

## Bond Market Survey (February 2020)

Survey period: From February 3 to February 7, 2020

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)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI <sup>3</sup>	-32	-27	/
Percentage			
1. High	1	1	1
2. Not very high	66	70	47
3. Low	33	28	19

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

(Change from three months ago)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI	0	6	/
Percentage			
1. Has improved	9	7	5
2. Hasn't really improved	82	91	61
3. Has decreased	9	1	1

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

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

(Current situation)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI	-4	-6	/
Percentage			
1. Tight	12	10	7
2. Not very tight	72	73	49
3. Wide	16	16	11

(Change from three months ago)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI	-10	-4	/
Percentage			
1. Has tightened	3	0	0
2. Hasn't really tightened	84	96	64
3. Has widened	13	4	3

##### 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)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI	-34	-26	/
Percentage			
1. Large	0	1	1
2. Not very large	66	72	48
3. Small	34	27	18

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

(Change from three months ago)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI	-13	-3	/
Percentage			
1. Has increased	3	4	3
2. Hasn't really increased	81	88	59
3. Has decreased	16	7	5

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

(Current situation)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI	-19	-19	/
Percentage			
1. High	3	3	2
2. Not very high	75	75	50
3. Low	22	22	15

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

(Change from three months ago)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI	10	-2	/
Percentage			
1. Has increased	16	7	5
2. Hasn't really increased	78	84	56
3. Has decreased	6	9	6

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

(Current situation)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI	-15	-12	/
Percentage			
1. Large	6	6	4
2. Not very large	73	76	51
3. Small	21	18	12

(Change from three months ago)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI	3	0	/
Percentage			
1. Has increased	7	7	5
2. Hasn't really increased	88	85	57
3. Has decreased	4	7	5

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

(Current situation)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI	-14	-11	/
Percentage			
1. Large	4	4	3
2. Not very large	78	81	54
3. Small	18	15	10

(Change from three months ago)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI	0	-6	/
Percentage			
1. Has increased	3	1	1
2. Hasn't really increased	94	91	61
3. Has decreased	3	7	5

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

(Current situation)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI	21	22	
Percentage			
1. Yes	42	40	27
2. Not really	37	42	28
3. No	21	18	12

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

(Current situation)

	Nov. 2019 Survey	Feb. 2020 Survey	Number of respondents
DI	21	27	
Percentage			
1. Yes	42	42	28
2. Not really	36	42	28
3. No	21	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 : 65 >	End-Mar. 2020	End-Jun. 2020	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Mar. 2022
Average	-0.16	-0.15	-0.14	-0.13	-0.12	-0.11
Third quartile (75th percentile)	-0.15	-0.12	-0.10	-0.10	-0.10	-0.06
Median	-0.15	-0.15	-0.15	-0.11	-0.10	-0.10
First quartile (25th percentile)	-0.20	-0.15	-0.15	-0.15	-0.15	-0.15

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 65 >	End-Mar. 2020	End-Jun. 2020	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Mar. 2022
Average	-0.16	-0.14	-0.13	-0.11	-0.10	-0.08
Third quartile (75th percentile)	-0.12	-0.10	-0.10	-0.10	-0.05	-0.05
Median	-0.15	-0.13	-0.10	-0.10	-0.10	-0.10
First quartile (25th percentile)	-0.15	-0.15	-0.15	-0.12	-0.10	-0.10

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 66 >	End-Mar. 2020	End-Jun. 2020	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Mar. 2022
Average	-0.05	-0.03	-0.01	0.01	0.03	0.07
Third quartile (75th percentile)	-0.01	0.00	0.01	0.05	0.05	0.10
Median	-0.05	0.00	0.00	0.00	0.00	0.05
First quartile (25th percentile)	-0.05	-0.05	-0.05	-0.01	0.00	0.00

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 65 >	End-Mar. 2020	End-Jun. 2020	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Mar. 2022
Average	0.27	0.30	0.33	0.36	0.38	0.45
Third quartile (75th percentile)	0.30	0.35	0.40	0.40	0.40	0.50
Median	0.25	0.30	0.30	0.35	0.35	0.40
First quartile (25th percentile)	0.25	0.25	0.25	0.30	0.30	0.35

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 65 >	End-Mar. 2020	End-Jun. 2020	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Mar. 2022
Average	0.43	0.46	0.49	0.52	0.55	0.63
Third quartile (75th percentile)	0.45	0.50	0.55	0.60	0.60	0.70
Median	0.40	0.45	0.45	0.50	0.50	0.60
First quartile (25th percentile)	0.40	0.40	0.40	0.45	0.45	0.50

(2) The probability distribution forecast<sup>6</sup> 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)	0.3	8.0	46.9	37.9	4.4	1.5	0.6	0.3	0.1	0.0
End-Mar. 2022 (64 respondents)	0.4	6.8	35.7	43.3	9.6	2.7	1.0	0.3	0.2	0.0

