

Bond Market Survey (November 2017)

Survey period: From November 9 to November 16, 2017

Number of respondents¹: 46

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)

	Aug. 2017 Survey	Nov. 2017 Survey	Number of respondents
DI ³	-45	-50	/
Percentage			
1. High	0	0	0
2. Not very high	55	50	23
3. Low	45	50	23

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

(Change from three months ago)

	Aug. 2017 Survey	Nov. 2017 Survey	Number of respondents
DI	-16	-7	/
Percentage			
1. Has improved	0	0	0
2. Hasn't really improved	84	93	43
3. Has decreased	16	7	3

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Aug. 2017 Survey	Nov. 2017 Survey	Number of respondents
DI	3	-2	/
Percentage			
1. Tight	23	20	9
2. Not very tight	57	59	27
3. Wide	20	22	10

(Change from three months ago)

	Aug. 2017 Survey	Nov. 2017 Survey	Number of respondents
DI	14	0	/
Percentage			
1. Has tightened	16	0	0
2. Hasn't really tightened	82	100	46
3. Has widened	2	0	0

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

(Current situation)

	Aug. 2017 Survey	Nov. 2017 Survey	Number of respondents
DI	-40	-39	/
Percentage			
1. Large	5	4	2
2. Not very large	50	52	24
3. Small	45	43	20

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

(Change from three months ago)

	Aug. 2017 Survey	Nov. 2017 Survey	Number of respondents
DI	-18	-7	/
Percentage			
1. Has increased	5	4	2
2. Hasn't really increased	73	85	39
3. Has decreased	23	11	5

c. The dealing frequency of your company⁵

(Change from three months ago)

	Aug. 2017 Survey	Nov. 2017 Survey	Number of respondents
DI	-32	-24	/
Percentage			
1. Has increased	0	2	1
2. Hasn't really increased	68	72	33
3. Has decreased	32	26	12

⁵ Answer dealing frequency with the same counterparty.

d. The number of your dealing counterparties

(Change from three months ago)

	Aug. 2017 Survey	Nov. 2017 Survey	Number of respondents
DI	-18	-11	/
Percentage			
1. Has increased	2	4	2
2. Hasn't really increased	77	80	37
3. Has decreased	20	15	7

e. The lot size of your company

(Change from three months ago)

	Aug. 2017 Survey	Nov. 2017 Survey	Number of respondents
DI	-14	-15	/
Percentage			
1. Has increased	2	0	0
2. Hasn't really increased	82	85	39
3. Has decreased	16	15	7

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

(Current situation)

	Aug. 2017 Survey	Nov. 2017 Survey	Number of respondents
DI	18	24	
Percentage			
1. Yes	34	33	15
2. Not really	50	59	27
3. No	16	9	4

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

(Current situation)

	Aug. 2017 Survey	Nov. 2017 Survey	Number of respondents
DI	14	17	
Percentage			
1. Yes	35	33	15
2. Not really	44	51	23
3. No	21	16	7

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 : 45>	End-Dec. 2017	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Mar. 2019	End-Mar. 2020
Average	-0.15	-0.15	-0.14	-0.12	-0.10	-0.07
Third quartile (75th percentile)	-0.15	-0.11	-0.10	-0.08	-0.05	0.00
Median	-0.15	-0.15	-0.13	-0.10	-0.10	-0.05
First quartile (25th percentile)	-0.15	-0.15	-0.15	-0.15	-0.15	-0.13

(Newly issued 5-year JGB yield)

(%)

<Number of respondents : 45>	End-Dec. 2017	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Mar. 2019	End-Mar. 2020
Average	-0.10	-0.08	-0.07	-0.05	-0.01	0.05
Third quartile (75th percentile)	-0.10	-0.05	-0.05	0.00	0.05	0.20
Median	-0.10	-0.09	-0.06	-0.05	-0.05	0.05
First quartile (25th percentile)	-0.10	-0.10	-0.10	-0.10	-0.10	-0.06

(Newly issued 10-year JGB yield)

(%)

