



Korean Bond Market Summary: July 29 - August 2

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This is a summary of the Korean Bond Market for the week from July 29 to August 2. I have included my opinions in highlight on a news article.

1. Bullish Outlook for the Bond Market:

- The bond market is expected to be under some bullish pressure, with demand for bonds increasing, potentially leading to a rise in bond prices
- Reasons:
 - Weak U.S. employment figures
 - Possibility of a rapid pivot by the Fed in monetary policy

2. Weak U.S. employment figures:

- July employment increased by 114,000, lower than the market expectation of 170,000
 - Poor employment figures may indicate that the economy could slow down more than expected
 - This could signal an interest rate cut to stimulate the economy

3. Possibility of a rapid Fed pivot:

- A monetary pivot refers to a sudden shift by the Fed from tightening to easing, or vice versa
 - As the likelihood of a rate cut increases, demand for existing bonds with higher interest rates rises, potentially leading to an increase in bond prices

4. U.S. FOMC Interest rates:

- Currently on hold at 5.25% to 5.50%
- There is a high possibility that the rate will be cut by 50 basis points in September

5. Foreign investors' Bond features purchases:

- Foreign investors have net sold 6,000 contracts of 3-year bond futures, anticipating that short-term interest rates may rise, thus selling now
- They have net bought 20,000 contracts of 10-year bond futures, preferring long-term bonds when economic outlook is uncertain
 - They expect to profit from price increases in currently held bonds (which offer higher rates) when interest rates fall
 - Long-term bonds become attractive investments when there are signals of rate cuts

Bond prices and interest rates are inversely related

→ When interest rates rise, bond prices fall; when interest rates fall, bond prices rise.

This is because higher rates make new bonds more attractive, reducing the value of existing bonds.

This blog post was written with reference to a Yonhap Infomax economic news article and is intended for personal study purposes.

- **Source:** <http://news.einfomax.co.kr/news/articleView.html?idxno=4319875>

[채권-주간] 깊어지는 美 침체 우려에 커지는 강세 압력 - 연합인포맥스

이번 주(5일~9일) 서울 채권시장은 부진한 미국 고용지표와 향후 미국 연방준비제도(Fed·연준)의 급격한 피벗(통화정책 전환) 가능성 등을 고려하며 다소 강세 압력을 받을 전망이다.오는 5일에는 일본은행(BOJ)...

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