

## Bond Market Survey (August 2018)

Survey period: From August 8 to August 16, 2018

Number of respondents<sup>1</sup>: 67

<sup>1</sup> 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 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 2018 Survey	Aug. 2018 Survey	Number of respondents
DI <sup>3</sup>	-45	-39	/
Percentage			
1. High	0	0	0
2. Not very high	55	61	41
3. Low	45	39	26

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

(Change from three months ago)

	May 2018 Survey	Aug. 2018 Survey	Number of respondents
DI	-10	1	/
Percentage			
1. Has improved	0	7	5
2. Hasn't really improved	90	87	58
3. Has decreased	10	6	4

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

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

(Current situation)

	May 2018 Survey	Aug. 2018 Survey	Number of respondents
DI	6	-3	/
Percentage			
1. Tight	18	12	8
2. Not very tight	70	73	49
3. Wide	12	15	10

(Change from three months ago)

	May 2018 Survey	Aug. 2018 Survey	Number of respondents
DI	1	-18	/
Percentage			
1. Has tightened	4	1	1
2. Hasn't really tightened	93	79	53
3. Has widened	3	19	13

##### 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 2018 Survey	Aug. 2018 Survey	Number of respondents
DI	-48	-36	/
Percentage			
1. Large	1	0	0
2. Not very large	49	64	43
3. Small	49	36	24

<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 2018 Survey	Aug. 2018 Survey	Number of respondents
DI	-18	0	/
Percentage			
1. Has increased	0	12	8
2. Hasn't really increased	82	76	51
3. Has decreased	18	12	8

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

(Current situation)

	May 2018 Survey	Aug. 2018 Survey	Number of respondents
DI	-	-15	/
Percentage			
1. High	-	3	2
2. Not very high	-	79	53
3. Low	-	18	12

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

(Change from three months ago)

	May 2018 Survey	Aug. 2018 Survey	Number of respondents
DI	-16	10	/
Percentage			
1. Has increased	9	19	13
2. Hasn't really increased	66	72	48
3. Has decreased	25	9	6

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

(Current situation)

	May 2018 Survey	Aug. 2018 Survey	Number of respondents
DI	-	-15	/
Percentage			
1. Large	-	3	2
2. Not very large	-	79	53
3. Small	-	18	12

(Change from three months ago)

	May 2018 Survey	Aug. 2018 Survey	Number of respondents
DI	-11	3	/
Percentage			
1. Has increased	4	10	7
2. Hasn't really increased	81	82	55
3. Has decreased	15	7	5

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

(Current situation)

	May 2018 Survey	Aug. 2018 Survey	Number of respondents
DI	-	-11	/
Percentage			
1. Large	-	7	5
2. Not very large	-	75	50
3. Small	-	18	12

(Change from three months ago)

	May 2018 Survey	Aug. 2018 Survey	Number of respondents
DI	-23	5	/
Percentage			
1. Has increased	1	12	8
2. Hasn't really increased	75	81	54
3. Has decreased	24	7	5

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

(Current situation)

	May 2018 Survey	Aug. 2018 Survey	Number of respondents
DI	24	29	
Percentage			
1. Yes	37	42	28
2. Not really	49	45	30
3. No	13	13	9

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

(Current situation)

	May 2018 Survey	Aug. 2018 Survey	Number of respondents
DI	15	24	
Percentage			
1. Yes	36	44	29
2. Not really	42	36	24
3. No	21	20	13

## 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-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Jun. 2019	End-Mar. 2020	End-Mar. 2021
Average	-0.11	-0.10	-0.10	-0.10	-0.07	-0.03
Third quartile (75th percentile)	-0.10	-0.10	-0.10	-0.10	-0.05	0.00
Median	-0.10	-0.10	-0.10	-0.10	-0.10	-0.05
First quartile (25th percentile)	-0.12	-0.12	-0.11	-0.10	-0.10	-0.10

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 64 >	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Jun. 2019	End-Mar. 2020	End-Mar. 2021
Average	-0.07	-0.06	-0.05	-0.04	0.00	0.07
Third quartile (75th percentile)	-0.05	-0.05	-0.05	-0.02	0.00	0.10
Median	-0.07	-0.05	-0.05	-0.05	-0.03	0.05
First quartile (25th percentile)	-0.08	-0.08	-0.07	-0.06	-0.05	-0.04

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 65 >	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Jun. 2019	End-Mar. 2020	End-Mar. 2021
Average	0.12	0.14	0.15	0.16	0.21	0.33
Third quartile (75th percentile)	0.15	0.15	0.18	0.20	0.25	0.38
Median	0.10	0.15	0.15	0.15	0.20	0.30
First quartile (25th percentile)	0.10	0.10	0.10	0.10	0.15	0.20

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 63 >	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Jun. 2019	End-Mar. 2020	End-Mar. 2021
Average	0.64	0.67	0.68	0.70	0.77	0.89
Third quartile (75th percentile)	0.65	0.70	0.70	0.75	0.80	1.00
Median	0.65	0.65	0.65	0.70	0.70	0.85
First quartile (25th percentile)	0.60	0.62	0.65	0.65	0.70	0.70

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 62 >	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Jun. 2019	End-Mar. 2020	End-Mar. 2021
Average	0.87	0.90	0.92	0.93	1.01	1.14
Third quartile (75th percentile)	0.90	0.95	0.95	1.00	1.04	1.30
Median	0.85	0.88	0.90	0.90	0.97	1.10
First quartile (25th percentile)	0.85	0.85	0.85	0.85	0.90	0.95

