

Bond Market Survey (August 2015)

Survey period: From August 7 to August 14, 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)

	May 2015 Survey	Aug. 2015 Survey	Number of respondents
DI ³	▲5	▲5	/
Percentage			
1. High	13	10	4
2. Not very high	69	74	29
3. Low	18	15	6

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

(Change from three months ago)

	May 2015 Survey	Aug. 2015 Survey	Number of respondents
DI	+11	▲8	/
Percentage			
1. Has improved	21	5	2
2. Hasn't really improved	69	82	32
3. Has decreased	10	13	5

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	May 2015 Survey	Aug. 2015 Survey	Number of respondents
DI	+5	+18	/
Percentage			
1. Tight	18	28	11
2. Not very tight	69	62	24
3. Wide	13	10	4

(Change from three months ago)

	May 2015 Survey	Aug. 2015 Survey	Number of respondents
DI	+8	+10	/
Percentage			
1. Has tightened	18	15	6
2. Hasn't really tightened	72	79	31
3. Has widened	10	5	2

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

(Current situation)

	May 2015 Survey	Aug. 2015 Survey	Number of respondents
DI	▲30	▲16	/
Percentage			
1. Large	8	10	4
2. Not very large	54	64	25
3. Small	38	26	10

(Change from three months ago)

	May 2015 Survey	Aug. 2015 Survey	Number of respondents
DI	▲5	▲10	/
Percentage			
1. Has increased	18	8	3
2. Hasn't really increased	59	74	29
3. Has decreased	23	18	7

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)

	May 2015 Survey	Aug. 2015 Survey	Number of respondents
DI	▲18	▲33	/
Percentage			
1. Has increased	11	3	1
2. Hasn't really increased	61	62	24
3. Has decreased	29	36	14

⁵ Answer dealing frequency with the same counterparty.

d. The number of your dealing counterparties

(Change from three months ago)

	May 2015 Survey	Aug. 2015 Survey	Number of respondents
DI	▲7	▲21	/
Percentage			
1. Has increased	11	0	0
2. Hasn't really increased	71	79	31
3. Has decreased	18	21	8

e. The lot sizes of your company

(Change from three months ago)

	May 2015 Survey	Aug. 2015 Survey	Number of respondents
DI	▲13	▲15	/
Percentage			
1. Has increased	3	3	1
2. Hasn't really increased	82	79	31
3. Has decreased	16	18	7

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

(Current situation)

	May 2015 Survey	Aug. 2015 Survey	Number of respondents
DI	+40	+51	
Percentage			
1. Yes	45	56	22
2. Not really	50	38	15
3. No	5	5	2

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

(Current situation)

	May 2015 Survey	Aug. 2015 Survey	Number of respondents
DI	+21	+36	
Percentage			
1. Yes	39	49	19
2. Not really	42	38	15
3. No	18	13	5

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)

(%)

<Number of respondents: 39>	End-Sep. 2015	End-Dec. 2015	End-Mar. 2016	End-Jun. 2016	End-Mar. 2017	End-Mar. 2018
Average	0.02	0.03	0.04	0.06	0.11	0.19
Third quartile (75th percentile)	0.03	0.05	0.05	0.10	0.15	0.25
Median	0.01	0.01	0.02	0.05	0.10	0.15
First quartile (25th percentile)	0.00	0.00	0.00	0.01	0.05	0.10

(Newly issued 5-year JGB yield)

(%)

<Number of respondents: 39>	End-Sep. 2015	End-Dec. 2015	End-Mar. 2016	End-Jun. 2016	End-Mar. 2017	End-Mar. 2018
Average	0.11	0.12	0.16	0.20	0.29	0.42
Third quartile (75th percentile)	0.12	0.15	0.20	0.25	0.35	0.50
Median	0.10	0.10	0.15	0.18	0.25	0.40
First quartile (25th percentile)	0.10	0.10	0.10	0.14	0.20	0.30

(Newly issued 10-year JGB yield)

(%)

<Number of respondents: 39>	End-Sep. 2015	End-Dec. 2015	End-Mar. 2016	End-Jun. 2016	End-Mar. 2017	End-Mar. 2018
Average	0.44	0.46	0.52	0.59	0.76	0.96
Third quartile (75th percentile)	0.48	0.50	0.60	0.70	0.90	1.18
Median	0.42	0.45	0.50	0.55	0.75	1.00
First quartile (25th percentile)	0.40	0.40	0.40	0.50	0.60	0.73

(Newly issued 20-year JGB yield)

(%)

<Number of respondents: 37>	End-Sep. 2015	End-Dec. 2015	End-Mar. 2016	End-Jun. 2016	End-Mar. 2017	End-Mar. 2018
Average	1.21	1.23	1.30	1.38	1.54	1.71
Third quartile (75th percentile)	1.25	1.30	1.40	1.50	1.70	1.90
Median	1.20	1.25	1.30	1.35	1.55	1.75
First quartile (25th percentile)	1.20	1.20	1.20	1.25	1.40	1.60

(Newly issued 30-year JGB yield)

(%)

<Number of respondents: 37>	End-Sep. 2015	End-Dec. 2015	End-Mar. 2016	End-Jun. 2016	End-Mar. 2017	End-Mar. 2018
Average	1.47	1.49	1.55	1.62	1.80	1.98
Third quartile (75th percentile)	1.50	1.60	1.65	1.70	1.90	2.20
Median	1.50	1.50	1.50	1.60	1.80	2.00
First quartile (25th percentile)	1.40	1.41	1.50	1.55	1.65	1.80

(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 (39 respondents)	29.1	46.3	18.4	4.6	1.0	0.5	0.1
End-Mar. 2018 (38 respondents)	16.8	38.9	30.4	10.7	2.2	0.8	0.2

⁶ Arithmetic average

Note: The next survey's publication date is December 9, 2015.

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