

Bond Market Survey (May 2018)

Survey period: From May 9 to May 16, 2018

Number of respondents¹: 67

¹ Eligible institutions for the Bank of Japan's outright purchases and sales of JGBs and major insurance companies, asset management companies, etc.

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. 2018 Survey	May 2018 Survey	Number of respondents
DI ³	-46	-45	/
Percentage			
1. High	0	0	0
2. Not very high	54	55	37
3. Low	46	45	30

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

(Change from three months ago)

	Feb. 2018 Survey	May 2018 Survey	Number of respondents
DI	-8	-10	/
Percentage			
1. Has improved	4	0	0
2. Hasn't really improved	84	90	60
3. Has decreased	12	10	7

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Feb. 2018 Survey	May 2018 Survey	Number of respondents
DI	-3	6	/
Percentage			
1. Tight	14	18	12
2. Not very tight	68	70	47
3. Wide	17	12	8

(Change from three months ago)

	Feb. 2018 Survey	May 2018 Survey	Number of respondents
DI	4	1	/
Percentage			
1. Has tightened	4	4	3
2. Hasn't really tightened	96	93	62
3. Has widened	0	3	2

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

(Current situation)

	Feb. 2018 Survey	May 2018 Survey	Number of respondents
DI	-46	-48	/
Percentage			
1. Large	3	1	1
2. Not very large	49	49	33
3. Small	49	49	33

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

(Change from three months ago)

	Feb. 2018 Survey	May 2018 Survey	Number of respondents
DI	-8	-18	/
Percentage			
1. Has increased	4	0	0
2. Hasn't really increased	84	82	55
3. Has decreased	12	18	12

c. The dealing frequency of your company⁵

(Change from three months ago)

	Feb. 2018 Survey	May 2018 Survey	Number of respondents
DI	-19	-16	/
Percentage			
1. Has increased	3	9	6
2. Hasn't really increased	75	66	44
3. Has decreased	22	25	17

⁵ Answer dealing frequency with the same counterparty.

d. The number of your dealing counterparties

(Change from three months ago)

	Feb. 2018 Survey	May 2018 Survey	Number of respondents
DI	-16	-11	/
Percentage			
1. Has increased	3	4	3
2. Hasn't really increased	78	81	54
3. Has decreased	19	15	10

e. The lot size of your company

(Change from three months ago)

	Feb. 2018 Survey	May 2018 Survey	Number of respondents
DI	-13	-23	/
Percentage			
1. Has increased	4	1	1
2. Hasn't really increased	78	75	50
3. Has decreased	17	24	16

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

(Current situation)

	Feb. 2018 Survey	May 2018 Survey	Number of respondents
DI	23	24	
Percentage			
1. Yes	36	37	25
2. Not really	51	49	33
3. No	13	13	9

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

(Current situation)

	Feb. 2018 Survey	May 2018 Survey	Number of respondents
DI	22	15	
Percentage			
1. Yes	38	36	24
2. Not really	46	42	28
3. No	16	21	14

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 : 64>	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020	End-Mar. 2021
Average	-0.14	-0.14	-0.13	-0.12	-0.07	-0.02
Third quartile (75th percentile)	-0.13	-0.12	-0.10	-0.10	-0.05	0.00
Median	-0.15	-0.15	-0.14	-0.14	-0.10	-0.05
First quartile (25th percentile)	-0.15	-0.15	-0.15	-0.15	-0.15	-0.10

(Newly issued 5-year JGB yield)

(%)

<Number of respondents : 64>	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020	End-Mar. 2021
Average	-0.09	-0.09	-0.08	-0.07	0.01	0.09
Third quartile (75th percentile)	-0.10	-0.08	-0.06	-0.05	0.05	0.15
Median	-0.10	-0.10	-0.10	-0.10	-0.05	0.05
First quartile (25th percentile)	-0.10	-0.10	-0.10	-0.10	-0.10	-0.05

(Newly issued 10-year JGB yield)

(%)

<Number of respondents : 65>	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020	End-Mar. 2021
Average	0.05	0.06	0.08	0.11	0.19	0.32
Third quartile (75th percentile)	0.05	0.08	0.10	0.10	0.25	0.40
Median	0.05	0.05	0.06	0.08	0.13	0.25
First quartile (25th percentile)	0.05	0.05	0.05	0.05	0.08	0.15

(Newly issued 20-year JGB yield)

(%)

<Number of respondents : 63>	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020	End-Mar. 2021
Average	0.56	0.58	0.62	0.64	0.75	0.88
Third quartile (75th percentile)	0.60	0.60	0.60	0.68	0.84	1.00
Median	0.55	0.60	0.60	0.60	0.70	0.83
First quartile (25th percentile)	0.55	0.55	0.55	0.55	0.60	0.69

(Newly issued 30-year JGB yield)

(%)

<Number of respondents : 62>	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020	End-Mar. 2021
Average	0.78	0.80	0.83	0.86	0.98	1.13
Third quartile (75th percentile)	0.80	0.82	0.85	0.90	1.00	1.35
Median	0.75	0.80	0.80	0.80	0.90	1.00
First quartile (25th percentile)	0.75	0.75	0.78	0.79	0.80	0.90

(2) The probability distribution forecast⁶ of the newly issued 10-year JGB yield at end-Mar. 2020 and end-Mar. 2021

(%)

	≤ ▲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. 2020 (64 respondents)	0.2	14.5	70.9	11.7	2.3	0.4	0.0	0.0
End-Mar. 2021 (63 respondents)	0.3	12.3	62.5	19.4	4.5	0.9	0.1	0.0

