

## Bond Market Survey (May 2019)

Survey period: From May 13 to May 17, 2019

Number of respondents<sup>1</sup>: 67

<sup>1</sup> Eligible institutions for the Bank of Japan's outright purchases and sales of JGBs and major insurance companies, asset management companies, etc.

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

#### (1) The degree of bond market functioning from your company's viewpoint<sup>2</sup>

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

(Current situation)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI <sup>3</sup>	-38	-36	/
Percentage			
1. High	1	1	1
2. Not very high	60	61	41
3. Low	39	37	25

<sup>3</sup> DI: Diffusion Index of "1" minus "3", %points. The same applies hereafter.

(Change from three months ago)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI	-20	-5	/
Percentage			
1. Has improved	4	4	3
2. Hasn't really improved	72	87	58
3. Has decreased	24	9	6

#### (2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI	3	6	/
Percentage			
1. Tight	12	13	9
2. Not very tight	79	79	53
3. Wide	9	7	5

(Change from three months ago)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI	-3	3	/
Percentage			
1. Has tightened	3	7	5
2. Hasn't really tightened	91	88	59
3. Has widened	6	4	3

##### b. The order quantity by market participants from your company's viewpoint, taking into account "thickness" of the trading board<sup>4</sup>

(Current situation)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI	-32	-29	/
Percentage			
1. Large	1	1	1
2. Not very large	66	69	46
3. Small	33	30	20

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

(Change from three months ago)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI	-16	-7	/
Percentage			
1. Has increased	3	3	2
2. Hasn't really increased	78	87	58
3. Has decreased	19	10	7

##### c. The dealing frequency of your company<sup>5</sup>

(Current situation)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI	-23	-28	/
Percentage			
1. High	7	6	4
2. Not very high	63	60	40
3. Low	30	34	23

<sup>5</sup> Answer dealing frequency with the same counterparty.

(Change from three months ago)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI	-11	-18	/
Percentage			
1. Has increased	10	4	3
2. Hasn't really increased	69	73	49
3. Has decreased	21	22	15

##### d. The number of your dealing counterparties

(Current situation)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI	-15	-21	/
Percentage			
1. Large	7	4	3
2. Not very large	70	70	47
3. Small	22	25	17

(Change from three months ago)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI	-1	-15	/
Percentage			
1. Has increased	9	1	1
2. Hasn't really increased	81	82	55
3. Has decreased	10	16	11

##### e. The lot size of your company

(Current situation)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI	-20	-15	/
Percentage			
1. Large	1	4	3
2. Not very large	78	76	51
3. Small	21	19	13

(Change from three months ago)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI	-10	-5	/
Percentage			
1. Has increased	3	4	3
2. Hasn't really increased	84	87	58
3. Has decreased	13	9	6

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

(Current situation)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI	27	30	
Percentage			
1. Yes	42	42	28
2. Not really	43	46	31
3. No	15	12	8

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

(Current situation)

	Feb. 2019 Survey	May 2019 Survey	Number of respondents
DI	24	25	
Percentage			
1. Yes	42	42	28
2. Not really	39	41	27
3. No	18	17	11

## 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 : 65 >	End-Jun. 2019	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Mar. 2021	End-Mar. 2022
Average	-0.16	-0.15	-0.14	-0.13	-0.08	-0.06
Third quartile (75th percentile)	-0.15	-0.15	-0.13	-0.10	-0.05	0.00
Median	-0.15	-0.15	-0.15	-0.15	-0.10	-0.05
First quartile (25th percentile)	-0.16	-0.15	-0.15	-0.15	-0.15	-0.10

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 65 >	End-Jun. 2019	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Mar. 2021	End-Mar. 2022
Average	-0.15	-0.14	-0.12	-0.11	-0.03	0.00
Third quartile (75th percentile)	-0.15	-0.10	-0.10	-0.08	0.00	0.06
Median	-0.15	-0.15	-0.15	-0.10	-0.05	0.00
First quartile (25th percentile)	-0.16	-0.15	-0.15	-0.15	-0.10	-0.05

