

## Bond Market Survey (November 2018)

Survey period: From November 5 to November 9, 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)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI <sup>3</sup>	-39	-40	/
Percentage			
1. High	0	0	0
2. Not very high	61	60	40
3. Low	39	40	27

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

(Change from three months ago)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI	1	3	/
Percentage			
1. Has improved	7	9	6
2. Hasn't really improved	87	85	57
3. Has decreased	6	6	4

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

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

(Current situation)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI	-3	2	/
Percentage			
1. Tight	12	12	8
2. Not very tight	73	78	52
3. Wide	15	10	7

(Change from three months ago)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI	-18	0	/
Percentage			
1. Has tightened	1	3	2
2. Hasn't really tightened	79	94	63
3. Has widened	19	3	2

##### 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)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI	-36	-33	/
Percentage			
1. Large	0	1	1
2. Not very large	64	64	43
3. Small	36	34	23

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

(Change from three months ago)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI	0	-1	/
Percentage			
1. Has increased	12	3	2
2. Hasn't really increased	76	93	62
3. Has decreased	12	4	3

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

(Current situation)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI	-15	-26	/
Percentage			
1. High	3	1	1
2. Not very high	79	72	48
3. Low	18	27	18

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

(Change from three months ago)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI	10	-8	/
Percentage			
1. Has increased	19	7	5
2. Hasn't really increased	72	78	52
3. Has decreased	9	15	10

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

(Current situation)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI	-15	-19	/
Percentage			
1. Large	3	3	2
2. Not very large	79	75	50
3. Small	18	22	15

(Change from three months ago)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI	3	-12	/
Percentage			
1. Has increased	10	0	0
2. Hasn't really increased	82	88	59
3. Has decreased	7	12	8

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

(Current situation)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI	-11	-14	/
Percentage			
1. Large	7	1	1
2. Not very large	75	84	56
3. Small	18	15	10

(Change from three months ago)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI	5	-7	/
Percentage			
1. Has increased	12	3	2
2. Hasn't really increased	81	87	58
3. Has decreased	7	10	7

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

(Current situation)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI	29	30	
Percentage			
1. Yes	42	39	26
2. Not really	45	52	35
3. No	13	9	6

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

(Current situation)

	Aug. 2018 Survey	Nov. 2018 Survey	Number of respondents
DI	24	23	
Percentage			
1. Yes	44	38	25
2. Not really	36	47	31
3. No	20	15	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 : 64 >	End-Dec. 2018	End-Mar. 2019	End-Jun. 2019	End-Sep. 2019	End-Mar. 2020	End-Mar. 2021
Average	-0.11	-0.10	-0.10	-0.09	-0.07	-0.02
Third quartile (75th percentile)	-0.10	-0.10	-0.10	-0.08	-0.05	0.00
Median	-0.11	-0.10	-0.10	-0.10	-0.10	-0.02
First quartile (25th percentile)	-0.12	-0.12	-0.11	-0.11	-0.10	-0.10

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 64 >	End-Dec. 2018	End-Mar. 2019	End-Jun. 2019	End-Sep. 2019	End-Mar. 2020	End-Mar. 2021
Average	-0.06	-0.05	-0.04	-0.03	0.01	0.08
Third quartile (75th percentile)	-0.05	-0.05	-0.03	0.00	0.02	0.11
Median	-0.05	-0.05	-0.05	-0.05	0.00	0.07
First quartile (25th percentile)	-0.08	-0.07	-0.07	-0.05	-0.05	-0.04

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 65 >	End-Dec. 2018	End-Mar. 2019	End-Jun. 2019	End-Sep. 2019	End-Mar. 2020	End-Mar. 2021
Average	0.14	0.16	0.18	0.19	0.23	0.35
Third quartile (75th percentile)	0.15	0.18	0.20	0.20	0.25	0.40
Median	0.15	0.15	0.15	0.17	0.20	0.30
First quartile (25th percentile)	0.13	0.13	0.15	0.15	0.15	0.20

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 63 >	End-Dec. 2018	End-Mar. 2019	End-Jun. 2019	End-Sep. 2019	End-Mar. 2020	End-Mar. 2021
Average	0.68	0.70	0.74	0.75	0.80	0.93
Third quartile (75th percentile)	0.70	0.74	0.75	0.80	0.85	1.04
Median	0.70	0.70	0.70	0.75	0.75	0.90
First quartile (25th percentile)	0.65	0.66	0.70	0.70	0.70	0.75

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 62 >	End-Dec. 2018	End-Mar. 2019	End-Jun. 2019	End-Sep. 2019	End-Mar. 2020	End-Mar. 2021
Average	0.90	0.93	0.96	0.98	1.03	1.18
Third quartile (75th percentile)	0.92	0.97	1.00	1.00	1.10	1.33
Median	0.90	0.90	0.95	0.95	1.00	1.15
First quartile (25th percentile)	0.88	0.90	0.90	0.90	0.94	1.00

(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	7.7	77.5	12.1	2.1	0.3	0.0	0.0
End-Mar. 2021 (63 respondents)	0.3	6.9	68.5	18.1	5.3	0.9	0.0	0.0

