

## Bond Market Survey (August 2016)

Survey period: From August 8 to August 17, 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)

	May 2016 Survey	Aug. 2016 Survey	Number of respondents
DI <sup>3</sup>	-33	-46	/
Percentage			
1. High	5	0	0
2. Not very high	56	54	21
3. Low	38	46	18

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

(Change from three months ago)

	May 2016 Survey	Aug. 2016 Survey	Number of respondents
DI	-18	-31	/
Percentage			
1. Has improved	8	0	0
2. Hasn't really improved	67	69	27
3. Has decreased	26	31	12

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

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

(Current situation)

	May 2016 Survey	Aug. 2016 Survey	Number of respondents
DI	-13	-28	/
Percentage			
1. Tight	15	10	4
2. Not very tight	56	51	20
3. Wide	28	38	15

(Change from three months ago)

	May 2016 Survey	Aug. 2016 Survey	Number of respondents
DI	-5	-28	/
Percentage			
1. Has tightened	13	0	0
2. Hasn't really tightened	69	72	28
3. Has widened	18	28	11

##### 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)

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

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

(Change from three months ago)

	May 2016 Survey	Aug. 2016 Survey	Number of respondents
DI	-31	-28	/
Percentage			
1. Has increased	5	3	1
2. Hasn't really increased	59	67	26
3. Has decreased	36	31	12

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

(Change from three months ago)

	May 2016 Survey	Aug. 2016 Survey	Number of respondents
DI	-51	-28	/
Percentage			
1. Has increased	3	5	2
2. Hasn't really increased	44	62	24
3. Has decreased	54	33	13

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

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

(Change from three months ago)

	May 2016 Survey	Aug. 2016 Survey	Number of respondents
DI	-41	-18	/
Percentage			
1. Has increased	3	3	1
2. Hasn't really increased	54	77	30
3. Has decreased	44	21	8

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

(Change from three months ago)

	May 2016 Survey	Aug. 2016 Survey	Number of respondents
DI	-31	-26	/
Percentage			
1. Has increased	5	0	0
2. Hasn't really increased	59	74	29
3. Has decreased	36	26	10

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

(Current situation)

	May 2016 Survey	Aug. 2016 Survey	Number of respondents
DI	2	-3	
Percentage			
1. Yes	23	23	9
2. Not really	56	51	20
3. No	21	26	10

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

(Current situation)

	May 2016 Survey	Aug. 2016 Survey	Number of respondents
DI	0	0	
Percentage			
1. Yes	26	23	9
2. Not really	49	54	21
3. No	26	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-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Jun. 2017	End-Mar. 2018	End-Mar. 2019
Average	-0.22	-0.24	-0.24	-0.24	-0.20	-0.14
Third quartile (75th percentile)	-0.20	-0.20	-0.20	-0.20	-0.15	0.00
Median	-0.20	-0.20	-0.20	-0.20	-0.20	-0.15
First quartile (25th percentile)	-0.25	-0.29	-0.30	-0.30	-0.28	-0.29

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 39 >	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Jun. 2017	End-Mar. 2018	End-Mar. 2019
Average	-0.20	-0.21	-0.21	-0.20	-0.15	-0.06
Third quartile (75th percentile)	-0.15	-0.15	-0.15	-0.15	-0.05	0.10
Median	-0.20	-0.20	-0.20	-0.20	-0.15	-0.10
First quartile (25th percentile)	-0.25	-0.25	-0.26	-0.25	-0.23	-0.18

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 38 >	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Jun. 2017	End-Mar. 2018	End-Mar. 2019
Average	-0.09	-0.10	-0.09	-0.07	0.01	0.14
Third quartile (75th percentile)	-0.05	-0.05	-0.05	-0.01	0.14	0.40
Median	-0.10	-0.10	-0.10	-0.10	0.00	0.10
First quartile (25th percentile)	-0.10	-0.15	-0.15	-0.15	-0.12	-0.10

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 36 >	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Jun. 2017	End-Mar. 2018	End-Mar. 2019
Average	0.28	0.29	0.30	0.33	0.46	0.63
Third quartile (75th percentile)	0.30	0.31	0.35	0.40	0.60	0.83
Median	0.27	0.30	0.30	0.30	0.40	0.53
First quartile (25th percentile)	0.25	0.25	0.20	0.20	0.29	0.34

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 36 >	End-Sep. 2016	End-Dec. 2016	End-Mar. 2017	End-Jun. 2017	End-Mar. 2018	End-Mar. 2019
Average	0.38	0.39	0.41	0.44	0.60	0.80
Third quartile (75th percentile)	0.41	0.44	0.45	0.50	0.80	1.13
Median	0.39	0.40	0.40	0.43	0.50	0.73
First quartile (25th percentile)	0.35	0.30	0.30	0.30	0.35	0.44

(2) The probability distribution forecast<sup>6</sup> of the newly issued 10-year JGB yield at end-Mar. 2018 and end-Mar. 2019

(%)

	≧▲0.50%	▲0.49~0.00%	0.01~0.50%	0.51~1.00%	1.01~1.50%	1.51~2.00%	2.01~2.50%	2.51%≦
End-Mar. 2018 (38 respondents)	6.6	52.0	36.2	4.4	0.6	0.2	0.1	0.1
End-Mar. 2019 (37 respondents)	4.9	34.9	44.1	13.5	1.9	0.5	0.1	0.1

<sup>6</sup> Arithmetic average

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

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