

# US & Europe Bond Markets

## Govt, Equity, FX and Credit Benchmark & Economic Statistics

Benchmarks	Value	Net Change (bps)
UST 5Y	0.72%	3.35
UST 10Y	1.28%	5.65
UST 30Y	1.92%	3.94
Bund 5Y	-0.7%	(2.00)
Bund 10Y	-0.43%	(3.10)
Bund 30Y	0.05%	(3.50)
DOW JONES	34823.35	0.07 %
NASDAQ	14684.60	0.36 %
S&P 500	4367.48	0.20 %
DAX	15514.54	0.60 %
FTSE 100	6968.30	(0.43)%
CAC 40	6481.59	0.26 %
EUR/USD	1.18	(0.15)%
USD/JPY	110.20	(0.11)%
USD/CNY	6.47	0.03 %
US 5Y CDS	11.46	--
Germany 5Y CDS	11.41	1.22
Italy 5Y CDS	78.06	--
Spain 5Y CDS	33.89	--
Portugal 5Y CDS	30.45	--
France 5Y CDS	22.76	0.82
Japan 5Y CDS	18.68	1.24
China 5Y CDS	38.77	0.21
Korea 5Y CDS	18.83	0.25

## US & European Bond Markets

### US & European Government Bond :

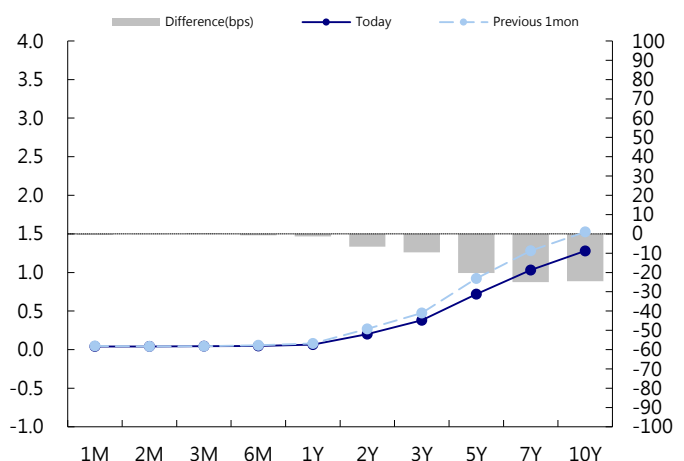
Yields on UST eased on Thursday after the auction of \$16 bn in 10-year TIPS was bid at a record low, while the latest jobless claims report reinforced expectations the Fed policy stance will remain dovish. US treasury market saw light volume tendency on Thursday as market now awaits FOMC next week for further guidance on taper and Fed chair Powell' s stance. Regarding EU market, the ECB pledged not to hike borrowing costs until it sees inflation reach its 2% target on its ECB meeting on Thursday. This is in order to keep interest rates at record lows for even longer to boost sluggish inflation and warned that the rapidly spreading Delta variant of the coronavirus poses a risk to the euro zone's recovery. German 10-year bond yields fell nearly 3 basis points to -0.423% but converged to around -0.405% to close.

### US & European Corporate Bonds:

A rebound in technology companies drove stocks to the brink of a record, with traders assessing another batch of economic and earnings reports. Treasuries climbed. Treasuries ended richer across the curve, by ~5bp at long end, after maintaining most of an advance that unfolded during U.S. morning. IG Flow was skewed to better buying today on back of higher UST yield. Spreads were 3-6bps tighter led by tech and O&G BM names, including TENCNT, BABA, MEITUA, SINOPE and HAOHUA. Financial names continued to see some buying support. On new issue front, CHALHK 1.55 24 opened at +139 before profit takers came in and brought the bond back to +142/140 (RO+142). CHALHK 2.1 26 was more resilient. It was traded down to +144.5 in the morning but buyers emerged later to close at +142.5/142 (RO+145). CSSSHI 2.1 26 was tightened by 2bps to close at +143/140 (RO +145). To sum up , there's no clear direction for stock / UST this week as no important data announce , and market will all focus on 2Q earning release . Although earnings expect to be strong, but there' s still an uncertainty about what happens going forward as earning growth may at peak from low base last year and delta pandemic return. Therefore , it would be better to take profit since the stock close to record high and UST/credit spread at recent low .

Date	Event	Forecast	Previous
07/23	Markit US Manufacturing PMI	62.000	62.100
07/23	Markit US Services PMI	64.500	64.600
07/23	Markit US Composite PMI	--	63.700

