

Bond Market Survey (August 2019)

Survey period: From August 5 to August 9, 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)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI ³	-36	-38	/
Percentage			
1. High	1	1	1
2. Not very high	61	60	40
3. Low	37	39	26

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

(Change from three months ago)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI	-5	-15	/
Percentage			
1. Has improved	4	1	1
2. Hasn't really improved	87	82	55
3. Has decreased	9	16	11

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI	6	-2	/
Percentage			
1. Tight	13	13	9
2. Not very tight	79	72	48
3. Wide	7	15	10

(Change from three months ago)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI	3	-15	/
Percentage			
1. Has tightened	7	1	1
2. Hasn't really tightened	88	82	55
3. Has widened	4	16	11

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

(Current situation)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI	-29	-35	/
Percentage			
1. Large	1	1	1
2. Not very large	69	63	42
3. Small	30	36	24

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

(Change from three months ago)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI	-7	-18	/
Percentage			
1. Has increased	3	1	1
2. Hasn't really increased	87	79	53
3. Has decreased	10	19	13

c. The dealing frequency of your company⁵

(Current situation)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI	-28	-29	/
Percentage			
1. High	6	4	3
2. Not very high	60	63	42
3. Low	34	33	22

⁵ Answer dealing frequency with the same counterparty.

(Change from three months ago)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI	-18	-11	/
Percentage			
1. Has increased	4	7	5
2. Hasn't really increased	73	75	50
3. Has decreased	22	18	12

d. The number of your dealing counterparties

(Current situation)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI	-21	-19	/
Percentage			
1. Large	4	6	4
2. Not very large	70	69	46
3. Small	25	25	17

(Change from three months ago)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI	-15	-12	/
Percentage			
1. Has increased	1	6	4
2. Hasn't really increased	82	76	51
3. Has decreased	16	18	12

e. The lot size of your company

(Current situation)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI	-15	-16	/
Percentage			
1. Large	4	3	2
2. Not very large	76	78	52
3. Small	19	19	13

(Change from three months ago)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI	-5	-10	/
Percentage			
1. Has increased	4	0	0
2. Hasn't really increased	87	90	60
3. Has decreased	9	10	7

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

(Current situation)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI	30	19	
Percentage			
1. Yes	42	40	27
2. Not really	46	39	26
3. No	12	21	14

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

(Current situation)

	May 2019 Survey	Aug. 2019 Survey	Number of respondents
DI	25	17	
Percentage			
1. Yes	42	41	27
2. Not really	41	35	23
3. No	17	24	16

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-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Jun. 2020	End-Mar. 2021	End-Mar. 2022
Average	-0.23	-0.23	-0.22	-0.20	-0.17	-0.14
Third quartile (75th percentile)	-0.20	-0.20	-0.20	-0.15	-0.10	-0.05
Median	-0.23	-0.21	-0.20	-0.20	-0.15	-0.10
First quartile (25th percentile)	-0.25	-0.25	-0.25	-0.25	-0.20	-0.20

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 65 >	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Jun. 2020	End-Mar. 2021	End-Mar. 2022
Average	-0.26	-0.25	-0.23	-0.21	-0.17	-0.11
Third quartile (75th percentile)	-0.25	-0.22	-0.15	-0.15	-0.10	-0.04
Median	-0.25	-0.25	-0.22	-0.20	-0.15	-0.10
First quartile (25th percentile)	-0.30	-0.30	-0.28	-0.27	-0.25	-0.20

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 66 >	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Jun. 2020	End-Mar. 2021	End-Mar. 2022
Average	-0.17	-0.16	-0.14	-0.12	-0.06	0.03
Third quartile (75th percentile)	-0.15	-0.15	-0.10	-0.05	0.00	0.10
Median	-0.20	-0.15	-0.15	-0.10	-0.05	0.00
First quartile (25th percentile)	-0.20	-0.20	-0.20	-0.20	-0.15	-0.10

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 65 >	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Jun. 2020	End-Mar. 2021	End-Mar. 2022
Average	0.17	0.19	0.21	0.25	0.32	0.44
Third quartile (75th percentile)	0.20	0.20	0.25	0.31	0.40	0.50
Median	0.15	0.19	0.20	0.25	0.30	0.40
First quartile (25th percentile)	0.15	0.15	0.15	0.15	0.20	0.25

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 63 >	End-Sep. 2019	End-Dec. 2019	End-Mar. 2020	End-Jun. 2020	End-Mar. 2021	End-Mar. 2022
Average	0.32	0.33	0.36	0.40	0.48	0.61
Third quartile (75th percentile)	0.35	0.39	0.43	0.50	0.60	0.70
Median	0.30	0.30	0.35	0.40	0.45	0.55
First quartile (25th percentile)	0.26	0.28	0.30	0.30	0.35	0.40

(2) The probability distribution forecast⁶ of the newly issued 10-year JGB yield at end-Mar. 2021 and end-Mar. 2022

(%)

	≤▲0.50%	▲0.49~▲0.25%	▲0.24~0.00%	0.01~0.25%	0.26~0.50%	0.51~0.75%	0.76~1.00%	1.01~1.25%	1.26~1.50%	1.51%≤
End-Mar. 2021 (65 respondents)	1.7	16.7	49.4	25.9	3.5	1.0	0.8	0.5	0.4	0.2
End-Mar. 2022 (64 respondents)	1.4	12.2	39.5	34.4	7.8	2.2	0.9	0.7	0.8	0.2