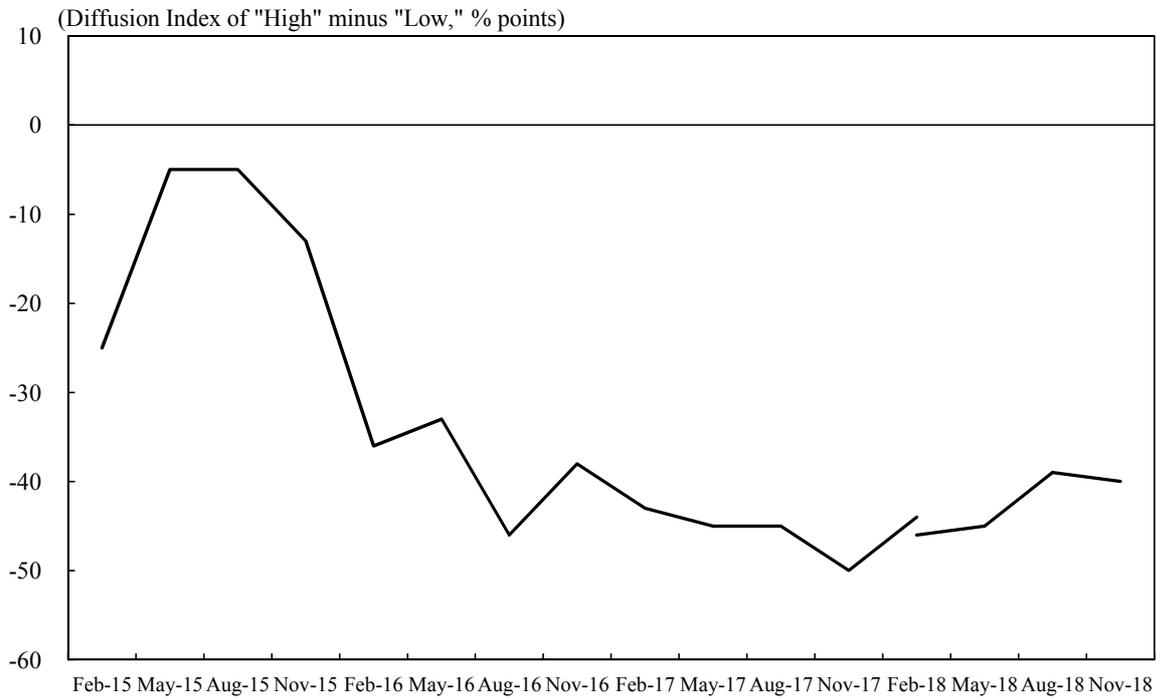
<sup>6</sup> Arithmetic average

Note: The next survey's publication date is March 1, 2019

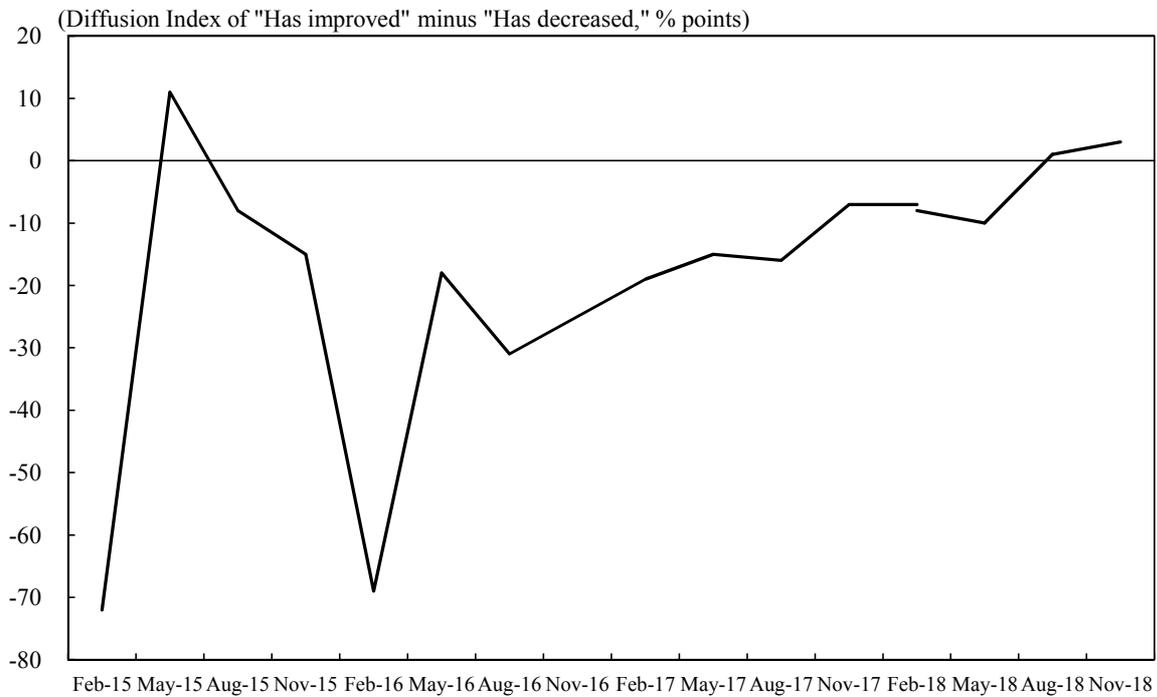
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## Degree of Bond Market Functioning

### 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.