

Bond Market Survey (May 2017)

Survey period: From May 11 to May 18, 2017

Number of respondents¹: 44

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. 2017 Survey	May 2017 Survey	Number of respondents
DI ³	-43	-45	/
Percentage			
1. High	0	0	0
2. Not very high	57	55	24
3. Low	43	45	20

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

(Change from three months ago)

	Feb. 2017 Survey	May 2017 Survey	Number of respondents
DI	-19	-15	/
Percentage			
1. Has improved	5	5	2
2. Hasn't really improved	71	75	33
3. Has decreased	24	20	9

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Feb. 2017 Survey	May 2017 Survey	Number of respondents
DI	-17	-7	/
Percentage			
1. Tight	7	18	8
2. Not very tight	69	57	25
3. Wide	24	25	11

(Change from three months ago)

	Feb. 2017 Survey	May 2017 Survey	Number of respondents
DI	-17	11	/
Percentage			
1. Has tightened	7	20	9
2. Hasn't really tightened	69	70	31
3. Has widened	24	9	4

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

(Current situation)

	Feb. 2017 Survey	May 2017 Survey	Number of respondents
DI	-36	-41	/
Percentage			
1. Large	2	2	1
2. Not very large	60	55	24
3. Small	38	43	19

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

(Change from three months ago)

	Feb. 2017 Survey	May 2017 Survey	Number of respondents
DI	-29	-7	/
Percentage			
1. Has increased	0	7	3
2. Hasn't really increased	71	80	35
3. Has decreased	29	14	6

c. The dealing frequency of your company⁵

(Change from three months ago)

	Feb. 2017 Survey	May 2017 Survey	Number of respondents
DI	-31	-32	/
Percentage			
1. Has increased	5	2	1
2. Hasn't really increased	60	64	28
3. Has decreased	36	34	15

⁵ Answer dealing frequency with the same counterparty.

d. The number of your dealing counterparties

(Change from three months ago)

	Feb. 2017 Survey	May 2017 Survey	Number of respondents
DI	-21	-20	/
Percentage			
1. Has increased	0	5	2
2. Hasn't really increased	79	70	31
3. Has decreased	21	25	11

e. The lot size of your company

(Change from three months ago)

	Feb. 2017 Survey	May 2017 Survey	Number of respondents
DI	-24	-15	/
Percentage			
1. Has increased	0	5	2
2. Hasn't really increased	76	75	33
3. Has decreased	24	20	9

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

(Current situation)

	Feb. 2017 Survey	May 2017 Survey	Number of respondents
DI	17	18	
Percentage			
1. Yes	34	34	15
2. Not really	49	50	22
3. No	17	16	7

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

(Current situation)

	Feb. 2017 Survey	May 2017 Survey	Number of respondents
DI	3	12	
Percentage			
1. Yes	27	35	15
2. Not really	49	42	18
3. No	24	23	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 : 43 >	End-Jun. 2017	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Mar. 2019	End-Mar. 2020
Average	-0.18	-0.18	-0.17	-0.16	-0.12	-0.06
Third quartile (75th percentile)	-0.15	-0.15	-0.15	-0.14	-0.05	0.00
Median	-0.18	-0.20	-0.15	-0.15	-0.10	-0.05
First quartile (25th percentile)	-0.20	-0.20	-0.20	-0.20	-0.17	-0.19

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 43 >	End-Jun. 2017	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Mar. 2019	End-Mar. 2020
Average	-0.11	-0.11	-0.10	-0.09	-0.02	0.06
Third quartile (75th percentile)	-0.10	-0.10	-0.08	-0.05	0.05	0.20
Median	-0.10	-0.10	-0.10	-0.10	-0.05	0.00
First quartile (25th percentile)	-0.12	-0.11	-0.10	-0.10	-0.10	-0.10

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 43 >	End-Jun. 2017	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.05	0.05	0.07	0.08	0.18	0.27
Third quartile (75th percentile)	0.05	0.10	0.10	0.14	0.25	0.35
Median	0.05	0.05	0.05	0.10	0.15	0.23
First quartile (25th percentile)	0.05	0.05	0.05	0.05	0.05	0.05