(2) The probability distribution forecast<sup>6</sup> 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	8.8	76.1	12.4	2.1	0.3	0.0	0.0
End-Mar. 2021 (63 respondents)	0.3	7.7	68.3	17.6	5.2	0.8	0.0	0.0

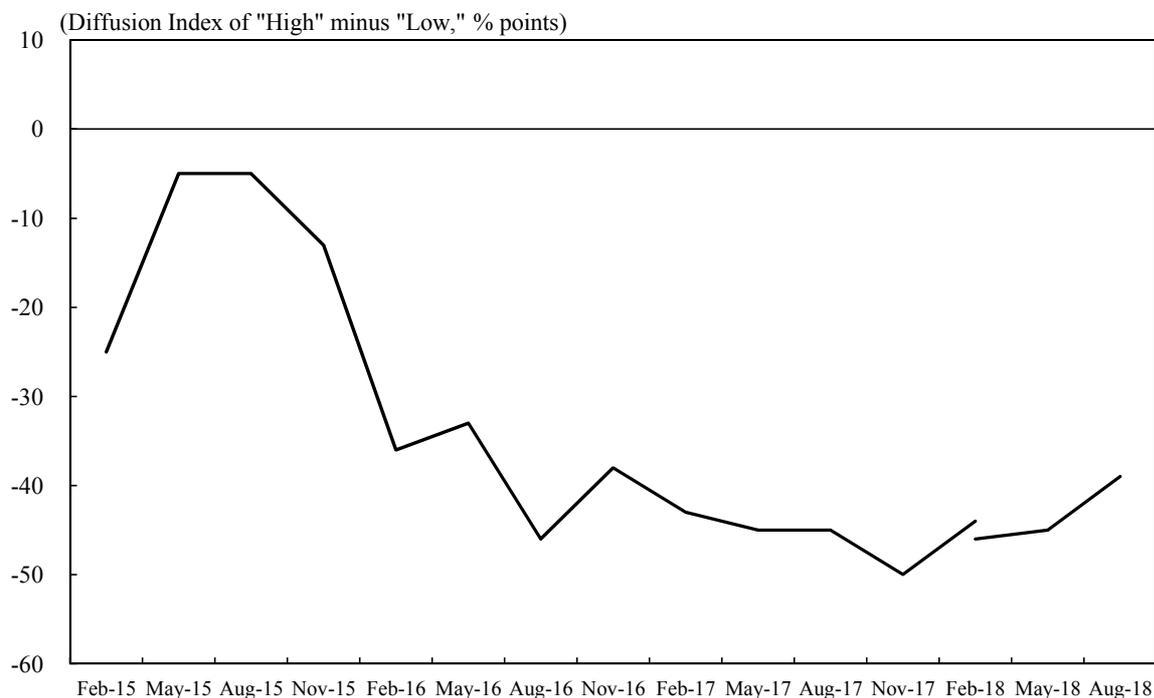
<sup>6</sup> Arithmetic average

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

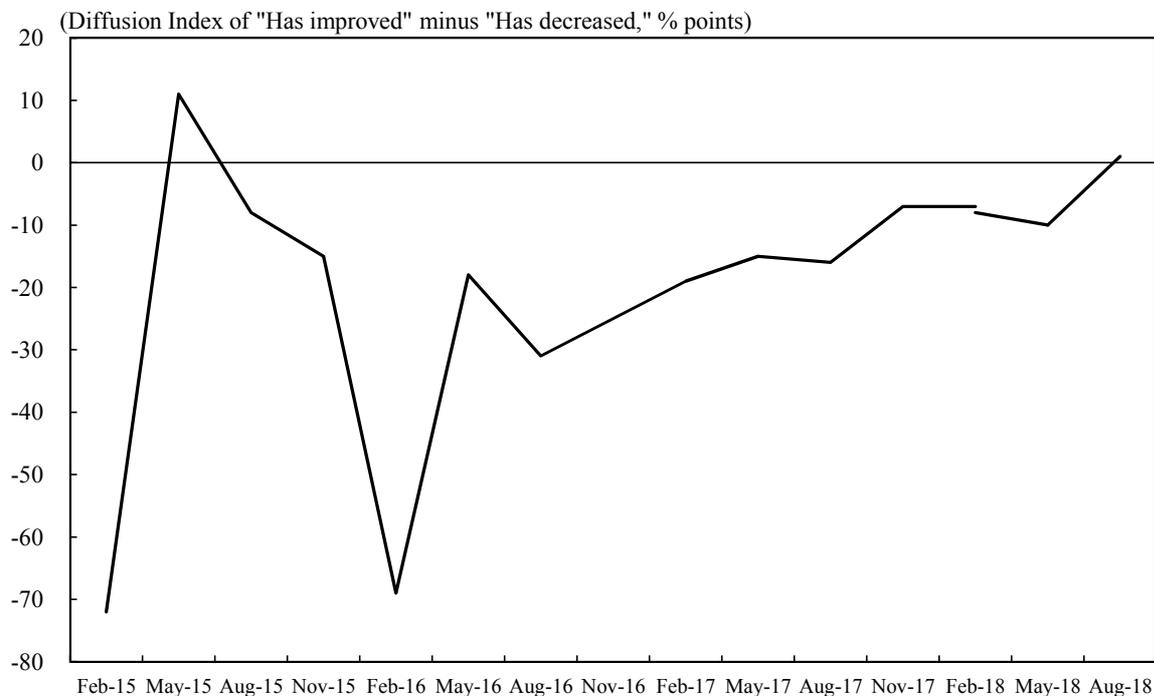
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## Degree of Bond Market Functioning

### 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.