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 66 >	End-Jun. 2019	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Mar. 2021	End-Mar. 2022
Average	-0.04	-0.02	0.00	0.02	0.14	0.20
Third quartile (75th percentile)	-0.02	0.00	0.05	0.05	0.20	0.25
Median	-0.05	-0.01	0.00	0.00	0.10	0.19
First quartile (25th percentile)	-0.05	-0.05	-0.05	0.00	0.00	0.10

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 65 >	End-Jun. 2019	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Mar. 2021	End-Mar. 2022
Average	0.38	0.41	0.45	0.48	0.61	0.70
Third quartile (75th percentile)	0.40	0.45	0.50	0.50	0.65	0.80
Median	0.37	0.40	0.40	0.45	0.60	0.70
First quartile (25th percentile)	0.35	0.35	0.40	0.40	0.45	0.50

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 65 >	End-Jun. 2019	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Mar. 2021	End-Mar. 2022
Average	0.56	0.60	0.63	0.66	0.81	0.92
Third quartile (75th percentile)	0.60	0.60	0.70	0.70	0.90	1.00
Median	0.55	0.60	0.60	0.60	0.78	0.90
First quartile (25th percentile)	0.50	0.55	0.55	0.60	0.60	0.70

(2) The probability distribution forecast<sup>6</sup> of the newly issued 10-year JGB yield at end-Mar. 2021 and end-Mar. 2022

(%)

	≤ ▲ 0.50%	▲ 0.49 ~ ▲ 0.25%	▲ 0.24 ~ 0.00%	0.01 ~ 0.25%	0.26 ~ 0.50%	0.51 ~ 0.75%	0.76 ~ 1.00%	1.01 ~ 1.25%	1.26 ~ 1.50%	1.51% ≤
End-Mar. 2021 (65 respondents)	0.2	4.2	35.0	45.4	8.9	2.8	1.5	0.7	1.0	0.3
End-Mar. 2022 (64 respondents)	0.3	3.4	25.2	45.0	16.4	4.9	2.5	1.0	1.1	0.2

