

Bond Market Survey (February 2019)

Survey period: From February 4 to February 8, 2019

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)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI ³	-40	-38	/
Percentage			
1. High	0	1	1
2. Not very high	60	60	40
3. Low	40	39	26

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

(Change from three months ago)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI	3	-20	/
Percentage			
1. Has improved	9	4	3
2. Hasn't really improved	85	72	48
3. Has decreased	6	24	16

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI	2	3	/
Percentage			
1. Tight	12	12	8
2. Not very tight	78	79	53
3. Wide	10	9	6

(Change from three months ago)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI	0	-3	/
Percentage			
1. Has tightened	3	3	2
2. Hasn't really tightened	94	91	61
3. Has widened	3	6	4

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

(Current situation)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI	-33	-32	/
Percentage			
1. Large	1	1	1
2. Not very large	64	66	44
3. Small	34	33	22

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

(Change from three months ago)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI	-1	-16	/
Percentage			
1. Has increased	3	3	2
2. Hasn't really increased	93	78	52
3. Has decreased	4	19	13

c. The dealing frequency of your company⁵

(Current situation)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI	-26	-23	/
Percentage			
1. High	1	7	5
2. Not very high	72	63	42
3. Low	27	30	20

⁵ Answer dealing frequency with the same counterparty.

(Change from three months ago)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI	-8	-11	/
Percentage			
1. Has increased	7	10	7
2. Hasn't really increased	78	69	46
3. Has decreased	15	21	14

d. The number of your dealing counterparties

(Current situation)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI	-19	-15	/
Percentage			
1. Large	3	7	5
2. Not very large	75	70	47
3. Small	22	22	15

(Change from three months ago)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI	-12	-1	/
Percentage			
1. Has increased	0	9	6
2. Hasn't really increased	88	81	54
3. Has decreased	12	10	7

e. The lot size of your company

(Current situation)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI	-14	-20	/
Percentage			
1. Large	1	1	1
2. Not very large	84	78	52
3. Small	15	21	14

(Change from three months ago)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI	-7	-10	/
Percentage			
1. Has increased	3	3	2
2. Hasn't really increased	87	84	56
3. Has decreased	10	13	9

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

(Current situation)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI	30	27	
Percentage			
1. Yes	39	42	28
2. Not really	52	43	29
3. No	9	15	10

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

(Current situation)

	Nov. 2018 Survey	Feb. 2019 Survey	Number of respondents
DI	23	24	
Percentage			
1. Yes	38	42	28
2. Not really	47	39	26
3. No	15	18	12

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 : 65 >	End-Mar. 2019	End-Jun. 2019	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Mar. 2021
Average	-0.15	-0.14	-0.13	-0.13	-0.11	-0.04
Third quartile (75th percentile)	-0.15	-0.12	-0.10	-0.10	-0.10	0.00
Median	-0.15	-0.15	-0.15	-0.14	-0.12	-0.05
First quartile (25th percentile)	-0.16	-0.15	-0.15	-0.15	-0.15	-0.14

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 65 >	End-Mar. 2019	End-Jun. 2019	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Mar. 2021
Average	-0.14	-0.12	-0.11	-0.09	-0.08	0.01
Third quartile (75th percentile)	-0.13	-0.10	-0.08	-0.05	-0.05	0.10
Median	-0.15	-0.13	-0.10	-0.10	-0.09	0.00
First quartile (25th percentile)	-0.15	-0.15	-0.14	-0.14	-0.14	-0.10

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 66 >	End-Mar. 2019	End-Jun. 2019	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Mar. 2021
Average	0.01	0.04	0.06	0.07	0.10	0.23
Third quartile (75th percentile)	0.03	0.10	0.10	0.10	0.15	0.26
Median	0.00	0.05	0.05	0.08	0.10	0.16
First quartile (25th percentile)	0.00	0.00	0.00	0.02	0.05	0.10

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 65 >	End-Mar. 2019	End-Jun. 2019	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Mar. 2021
Average	0.47	0.51	0.54	0.56	0.60	0.75
Third quartile (75th percentile)	0.50	0.56	0.60	0.61	0.70	0.90
Median	0.45	0.50	0.53	0.55	0.60	0.70
First quartile (25th percentile)	0.42	0.45	0.45	0.50	0.50	0.58

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 63 >	End-Mar. 2019	End-Jun. 2019	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Mar. 2021
Average	0.66	0.71	0.74	0.77	0.81	0.99
Third quartile (75th percentile)	0.70	0.76	0.80	0.83	0.90	1.15
Median	0.65	0.70	0.75	0.75	0.80	0.95
First quartile (25th percentile)	0.60	0.62	0.65	0.70	0.70	0.80

(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 (65 respondents)	0.4	26.9	65.4	6.1	1.0	0.2	0.1	0.0
End-Mar. 2021 (64 respondents)	0.5	18.2	65.6	11.2	3.3	1.0	0.2	0.1

