

Outline of Outright Purchases of Japanese Government Securities

The Bank of Japan, in conducting the outright purchases of Japanese government securities in a flexible manner, decided to conduct the purchases as follows, effective from April 1, 2020.

Regarding outright purchases of Japanese Government Bonds (JGBs) in April 2020 and onward, the Bank will announce the schedule separately in "Monthly Schedule of Outright Purchases of Japanese Government Bonds (Competitive Auction Method)."

1. Outright purchases of JGBs <competitive auction method>

(1) Bonds to be purchased

JGBs with coupons (2-year bonds, 5-year bonds, 10-year bonds, 20-year bonds, 30-year bonds, 40-year bonds, floating-rate bonds, and inflation-indexed bonds).

(2) Schedule of purchases

The Bank, in principle, will release the schedule of purchases for the following month in advance on the last business day of each month.

(3) Amount to be purchased

The Bank will conduct purchases in a flexible manner, taking account of market conditions, aiming to achieve the target level of a long-term interest rate specified by the guideline for market operations.

(4) Method for auctions

A multiple-price competitive auction.

JGBs with coupons (excluding floating-rate bonds and inflation-indexed bonds): Counterparties bid their "desired yield spreads," which are calculated by subtracting "benchmark yields" from the yields at which counterparties seek to sell to the Bank.

Floating-rate bonds and inflation-indexed bonds: Counterparties bid their "desired price spreads," which are calculated by subtracting "benchmark prices" from the prices at which counterparties seek to sell to the Bank.

With regard to the outright purchases of JGBs with coupons (excluding inflation-indexed bonds and floating-rate bonds), the Bank may set a lower limit on the yield spreads for purchasing yields, taking account of market conditions.

2. Outright purchases of JGBs <fixed-rate method>

(1) Bonds to be purchased

Among JGBs with coupons (2-year bonds, 5-year bonds, 10-year bonds, 20-year bonds, 30-year bonds, and 40-year bonds), mainly on-the-run issues.

(2) Schedule of purchases

The Bank will conduct the auctions as needed, such as when the level of the yield curve changes substantially.

(3) Amount to be purchased

Depending on market conditions, the Bank may set the purchase size per auction to a fixed amount or to an unlimited amount.

(4) Method for auctions

Purchasing yields will be set per auction, by indicating the yield spreads from the benchmark yields which the Bank determines separately.

3. Outright purchases of treasury discount bills (T-Bills)

Regarding purchases of T-Bills, conducted as part of money market operations, the Bank will decide the purchase size per auction considering the effects on financial markets.