

Bond Market Survey (May 2016)

Survey period: From May 11 to May 18, 2016

Number of respondents¹: 39

¹ 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 viewpoint²

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

(Current situation)

	Feb. 2016 Survey	May 2016 Survey	Number of respondents
DI ³	-36	-33	/
Percentage			
1. High	5	5	2
2. Not very high	54	56	22
3. Low	41	38	15

³ DI: Diffusion Index of "1" minus "3", %points

(Change from three months ago)

	Feb. 2016 Survey	May 2016 Survey	Number of respondents
DI	-69	-18	/
Percentage			
1. Has improved	0	8	3
2. Hasn't really improved	31	67	26
3. Has decreased	69	26	10

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Feb. 2016 Survey	May 2016 Survey	Number of respondents
DI	-33	-13	/
Percentage			
1. Tight	8	15	6
2. Not very tight	51	56	22
3. Wide	41	28	11

(Change from three months ago)

	Feb. 2016 Survey	May 2016 Survey	Number of respondents
DI	-69	-5	/
Percentage			
1. Has tightened	0	13	5
2. Hasn't really tightened	31	69	27
3. Has widened	69	18	7

b. The order quantity by market participants from your company's viewpoint, taking into account "thickness" of the trading board⁴

(Current situation)

	Feb. 2016 Survey	May 2016 Survey	Number of respondents
DI	-49	-44	/
Percentage			
1. Large	0	0	0
2. Not very large	51	56	22
3. Small	49	44	17

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

(Change from three months ago)

	Feb. 2016 Survey	May 2016 Survey	Number of respondents
DI	-69	-31	/
Percentage			
1. Has increased	0	5	2
2. Hasn't really increased	31	59	23
3. Has decreased	69	36	14

c. The dealing frequency of your company⁵

(Change from three months ago)

	Feb. 2016 Survey	May 2016 Survey	Number of respondents
DI	-28	-51	/
Percentage			
1. Has increased	13	3	1
2. Hasn't really increased	46	44	17
3. Has decreased	41	54	21

⁵ Answer dealing frequency with the same counterparty.

d. The number of your dealing counterparties

(Change from three months ago)

	Feb. 2016 Survey	May 2016 Survey	Number of respondents
DI	-21	-41	/
Percentage			
1. Has increased	10	3	1
2. Hasn't really increased	59	54	21
3. Has decreased	31	44	17

e. The lot sizes of your company

(Change from three months ago)

	Feb. 2016 Survey	May 2016 Survey	Number of respondents
DI	-23	-31	/
Percentage			
1. Has increased	3	5	2
2. Hasn't really increased	72	59	23
3. Has decreased	26	36	14

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

(Current situation)

	Feb. 2016 Survey	May 2016 Survey	Number of respondents
DI	5	2	
Percentage			
1. Yes	26	23	9
2. Not really	54	56	22
3. No	21	21	8

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

(Current situation)

	Feb. 2016 Survey	May 2016 Survey	Number of respondents
DI	5	0	
Percentage			
1. Yes	28	26	10
2. Not really	49	49	19
3. No	23	26	10

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-Jun. 2016	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Mar. 2018	End-Mar. 2019
Average	-0.26	-0.29	-0.30	-0.31	-0.27	-0.19
Third quartile (75th percentile)	-0.25	-0.25	-0.25	-0.25	-0.16	0.00
Median	-0.25	-0.27	-0.30	-0.30	-0.25	-0.18
First quartile (25th percentile)	-0.27	-0.30	-0.35	-0.38	-0.36	-0.33

(Newly issued 5-year JGB yield)

(%)

<Number of respondents : 39>	End-Jun. 2016	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Mar. 2018	End-Mar. 2019
Average	-0.24	-0.26	-0.27	-0.28	-0.21	-0.10
Third quartile (75th percentile)	-0.22	-0.22	-0.23	-0.23	-0.08	0.10
Median	-0.23	-0.25	-0.25	-0.25	-0.22	-0.10
First quartile (25th percentile)	-0.25	-0.30	-0.32	-0.34	-0.35	-0.33

(Newly issued 10-year JGB yield)

(%)

<Number of respondents : 39>	End-Jun. 2016	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Mar. 2018	End-Mar. 2019
Average	-0.10	-0.12	-0.12	-0.12	-0.03	0.13
Third quartile (75th percentile)	-0.10	-0.10	-0.10	-0.10	0.07	0.40
Median	-0.10	-0.10	-0.10	-0.10	-0.10	0.10
First quartile (25th percentile)	-0.10	-0.15	-0.20	-0.20	-0.20	-0.10

(Newly issued 20-year JGB yield)

(%)

<Number of respondents : 37>	End-Jun. 2016	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Mar. 2018	End-Mar. 2019
Average	0.29	0.27	0.28	0.29	0.43	0.65
Third quartile (75th percentile)	0.30	0.30	0.30	0.40	0.70	1.00
Median	0.25	0.25	0.25	0.23	0.35	0.55
First quartile (25th percentile)	0.25	0.20	0.20	0.20	0.20	0.20

(Newly issued 30-year JGB yield)

(%)

<Number of respondents : 37>	End-Jun. 2016	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Mar. 2018	End-Mar. 2019
Average	0.37	0.36	0.38	0.40	0.58	0.83
Third quartile (75th percentile)	0.40	0.35	0.40	0.50	0.90	1.30
Median	0.35	0.30	0.30	0.30	0.50	0.80
First quartile (25th percentile)	0.30	0.30	0.25	0.25	0.25	0.30

(2) The probability distribution forecast⁶ of the newly issued 10-year JGB yield at end-Mar. 2018 and end-Mar. 2019

(%)

	≤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. 2018 (39 respondents)	57.1	34.9	6.3	1.0	0.5	0.1	0.1	0.0
End-Mar. 2019 (38 respondents)	40.8	39.2	15.4	3.5	0.9	0.2	0.1	0.0

⁶ Arithmetic average

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

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