

## Bond Market Survey (February 2023)

Survey period: From February 1 to February 7, 2023

Number of respondents<sup>1</sup>: 70

<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) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI <sup>3</sup>	-51	-64	/
Percentage			
1. High	1	0	0
2. Not very high	46	36	25
3. Low	52	64	45

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

(Change from three months ago) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI	-48	-55	/
Percentage			
1. Has improved	0	1	1
2. Hasn't really improved	52	43	30
3. Has decreased	48	56	39

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

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

(Current situation) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI	-45	-57	/
Percentage			
1. Tight	3	0	0
2. Not very tight	49	43	30
3. Wide	48	57	40

(Change from three months ago) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI	-50	-50	/
Percentage			
1. Has tightened	1	0	0
2. Hasn't really tightened	48	50	35
3. Has widened	51	50	35

##### 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) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI	-54	-58	/
Percentage			
1. Large	3	1	1
2. Not very large	41	40	28
3. Small	57	59	41

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

(Change from three months ago) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI	-45	-46	/
Percentage			
1. Has increased	1	1	1
2. Hasn't really increased	52	51	36
3. Has decreased	46	47	33

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

(Current situation) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI	-26	-32	/
Percentage			
1. High	3	4	3
2. Not very high	68	60	42
3. Low	29	36	25

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

(Change from three months ago) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI	-16	-26	/
Percentage			
1. Has increased	6	3	2
2. Hasn't really increased	72	69	48
3. Has decreased	22	29	20

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

(Current situation) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI	-24	-27	/
Percentage			
1. Large	1	4	3
2. Not very large	74	64	45
3. Small	25	31	22

(Change from three months ago) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI	-9	-17	/
Percentage			
1. Has increased	3	6	4
2. Hasn't really increased	86	71	50
3. Has decreased	12	23	16

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

(Current situation) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI	-19	-23	/
Percentage			
1. Large	6	7	5
2. Not very large	70	63	44
3. Small	25	30	21

(Change from three months ago) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI	-15	-20	/
Percentage			
1. Has increased	4	4	3
2. Hasn't really increased	77	71	50
3. Has decreased	19	24	17

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

(Current situation) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI	-1	-13	
Percentage	1. Yes	28	21
	2. Not really	43	44
	3. No	29	34
			15
			31
			24

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

(Current situation) (%,%points)

	Nov. 2022 Survey	Feb. 2023 Survey	Number of respondents
DI	7	-2	
Percentage	1. Yes	32	26
	2. Not really	43	46
	3. No	25	28
			18
			32
			19

## 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 : 68 >	End-Mar. 2023	End-Jun. 2023	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Mar. 2025
Average	0.00	0.04	0.05	0.05	0.07	0.10
Third quartile (75th percentile)	0.00	0.05	0.10	0.10	0.10	0.20
Median	0.00	0.01	0.05	0.05	0.05	0.10
First quartile (25th percentile)	-0.01	0.00	0.00	0.00	0.00	0.00

(Newly issued 5-year JGB yield) (%)

< Number of respondents : 68 >	End-Mar. 2023	End-Jun. 2023	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Mar. 2025
Average	0.20	0.28	0.31	0.31	0.32	0.36
Third quartile (75th percentile)	0.20	0.33	0.40	0.40	0.40	0.50
Median	0.20	0.28	0.30	0.30	0.30	0.30
First quartile (25th percentile)	0.18	0.20	0.25	0.25	0.20	0.20

(Newly issued 10-year JGB yield) (%)

< Number of respondents : 69 >	End-Mar. 2023	End-Jun. 2023	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Mar. 2025
Average	0.50	0.67	0.72	0.71	0.71	0.77
Third quartile (75th percentile)	0.50	0.75	0.80	0.80	0.81	0.93
Median	0.50	0.75	0.75	0.75	0.75	0.75
First quartile (25th percentile)	0.50	0.50	0.62	0.60	0.50	0.60

(Newly issued 20-year JGB yield) (%)

< Number of respondents : 68 >	End-Mar. 2023	End-Jun. 2023	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Mar. 2025
Average	1.33	1.43	1.47	1.44	1.43	1.47
Third quartile (75th percentile)	1.36	1.50	1.60	1.53	1.55	1.60
Median	1.30	1.40	1.50	1.40	1.40	1.40
First quartile (25th percentile)	1.30	1.34	1.35	1.35	1.30	1.30

(Newly issued 30-year JGB yield) (%)

< Number of respondents : 67 >	End-Mar. 2023	End-Jun. 2023	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Mar. 2025
Average	1.57	1.67	1.70	1.68	1.67	1.71
Third quartile (75th percentile)	1.60	1.80	1.80	1.80	1.77	1.90
Median	1.55	1.70	1.70	1.70	1.70	1.70
First quartile (25th percentile)	1.50	1.55	1.60	1.55	1.51	1.50

(2) The probability distribution forecast<sup>6</sup> of the newly issued 10-year JGB yield at end-Mar. 2024 and end-Mar. 2025

(%)

	≤▲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. 2024 (67 respondents)	0.0	0.1	0.9	5.1	29.8	32.0	23.3	5.9	1.8	1.0
End-Mar. 2025 (67 respondents)	0.0	0.1	1.1	5.5	22.7	29.0	27.3	8.3	3.6	2.2

