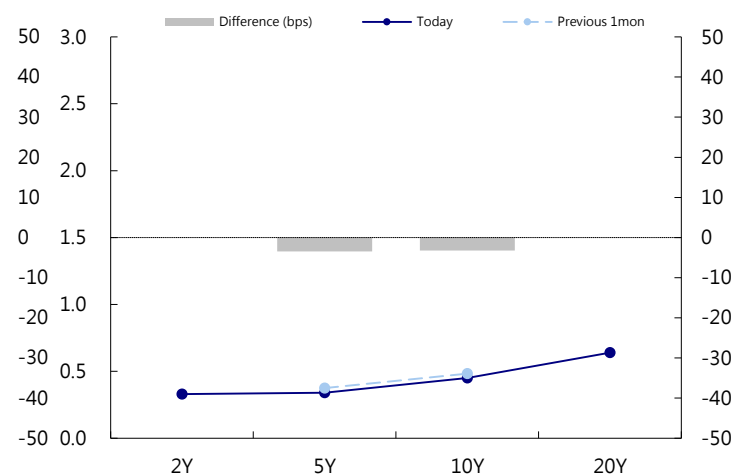
Money Market

With sufficient fund in the market by the end of the last quarter, short term repo rate remains stable. Last month, central bank kept its monetary policy and base rate. We expect repo rates continue to trade within the range, i.e., Govt bond repo rate at 0.23%-0.30%, while corporate bond repo rate at 0.35%-0.37%.

TWD IRS Curve



Taiwan Government Bond Yield curve



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Global Locations

Hong Kong

SinoPac Securities (Asia) Ltd.
7th Floor, Lee Garden Three,
1 Sunning Road,
Causeway Bay, Hong Kong
Tel: +852-2586-8362
Toll Free : 0080-185-6674(Taiwan)
Fax: +852-2586-8399

Shanghai

SinoPac Securities (Asia) Limited
Suite 2405, Hua Xia Bank Tower,
256 South Pudong Road, Shanghai
People's Republic of China
Tel: +86-21-6886-5358
Fax: +86-21-6886-5969

London

SinoPac Securities (Europe) Ltd.
6 Lloyd's Avenue,
London EC3N 3AX,
United Kingdom,
Registered in England and Wales No. 3766464
Tel: +44-20-7614-9999
Fax: +44-20-7614-9979

Taipei

SinoPac Securities Corporation
17F · 2 Chung Ching S. Road · Sec 1
Taipei 100 ·
Taiwan
Tel: +886-2-2382-8219/2312-3866
Fax: +886-2-2382-3464

Contact Us

SinoPac Securities Corp
www.taiwanresearch.com
fixedincome@sinopac.com
Bloomberg page: SIAL