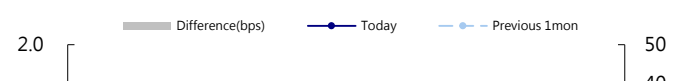
### US Treasury Curve



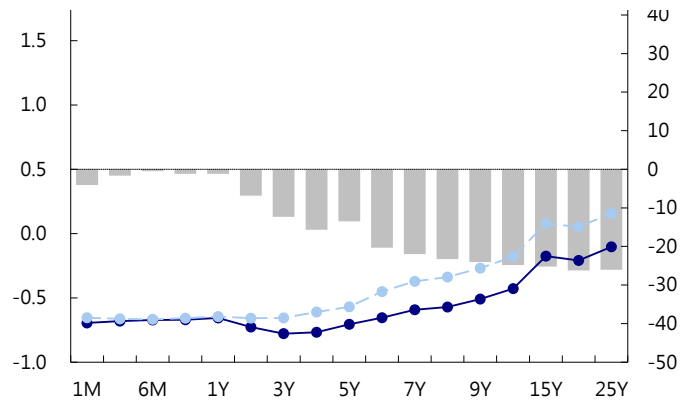
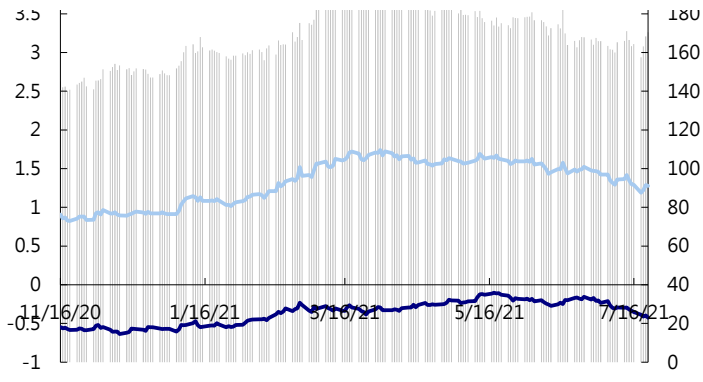
### UST V.S. Bund 10Y Yield



### Bund Curve



# Fixed Inco



# China Bond Market

## CNY & CNH Market Data

Benchmarks	Value		Net Change (bps)	
	CNY	CNH	CNY	CNH
CGB 5Y	2.73%	2.52%	(1.75)	(0.06)
CGB 10Y	2.91%	2.89%	(1.01)	(0.01)
CGB 20Y	3.18%	2.98%	--	(0.01)
Chinese Renminbi Spot	6.47	6.48	-0.03%	0.00 %
USDCNY 1M Forward	6.49	6.49	(0.03)%	(0.01)%
USDCNY 3M Forward	6.52	6.52	(0.03)%	(0.01)%
USDCNY 6M Forward	6.56	6.56	(0.02)%	0.00 %
	7D Repo	3M Shibor	7D Repo	3M Shibor
CNY IRS 1Y	2.37%	2.615%	0.00	1.00
CNY IRS 2Y	2.465%	2.775%	0.00	1.00
CNY IRS 3Y	2.56%	2.935%	0.00	2.00
CNY IRS 4Y	2.655%	3.065%	0.00	0.50
CNY IRS 5Y	2.735%	3.185%	0.00	1.00

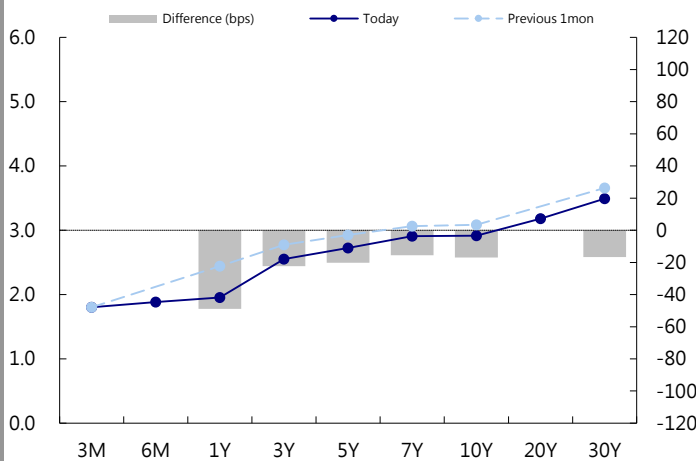
Benchmarks	Value	Net Change (bps)
SDBC 3.03 01/18/22	2.12%	0.793
SDBC 3.68 02/26/26	3.05%	-1.000
SDBC 3.48 01/08/29	3.32%	-1.000
SDBC 3 1/2 11/04/46	3.55%	1.180
CNH CCS 5Y	2.41%	0.60

Date	Event	Forecast	Previous
07/23	Bloomberg July China Economic Survey		
07/23	FX Net Settlement - Clients CNY	--	139.3b