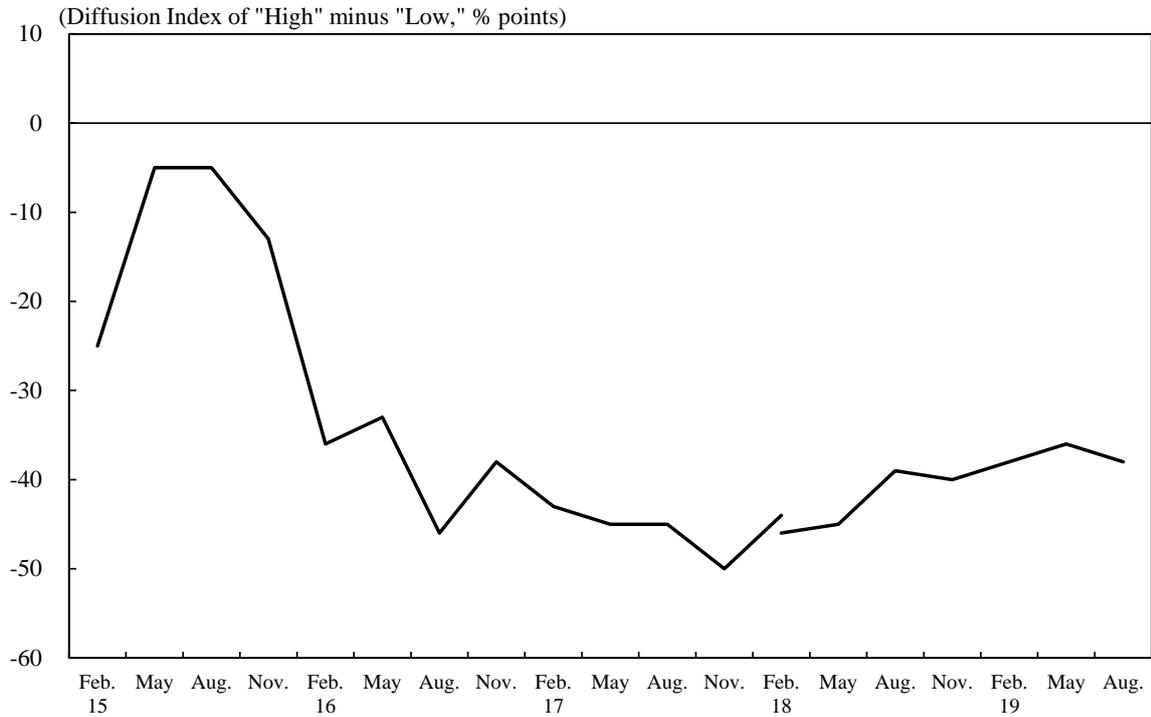
⁶ Arithmetic average

Note: The next survey's publication date is December 2, 2019

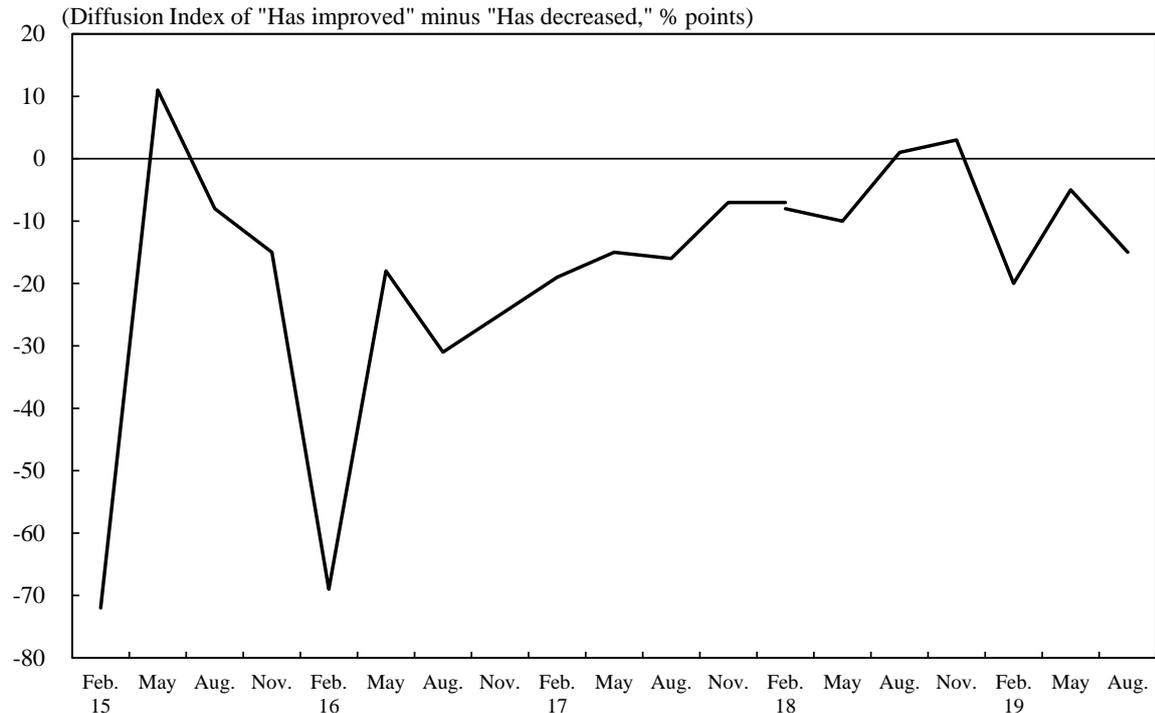
Inquiries: Market Infrastructure Group, Market Infrastructure Division, Financial Markets Department
E-mail: post.fmd29@boj.or.jp

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.