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 41 >	End-Jun. 2017	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.63	0.66	0.69	0.73	0.85	0.98
Third quartile (75th percentile)	0.65	0.70	0.80	0.80	0.95	1.05
Median	0.60	0.65	0.70	0.70	0.80	1.00
First quartile (25th percentile)	0.60	0.60	0.60	0.65	0.70	0.70

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 40 >	End-Jun. 2017	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.85	0.87	0.91	0.94	1.07	1.20
Third quartile (75th percentile)	0.86	0.90	1.00	1.00	1.20	1.31
Median	0.85	0.86	0.90	0.95	1.03	1.20
First quartile (25th percentile)	0.80	0.80	0.85	0.85	0.89	0.90

(2) The probability distribution forecast⁶ of the newly issued 10-year JGB yield at end-Mar. 2019 and end-Mar. 2020

(%)

	≤ ▲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. 2019 (42 respondents)	0.6	23.4	64.6	9.7	1.1	0.4	0.1	0.1
End-Mar. 2020 (41 respondents)	0.4	17.4	55.7	21.0	4.3	0.8	0.2	0.1

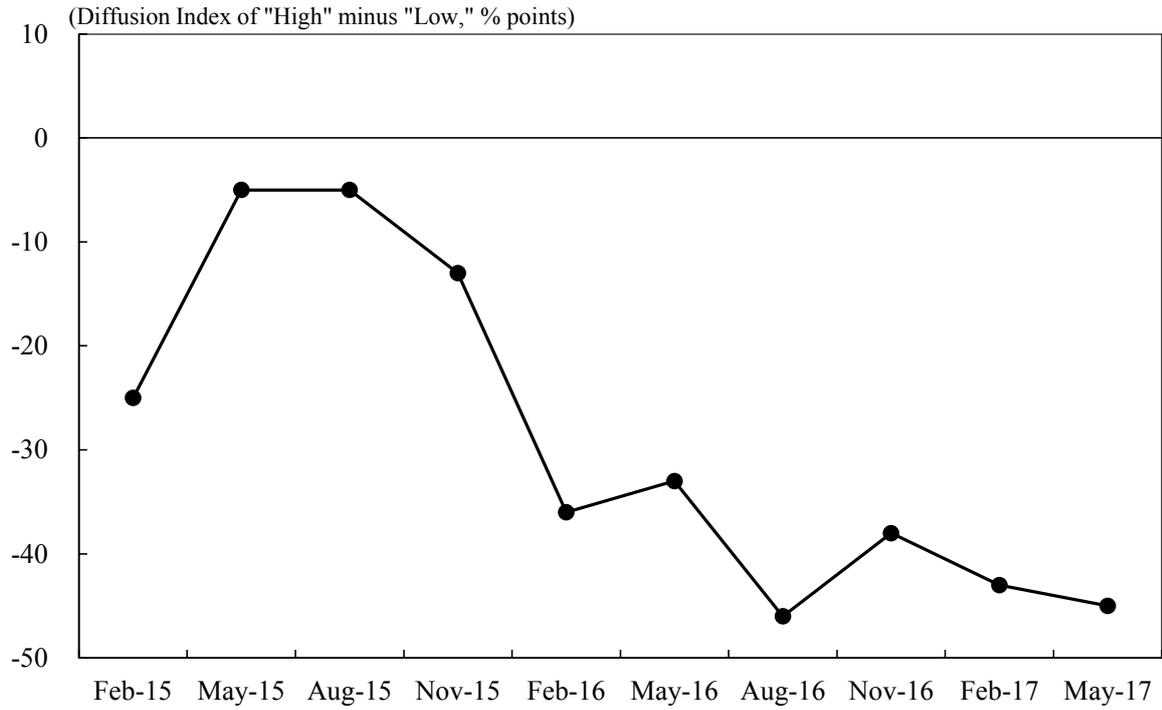
⁶ Arithmetic average

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

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Degree of Bond Market Functioning

Current situation



Change from three months ago

