

Outline of Outright Purchases of Japanese Government Securities

During March 2021, the Bank of Japan will conduct the outright purchases of Japanese government securities as indicated in “Monthly Schedule of Outright Purchases of Japanese Government Bonds (Competitive Auction Method) (March 2021)” published on February 26.

The schedule for April 2021 will be announced on March 31 at 5 p.m. From April, the amount of outright purchases of JGBs through competitive auction method will be described in a specific amount instead of showing it in a conventional range form. Accordingly, from April, 1.(3) below will be substituted as follows: “In the schedule of purchases for the following month, the amount of purchases per type of JGBs / residual maturity will be specified taking account of market conditions, which the Bank, in principle, will purchase accordingly. The Bank may exceptionally adjust the amount in case the level of the yield curve changes substantially, posing the risk of long-term interest rate (10-year JGB yields) surpassing either the upper or the lower limit of the range.”

The “fixed-rate purchase operations for consecutive days” mentioned in “Further Effective and Sustainable Monetary Easing” decided at its Monetary Policy Meeting today will be conducted in a manner described in 2. (5) below.

1. Outright purchases of JGBs <competitive auction method> ^(Note)

(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> ^(Note)

(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 rises substantially, posing the risk of long-term interest rate (10-year JGB yields) surpassing the upper limit of the range.

(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.

(5) Fixed-rate purchase operations for consecutive days

The conduct of fixed-rate purchase operations for consecutive days will be

announced as needed before conducting these operations. The Bank, in principle, will release the information regarding bonds to be purchased, schedule of the purchases, purchase size per auction and the fixed-rate applied in the auctions on its website.

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

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. The Bank will purchase about 500 billion to 3.0 trillion yen of T-Bills per auction for the time being.

Note: Bidding at the auctions assuming the use of Securities Lending Facility (SLF) is not permitted. In case the Bank deems it appropriate, the Bank will not accept either all or a part of the bids at the auctions for its outright purchases of JGBs, T-Bills, and SLF.