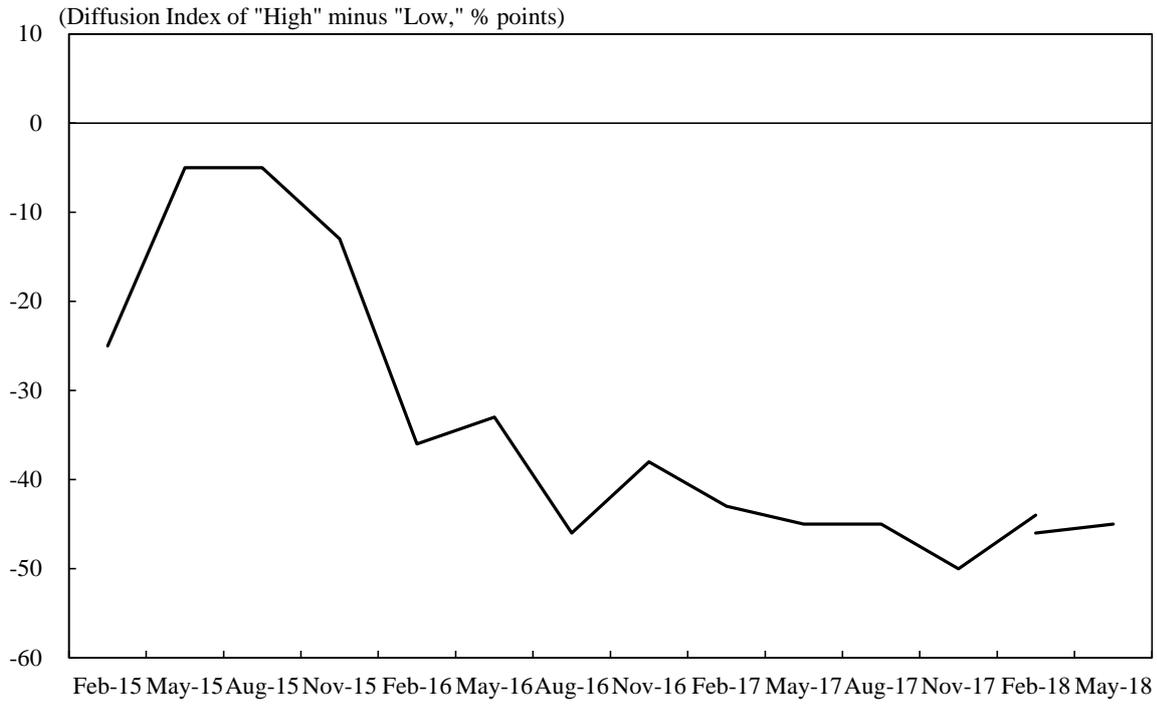
⁶ Arithmetic average

Note: The next survey's publication date is September 3, 2018

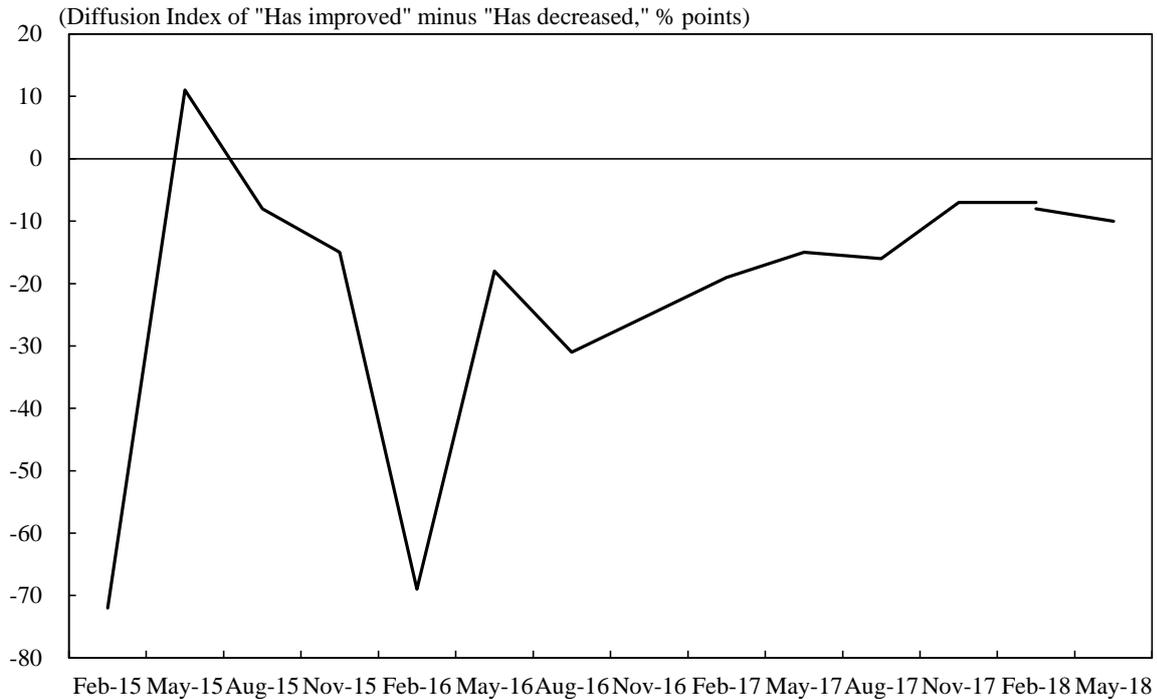
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Degree of Bond Market Functioning

Current situation



Change from three months ago



Note: The survey from February 2018 onward includes responses from major insurance companies, asset management companies, etc., in addition to those from eligible institutions for the Bank's outright purchases and sales of JGBs. Regarding the figures for February 2018, the reference data, which are based on responses only from eligible institutions for the Bank's outright purchases and sales of JGBs, are also indicated.