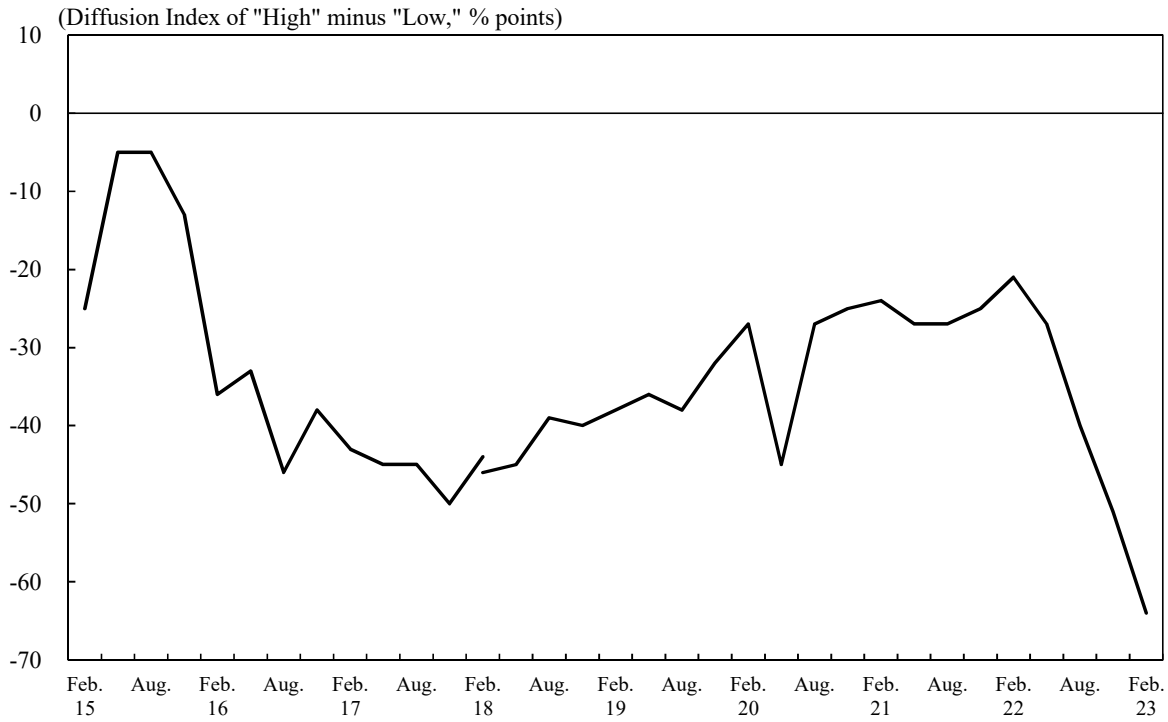
<sup>6</sup>Arithmetic average

Note: The next survey's publication date is June 1, 2023

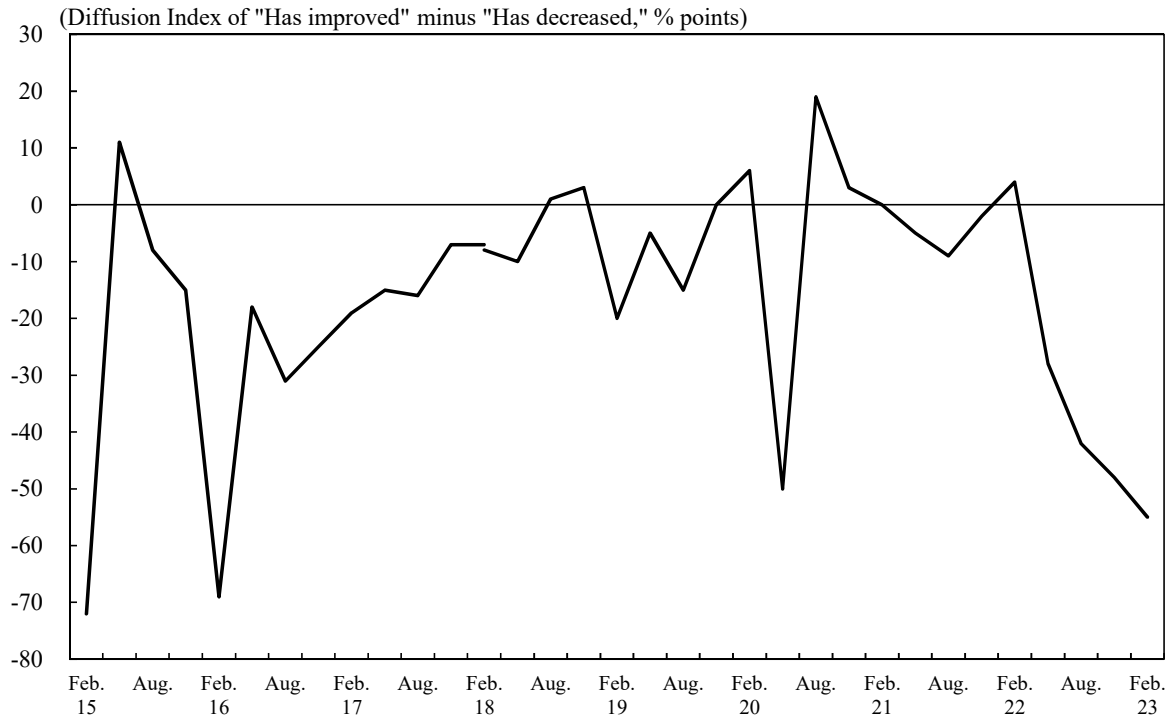
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# Degree of Bond Market Functioning

## Current situation



## Change from three months ago



Notes: 1. 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.

2. The survey is conducted in February, May, August, and November each year.