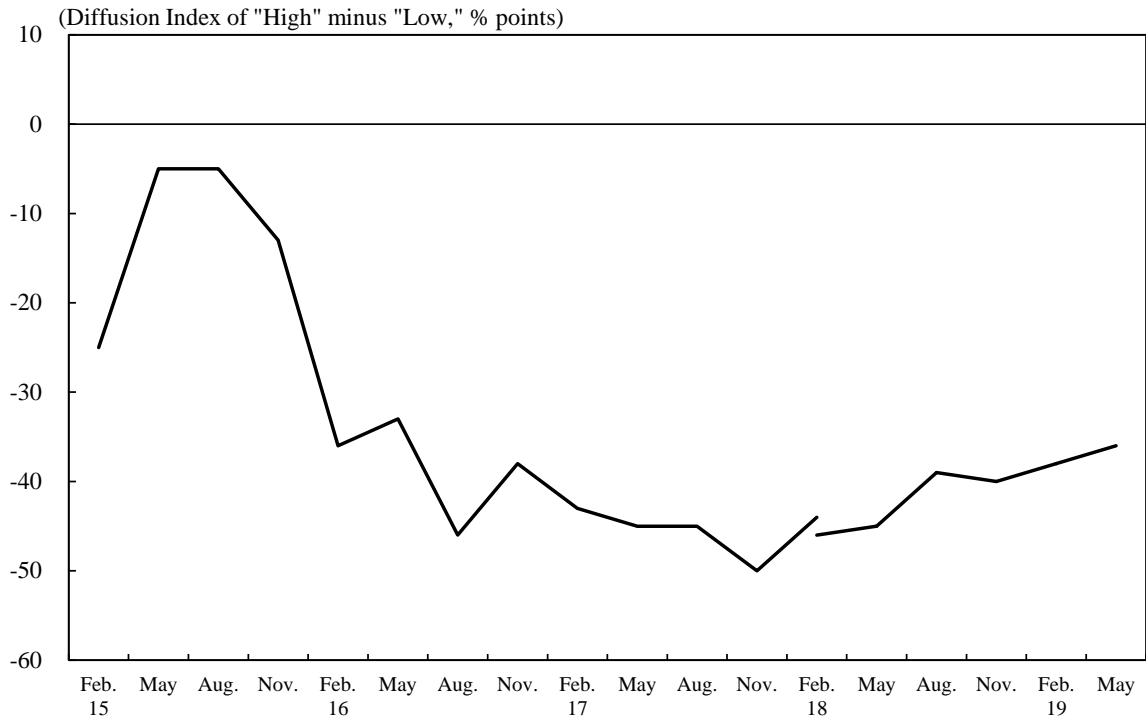
<sup>6</sup> Arithmetic average

Note: The next survey's publication date is September 2, 2019

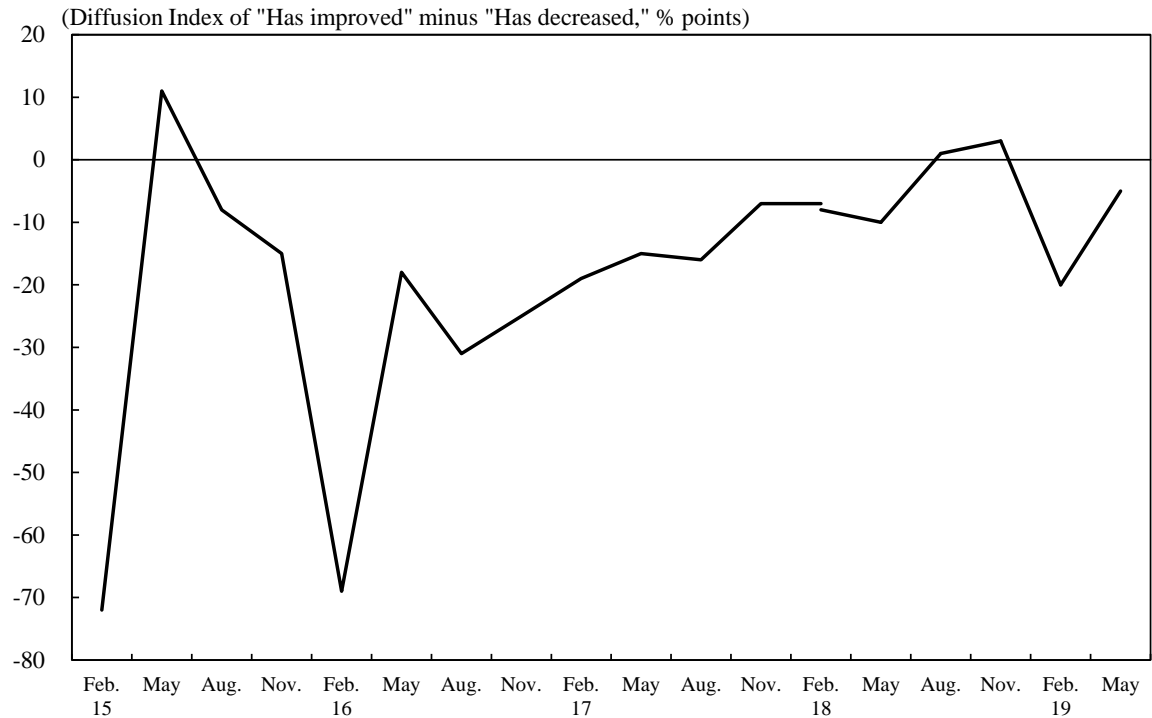
Inquiries: Market Infrastructure Group, Market Infrastructure Division, Financial Markets Department  
E-mail: post.fmd29@boj.or.jp

## Degree of Bond Market Functioning

### Current situation



### Change from three months ago



Note: The survey from February 2018 onward includes responses from major insurance companies, asset management companies, etc., in addition to those from eligible institutions for the Bank's outright purchases and sales of JGBs. Regarding the figures for February 2018, the reference data, which are based on responses only from eligible institutions for the Bank's outright purchases and sales of JGBs, are also indicated.