

## Bond Market Survey (February 2016)

Survey period: From February 8 to February 16, 2016

Number of respondents<sup>1</sup>: 39

<sup>1</sup> 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 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)

	Nov. 2015 Survey	Feb. 2016 Survey	Number of respondents
DI <sup>3</sup>	-13	-36	/
Percentage			
1. High	10	5	2
2. Not very high	67	54	21
3. Low	23	41	16

<sup>3</sup> DI: Diffusion Index of "1" minus "3", %points

(Change from three months ago)

	Nov. 2015 Survey	Feb. 2016 Survey	Number of respondents
DI	-15	-69	/
Percentage			
1. Has improved	3	0	0
2. Hasn't really improved	79	31	12
3. Has decreased	18	69	27

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

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

(Current situation)

	Nov. 2015 Survey	Feb. 2016 Survey	Number of respondents
DI	11	-33	/
Percentage			
1. Tight	26	8	3
2. Not very tight	59	51	20
3. Wide	15	41	16

(Change from three months ago)

	Nov. 2015 Survey	Feb. 2016 Survey	Number of respondents
DI	0	-69	/
Percentage			
1. Has tightened	5	0	0
2. Hasn't really tightened	90	31	12
3. Has widened	5	69	27

##### 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)

	Nov. 2015 Survey	Feb. 2016 Survey	Number of respondents
DI	-13	-49	/
Percentage			
1. Large	10	0	0
2. Not very large	67	51	20
3. Small	23	49	19

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

(Change from three months ago)

	Nov. 2015 Survey	Feb. 2016 Survey	Number of respondents
DI	-18	-69	/
Percentage			
1. Has increased	0	0	0
2. Hasn't really increased	82	31	12
3. Has decreased	18	69	27

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

(Change from three months ago)

	Nov. 2015 Survey	Feb. 2016 Survey	Number of respondents
DI	-30	-28	/
Percentage			
1. Has increased	8	13	5
2. Hasn't really increased	54	46	18
3. Has decreased	38	41	16

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

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

(Change from three months ago)

	Nov. 2015 Survey	Feb. 2016 Survey	Number of respondents
DI	-21	-21	/
Percentage			
1. Has increased	5	10	4
2. Hasn't really increased	69	59	23
3. Has decreased	26	31	12

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

(Change from three months ago)

	Nov. 2015 Survey	Feb. 2016 Survey	Number of respondents
DI	-20	-23	/
Percentage			
1. Has increased	3	3	1
2. Hasn't really increased	74	72	28
3. Has decreased	23	26	10

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

(Current situation)

	Nov. 2015 Survey	Feb. 2016 Survey	Number of respondents
DI	36	5	
Percentage			
1. Yes	46	26	10
2. Not really	44	54	21
3. No	10	21	8

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

(Current situation)

	Nov. 2015 Survey	Feb. 2016 Survey	Number of respondents
DI	26	5	
Percentage			
1. Yes	44	28	11
2. Not really	38	49	19
3. No	18	23	9

## 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-Mar. 2016	End-Jun. 2016	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Mar. 2018
Average	-0.18	-0.21	-0.24	-0.26	-0.27	-0.21
Third quartile (75th percentile)	-0.15	-0.15	-0.15	-0.15	-0.15	-0.10
Median	-0.15	-0.20	-0.20	-0.25	-0.25	-0.18
First quartile (25th percentile)	-0.20	-0.25	-0.32	-0.34	-0.35	-0.30

(Newly issued 5-year JGB yield)

(%)

<Number of respondents : 39>	End-Mar. 2016	End-Jun. 2016	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Mar. 2018
Average	-0.15	-0.17	-0.19	-0.20	-0.20	-0.10
Third quartile (75th percentile)	-0.10	-0.10	-0.13	-0.14	-0.10	0.00
Median	-0.13	-0.15	-0.18	-0.17	-0.20	-0.10
First quartile (25th percentile)	-0.20	-0.20	-0.25	-0.27	-0.29	-0.22

(Newly issued 10-year JGB yield)

(%)

<Number of respondents : 39>	End-Mar. 2016	End-Jun. 2016	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Mar. 2018
Average	0.05	0.04	0.03	0.03	0.04	0.17
Third quartile (75th percentile)	0.10	0.10	0.10	0.10	0.10	0.30
Median	0.05	0.05	0.05	0.05	0.05	0.18
First quartile (25th percentile)	0.00	0.00	-0.03	-0.03	-0.03	0.05

(Newly issued 20-year JGB yield)

(%)

<Number of respondents : 37>	End-Mar. 2016	End-Jun. 2016	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Mar. 2018
Average	0.77	0.73	0.71	0.72	0.73	0.89
Third quartile (75th percentile)	0.80	0.80	0.80	0.81	0.85	1.05
Median	0.75	0.75	0.70	0.70	0.75	0.90
First quartile (25th percentile)	0.75	0.70	0.60	0.60	0.60	0.75

(Newly issued 30-year JGB yield)

(%)

<Number of respondents : 37>	End-Mar. 2016	End-Jun. 2016	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Mar. 2018
Average	1.08	1.05	1.02	1.03	1.03	1.19
Third quartile (75th percentile)	1.15	1.10	1.10	1.15	1.17	1.40
Median	1.10	1.05	1.00	1.00	1.05	1.25
First quartile (25th percentile)	1.00	0.98	0.95	0.90	0.90	1.00

(2) The probability distribution forecast<sup>6</sup> of the newly issued 10-year JGB yield at end-Mar. 2017 and end-Mar. 2018

(%)

	≤0.00%	0.01~0.50%	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)	37.5	53.5	7.4	1.1	0.3	0.1	0.0	0.0
End-Mar. 2018 (38 respondents)	25.7	53.2	16.9	3.3	0.6	0.3	0.1	0.0

<sup>6</sup> Arithmetic average

Note: The next survey's publication date is June 1, 2016

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