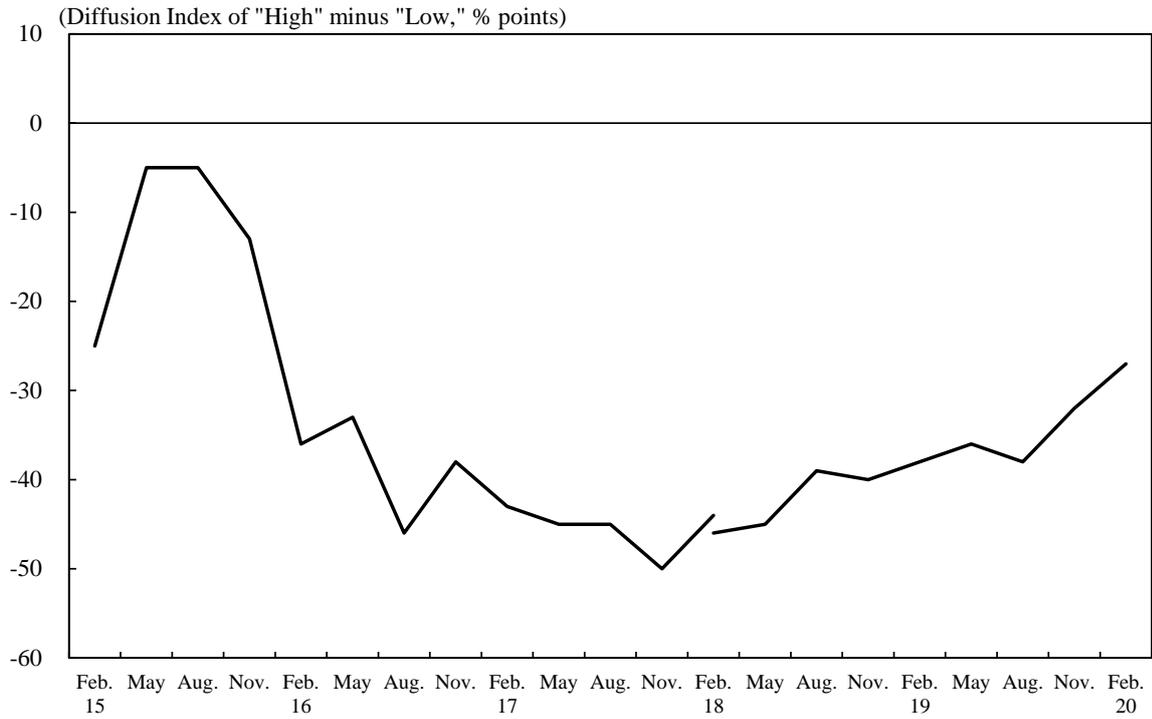
<sup>6</sup> Arithmetic average

Note: The next survey's publication date is June 1, 2020

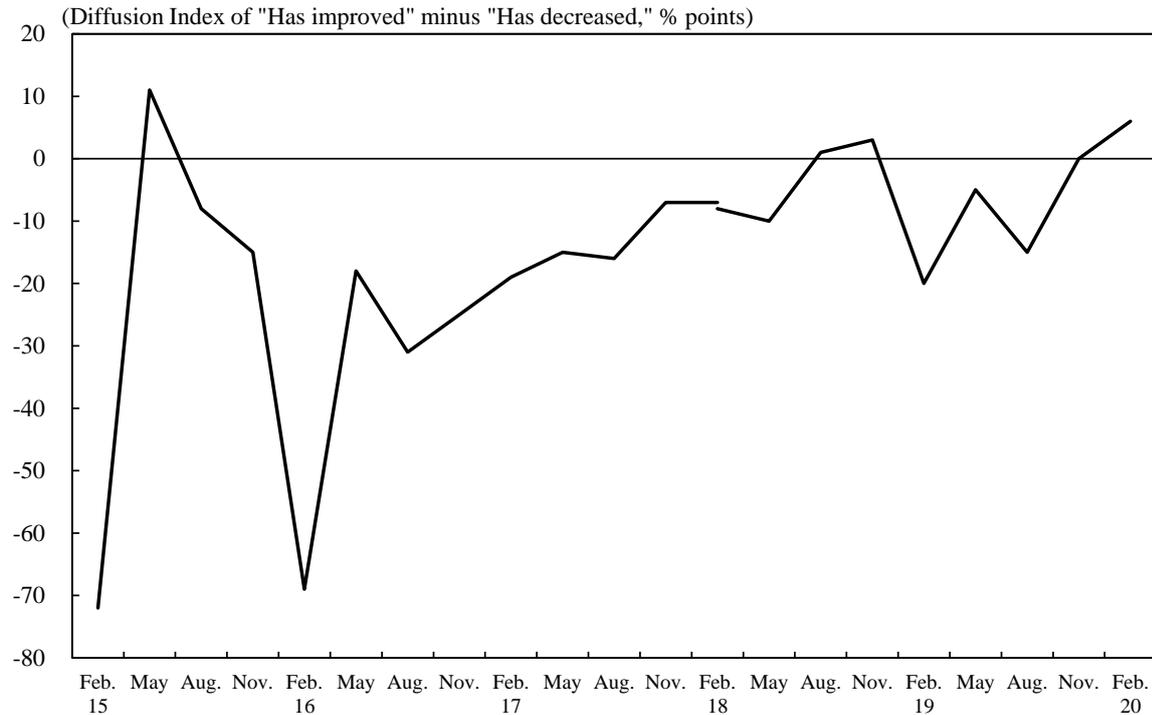
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# Degree of Bond Market Functioning

## 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.