

Bond Market Survey (May 2015)

Survey period: From May 22 to May 29, 2015

Number of respondents¹: 39

¹ Eligible institutions for the Bank of Japan's outright purchases and sales of JGBs (voluntary basis)

1. Bond Market Functioning (Answer the following questions considering the secondary JGB market.)

(1) The degree of bond market functioning from your company's viewpoint²

² Answer these questions taking into account your answers to (2) a. to g. as a whole.

(Current situation)

	Feb. 2015 Survey	May 2015 Survey	Number of respondents
DI ³	▲25	▲5	/
Percentage			
1. High	5	13	5
2. Not very high	65	69	27
3. Low	30	18	7

³ DI: Diffusion Index of "1" minus "3", %points

(Change from three months ago)

	Feb. 2015 Survey	May 2015 Survey	Number of respondents
DI	▲72	+11	/
Percentage			
1. Has improved	3	21	8
2. Hasn't really improved	23	69	27
3. Has decreased	75	10	4

(2) Factors related to bond market functioning and liquidity

a. The bid-ask spread from your company's viewpoint

(Current situation)

	Feb. 2015 Survey	May 2015 Survey	Number of respondents
DI	▲12	+5	/
Percentage			
1. Tight	13	18	7
2. Not very tight	63	69	27
3. Wide	25	13	5

(Change from three months ago)

	Feb. 2015 Survey	May 2015 Survey	Number of respondents
DI	▲65	+8	/
Percentage			
1. Has tightened	0	18	7
2. Hasn't really tightened	35	72	28
3. Has widened	65	10	4

b. The order quantity by market participants from your company's viewpoint, taking into account "thickness" of the trading board⁴

(Current situation)

	Feb. 2015 Survey	May 2015 Survey	Number of respondents
DI	▲45	▲30	/
Percentage			
1. Large	0	8	3
2. Not very large	55	54	21
3. Small	45	38	15

(Change from three months ago)

	Feb. 2015 Survey	May 2015 Survey	Number of respondents
DI	▲75	▲5	/
Percentage			
1. Has increased	3	18	7
2. Hasn't really increased	20	59	23
3. Has decreased	78	23	9

⁴ "Thickness" of the trading board refers to the order quantity for each bid and ask price.

c. The dealing frequency of your company⁵

(Change from three months ago)

	Feb. 2015 Survey	May 2015 Survey	Number of respondents
DI	▲16	▲18	/
Percentage			
1. Has increased	15	11	4
2. Hasn't really increased	54	61	23
3. Has decreased	31	29	11

⁵ Answer dealing frequency with the same counterparty.

d. The number of your dealing counterparties

(Change from three months ago)

	Feb. 2015 Survey	May 2015 Survey	Number of respondents
DI	▲18	▲7	/
Percentage			
1. Has increased	10	11	4
2. Hasn't really increased	62	71	27
3. Has decreased	28	18	7

e. The lot sizes of your company

(Change from three months ago)

	Feb. 2015 Survey	May 2015 Survey	Number of respondents
DI	▲30	▲13	/
Percentage			
1. Has increased	3	3	1
2. Hasn't really increased	64	82	31
3. Has decreased	33	16	6

f. Is your company able to make dealings with expected prices?

(Current situation)

	Feb. 2015 Survey	May 2015 Survey	Number of respondents
DI	+15	+40	
Percentage			
1. Yes	33	45	17
2. Not really	49	50	19
3. No	18	5	2

g. Is your company able to make dealings with expected dealing lots?

(Current situation)

	Feb. 2015 Survey	May 2015 Survey	Number of respondents
DI	+5	+21	
Percentage			
1. Yes	36	39	15
2. Not really	33	42	16
3. No	31	18	7

2. Outlook for Long-Term Interest Rates

(1) The outlook for newly issued JGB yields at each following point

(Newly issued 2-year JGB yield)

	End-Jun. 2015	End-Sep. 2015	End-Dec. 2015	End-Mar. 2016	End-Mar. 2017	End-Mar. 2018
<Number of respondents: 39>						
Average	0.02	0.03	0.04	0.06	0.12	0.21
Third quartile (75th percentile)	0.03	0.05	0.05	0.10	0.15	0.25
Median	0.01	0.03	0.05	0.05	0.10	0.15
First quartile (25th percentile)	0.00	0.00	0.00	0.00	0.05	0.10

(Newly issued 5-year JGB yield)

	End-Jun. 2015	End-Sep. 2015	End-Dec. 2015	End-Mar. 2016	End-Mar. 2017	End-Mar. 2018
<Number of respondents: 39>						
Average	0.10	0.11	0.14	0.18	0.29	0.43
Third quartile (75th percentile)	0.12	0.15	0.18	0.20	0.40	0.50
Median	0.10	0.10	0.15	0.18	0.30	0.40
First quartile (25th percentile)	0.10	0.10	0.10	0.10	0.19	0.30

(Newly issued 10-year JGB yield)

	End-Jun. 2015	End-Sep. 2015	End-Dec. 2015	End-Mar. 2016	End-Mar. 2017	End-Mar. 2018
<Number of respondents: 39>						
Average	0.41	0.43	0.47	0.54	0.75	0.95
Third quartile (75th percentile)	0.41	0.50	0.50	0.60	0.90	1.18
Median	0.40	0.40	0.50	0.50	0.75	1.00
First quartile (25th percentile)	0.40	0.40	0.40	0.44	0.60	0.70

(Newly issued 20-year JGB yield)

	End-Jun. 2015	End-Sep. 2015	End-Dec. 2015	End-Mar. 2016	End-Mar. 2017	End-Mar. 2018
<Number of respondents: 37>						
Average	1.20	1.22	1.26	1.34	1.52	1.70
Third quartile (75th percentile)	1.21	1.30	1.35	1.45	1.65	1.85
Median	1.20	1.20	1.30	1.35	1.55	1.75
First quartile (25th percentile)	1.20	1.20	1.20	1.20	1.35	1.60

(Newly issued 30-year JGB yield)

	End-Jun. 2015	End-Sep. 2015	End-Dec. 2015	End-Mar. 2016	End-Mar. 2017	End-Mar. 2018
<Number of respondents: 37>						
Average	1.46	1.49	1.52	1.59	1.78	1.97
Third quartile (75th percentile)	1.50	1.50	1.60	1.70	1.90	2.20
Median	1.45	1.50	1.55	1.60	1.80	2.00
First quartile (25th percentile)	1.40	1.45	1.45	1.50	1.65	1.85

(2) The probability distribution forecast⁶ of the newly issued 10-year JGB yield at end-Mar. 2017 and end-Mar. 2018

	≤0.50%	0.51~1.00%	1.01~1.50%	1.51~2.00%	2.01~2.50%	2.51~3.00%	3.01%≤
End-Mar. 2017 (38 respondents)	29.5	48.3	17.1	3.5	0.9	0.5	0.2
End-Mar. 2018 (37 respondents)	17.2	40.5	29.1	10.1	2.1	0.8	0.2

⁶ Arithmetic average

Note: The next survey's publication date is September 7, 2015.

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