<Number of respondents : 45>	End-Dec. 2017	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.05	0.07	0.09	0.12	0.17	0.26
Third quartile (75th percentile)	0.05	0.10	0.10	0.20	0.25	0.40
Median	0.05	0.07	0.10	0.10	0.15	0.25
First quartile (25th percentile)	0.05	0.05	0.05	0.05	0.10	0.10

(Newly issued 20-year JGB yield)

(%)

<Number of respondents : 43>	End-Dec. 2017	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.60	0.63	0.67	0.72	0.79	0.91
Third quartile (75th percentile)	0.60	0.68	0.70	0.83	0.90	1.00
Median	0.60	0.60	0.65	0.70	0.75	0.93
First quartile (25th percentile)	0.58	0.60	0.60	0.60	0.65	0.70

(Newly issued 30-year JGB yield)

(%)

<Number of respondents : 42>	End-Dec. 2017	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.85	0.89	0.93	0.99	1.06	1.18
Third quartile (75th percentile)	0.90	0.90	1.00	1.09	1.19	1.30
Median	0.85	0.90	0.90	0.94	1.00	1.15
First quartile (25th percentile)	0.80	0.85	0.85	0.85	0.90	0.94

(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 (44 respondents)	0.3	16.5	72.8	9.0	1.1	0.2	0.0	0.0
End-Mar. 2020 (43 respondents)	0.2	15.1	60.9	19.9	3.3	0.5	0.1	0.1

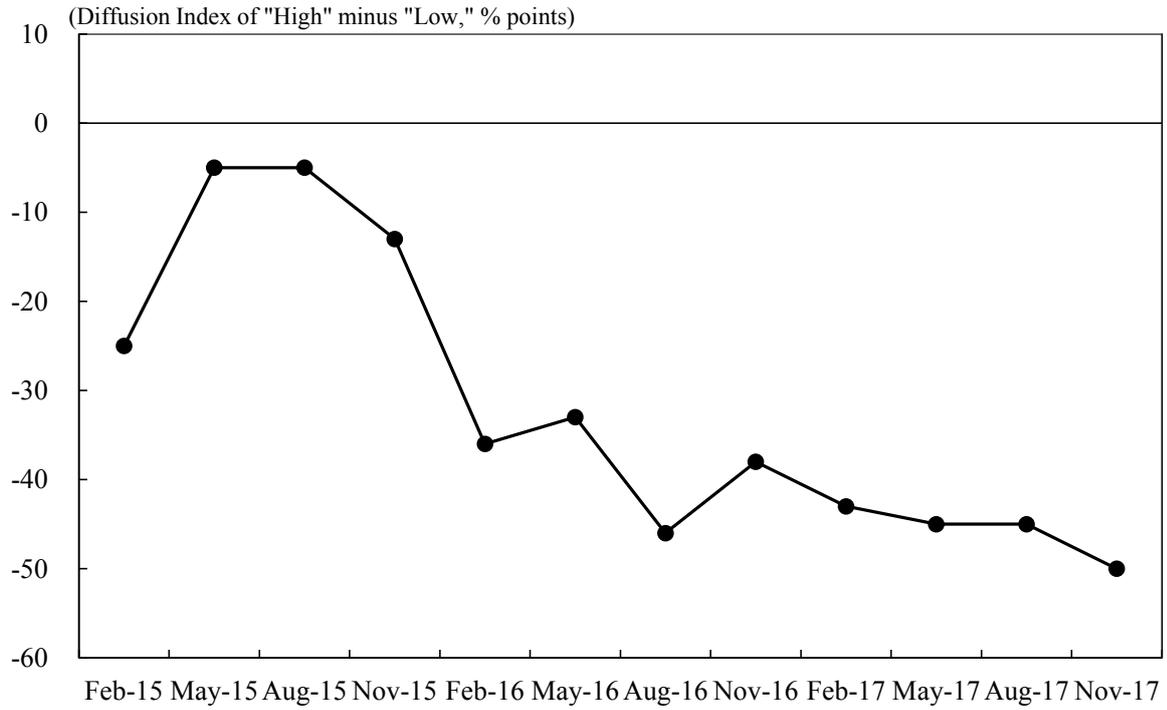
⁶ Arithmetic average

Note: The next survey's publication date is March 1, 2018

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Degree of Bond Market Functioning

Current situation



Change from three months ago

