

Bond Market Survey (February 2017)

Survey period: From February 8 to February 15, 2017

Number of respondents¹: 42

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)

	Nov. 2016 Survey	Feb. 2017 Survey	Number of respondents
DI ³	-38	-43	/
Percentage			
1. High	5	0	0
2. Not very high	53	57	24
3. Low	43	43	18

³ DI: Diffusion Index of "1" minus "3", %points. The same applies hereafter.

(Change from three months ago)

	Nov. 2016 Survey	Feb. 2017 Survey	Number of respondents
DI	-25	-19	/
Percentage			
1. Has improved	10	5	2
2. Hasn't really improved	55	71	30
3. Has decreased	35	24	10

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Nov. 2016 Survey	Feb. 2017 Survey	Number of respondents
DI	-5	-17	/
Percentage			
1. Tight	25	7	3
2. Not very tight	45	69	29
3. Wide	30	24	10

(Change from three months ago)

	Nov. 2016 Survey	Feb. 2017 Survey	Number of respondents
DI	8	-17	/
Percentage			
1. Has tightened	28	7	3
2. Hasn't really tightened	53	69	29
3. Has widened	20	24	10

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

(Current situation)

	Nov. 2016 Survey	Feb. 2017 Survey	Number of respondents
DI	-38	-36	/
Percentage			
1. Large	10	2	1
2. Not very large	43	60	25
3. Small	48	38	16

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

(Change from three months ago)

	Nov. 2016 Survey	Feb. 2017 Survey	Number of respondents
DI	-30	-29	/
Percentage			
1. Has increased	13	0	0
2. Hasn't really increased	45	71	30
3. Has decreased	43	29	12

c. The dealing frequency of your company⁵

(Change from three months ago)

	Nov. 2016 Survey	Feb. 2017 Survey	Number of respondents
DI	-35	-31	/
Percentage			
1. Has increased	3	5	2
2. Hasn't really increased	60	60	25
3. Has decreased	38	36	15

⁵ Answer dealing frequency with the same counterparty.

d. The number of your dealing counterparties

(Change from three months ago)

	Nov. 2016 Survey	Feb. 2017 Survey	Number of respondents
DI	-25	-21	/
Percentage			
1. Has increased	3	0	0
2. Hasn't really increased	70	79	33
3. Has decreased	28	21	9

e. The lot size of your company

(Change from three months ago)

	Nov. 2016 Survey	Feb. 2017 Survey	Number of respondents
DI	-15	-24	/
Percentage			
1. Has increased	3	0	0
2. Hasn't really increased	80	76	32
3. Has decreased	18	24	10

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

(Current situation)

	Nov. 2016 Survey	Feb. 2017 Survey	Number of respondents
DI	17	17	
Percentage			
1. Yes	38	34	14
2. Not really	41	49	20
3. No	21	17	7

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

(Current situation)

	Nov. 2016 Survey	Feb. 2017 Survey	Number of respondents
DI	10	3	
Percentage			
1. Yes	36	27	11
2. Not really	38	49	20
3. No	26	24	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 : 41 >	End-Mar. 2017	End-Jun. 2017	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Mar. 2019
Average	-0.20	-0.19	-0.19	-0.18	-0.17	-0.11
Third quartile (75th percentile)	-0.20	-0.19	-0.15	-0.15	-0.10	0.00
Median	-0.20	-0.20	-0.20	-0.15	-0.15	-0.10
First quartile (25th percentile)	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 41 >	End-Mar. 2017	End-Jun. 2017	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Mar. 2019
Average	-0.10	-0.09	-0.09	-0.08	-0.07	0.02
Third quartile (75th percentile)	-0.10	-0.07	-0.05	-0.05	0.00	0.15
Median	-0.10	-0.10	-0.10	-0.08	-0.05	0.00
First quartile (25th percentile)	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 41 >	End-Mar. 2017	End-Jun. 2017	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Mar. 2019
Average	0.07	0.08	0.08	0.11	0.13	0.24
Third quartile (75th percentile)	0.10	0.10	0.10	0.20	0.20	0.40
Median	0.10	0.10	0.10	0.10	0.15	0.20
First quartile (25th percentile)	0.05	0.05	0.05	0.05	0.05	0.10

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 39 >	End-Mar. 2017	End-Jun. 2017	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Mar. 2019
Average	0.67	0.71	0.73	0.79	0.81	0.95
Third quartile (75th percentile)	0.70	0.80	0.80	0.90	0.95	1.18
Median	0.70	0.73	0.75	0.80	0.85	0.93
First quartile (25th percentile)	0.65	0.66	0.70	0.70	0.70	0.76

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 38 >	End-Mar. 2017	End-Jun. 2017	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Mar. 2019
Average	0.87	0.91	0.93	0.99	1.02	1.18
Third quartile (75th percentile)	0.90	1.00	1.00	1.10	1.15	1.38
Median	0.90	0.90	0.95	1.00	1.05	1.15
First quartile (25th percentile)	0.85	0.85	0.85	0.86	0.90	0.96

(2) The probability distribution forecast⁶ 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 (40 respondents)	0.9	28.4	64.1	5.4	0.8	0.3	0.1	0.1
End-Mar. 2019 (39 respondents)	0.6	21.9	57.8	14.7	3.8	0.9	0.2	0.1

⁶ Arithmetic average

Note: The next survey's publication date is June 1, 2017

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