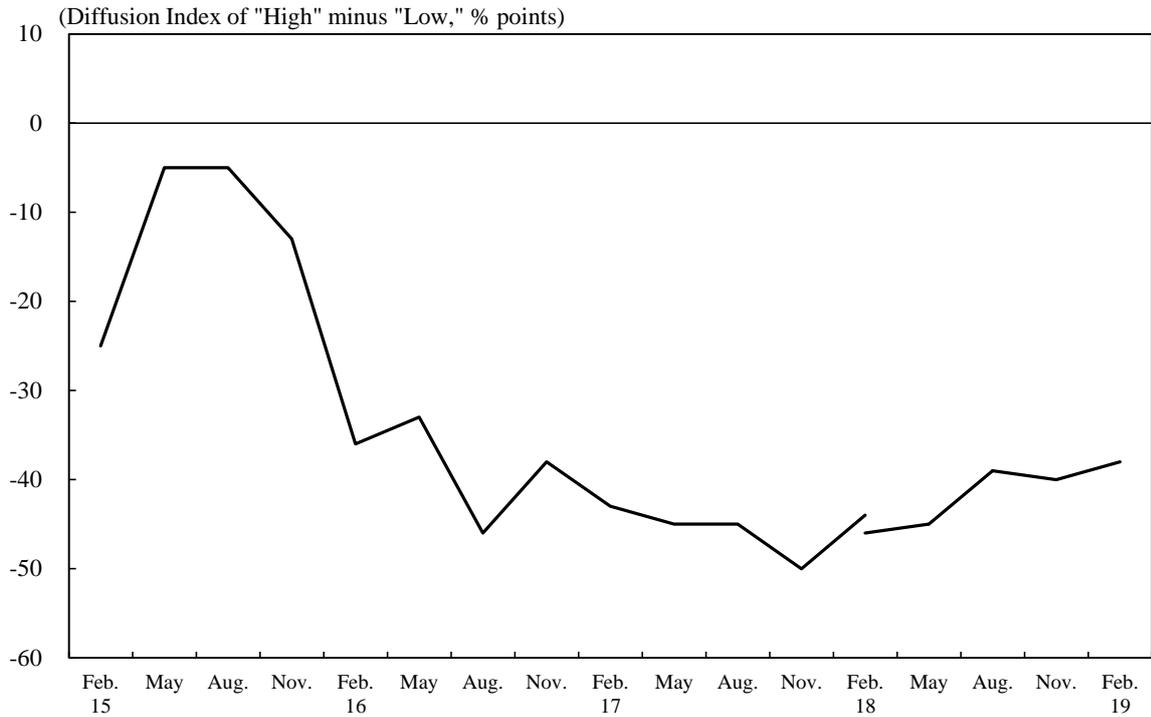
⁶ Arithmetic average

Note: The next survey's publication date is June 7, 2019

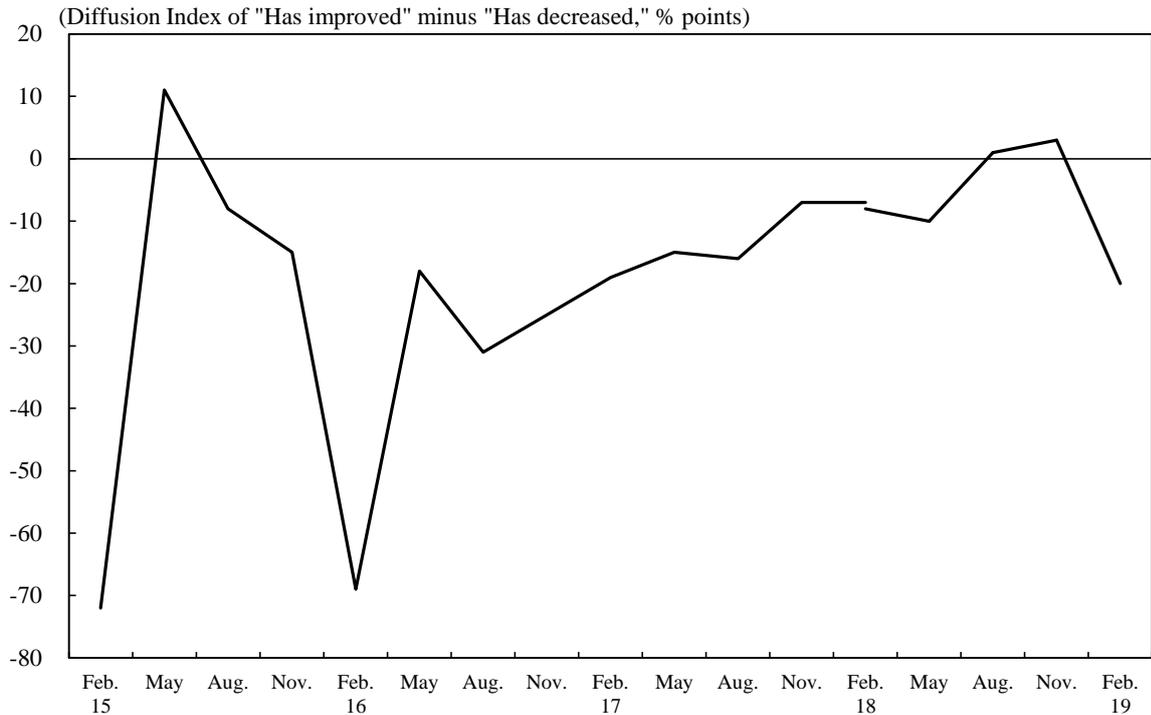
Inquiries: Market Infrastructure Group, Market Infrastructure Division, Financial Markets Department
E-mail: post.fmd29@boj.or.jp

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.