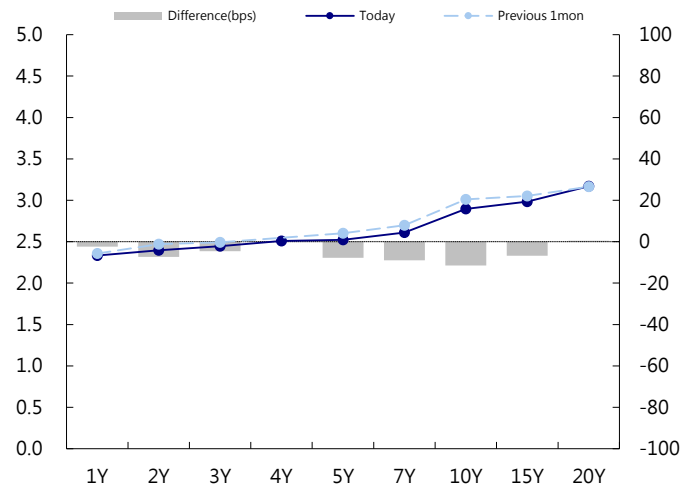
## China Bond Market

Regarding bond market, China's bond market has suspended spot buying on Thursday. The 10-year treasury bond yield on the inter-bank market rose slightly by less than 1 bp, and the main contract on the financial futures exchange's major treasury bond futures declined slightly. In the primary market, today's bidding for multi-period financial bonds has a slight increase compared to the secondary discount range from last week, indicating that the demand is stable and improving. In terms of exchange rate, the RMB against the US dollar briefly touched a new high of nearly a week in early trading on Thursday, but the half-day volatility was less than 40 points, and the central parity also hit a one-week high. Traders said that the strong earnings report of US stocks led to a rebound in market risk appetite. The US index fell to around 92.8 overnight, and the renminbi benefit rose; the short-term exchange rate is expected to continue to perform within the range. Concerned about the results of the European Central Bank meeting, it is expected to remain dovish.

## Onshore CNY Government Bond Curve



## Offshore CNH Government Bond Curve



# Taiwan Bond Market

## Taiwan Market data

Benchmarks	Value	Net Change (bps)
TWGB 5Y	0.25%	(0.70)
TWGB 10Y	0.39%	(0.40)
USD/TWD	28.00	(0.04)%
EUR/TWD	32.97	(0.20)%
HKD/TWD	3.60	0.03 %
VNY/TWD	4.33	(0.12)%
TWD Overnight Rate	0.081%	(0.20)
TWD Secondary CP 10D	0.7125%	(1.61)
TWD Secondary CP 30D	ECO	(1.35)
TWD Secondary CP 90D	0.8081%	(1.97)

## Taiwan Bond Secondary Market

5YR,10YR, 20YR treasury had no transaction volume. Investors are waiting 5YR action next week. Working from home makes less trader trading TGB. Expect 5YR trade at 0.25%~0.27% , 10YR trade at 0.38%~0.40%.

## Taiwan Bond Primary Market

Announcements of Corporate Bonds Issuances approved by the Board of Directors on 22nd July : None.

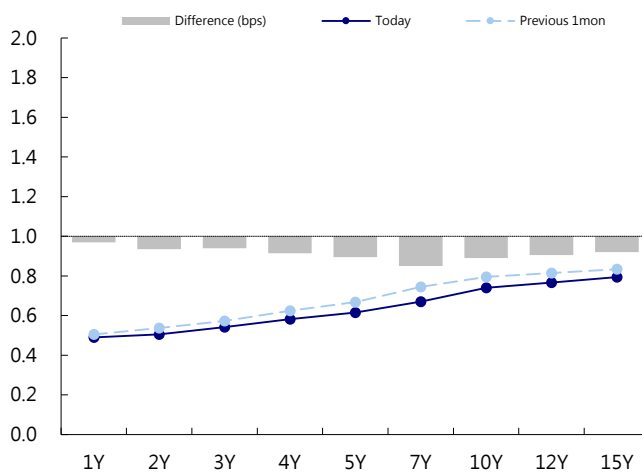
Bonds issued on 23rd July : Land Bank of Taiwan issued NTD 1BN of 5-year senior bank debentures at a coupon rate of 0.39%.

## Money Market

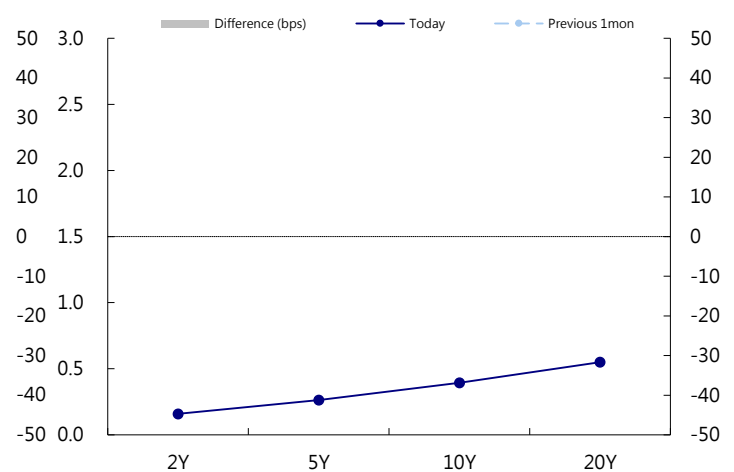
With sufficient fund in the market due to loose monetary policy supported by central bank, we expect repo rates continue to trade within the range, i.e., Govt bond repo rate at 0.11%-0.19%, while corporate bond repo rate at 0.18%-0.23%.

Date	Event	Forecast	Previous
07/23	Industrial Production YoY	12.5%	0.2
07/23	Money Supply M1B Daily Avg YoY	--	17.7%
07/23	Money Supply M2 Daily Avg YoY	--	9.2%

## 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](http://www.taiwanresearch.com)  
[fixedincome@sinopac.com](mailto:fixedincome@sinopac.com)  
Bloomberg page: SIAL