

Bond Market Survey (May 2020)

Survey period: From May 7 to May 15, 2020

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)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI ³	-27	-45	/
Percentage			
1. High	1	0	0
2. Not very high	70	55	37
3. Low	28	45	30

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

(Change from three months ago)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI	6	-50	/
Percentage			
1. Has improved	7	1	1
2. Hasn't really improved	91	48	32
3. Has decreased	1	51	34

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI	-6	-27	/
Percentage			
1. Tight	10	3	2
2. Not very tight	73	67	45
3. Wide	16	30	20

(Change from three months ago)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI	-4	-44	/
Percentage			
1. Has tightened	0	1	1
2. Hasn't really tightened	96	54	36
3. Has widened	4	45	30

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

(Current situation)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI	-26	-63	/
Percentage			
1. Large	1	0	0
2. Not very large	72	37	25
3. Small	27	63	42

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

(Change from three months ago)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI	-3	-66	/
Percentage			
1. Has increased	4	1	1
2. Hasn't really increased	88	31	21
3. Has decreased	7	67	45

c. The dealing frequency of your company⁵

(Current situation)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI	-19	-42	/
Percentage			
1. High	3	0	0
2. Not very high	75	58	39
3. Low	22	42	28

⁵ Answer dealing frequency with the same counterparty.

(Change from three months ago)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI	-2	-39	/
Percentage			
1. Has increased	7	4	3
2. Hasn't really increased	84	52	35
3. Has decreased	9	43	29

d. The number of your dealing counterparties

(Current situation)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI	-12	-35	/
Percentage			
1. Large	6	1	1
2. Not very large	76	63	42
3. Small	18	36	24

(Change from three months ago)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI	0	-35	/
Percentage			
1. Has increased	7	1	1
2. Hasn't really increased	85	63	42
3. Has decreased	7	36	24

e. The lot size of your company

(Current situation)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI	-11	-21	/
Percentage			
1. Large	4	3	2
2. Not very large	81	73	49
3. Small	15	24	16

(Change from three months ago)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI	-6	-24	/
Percentage			
1. Has increased	1	3	2
2. Hasn't really increased	91	70	47
3. Has decreased	7	27	18

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

(Current situation)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI	22	12	
Percentage			
1. Yes	40	33	22
2. Not really	42	46	31
3. No	18	21	14

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

(Current situation)

	Feb. 2020 Survey	May 2020 Survey	Number of respondents
DI	27	6	
Percentage			
1. Yes	42	33	22
2. Not really	42	39	26
3. No	15	27	18

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-Jun. 2020	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Mar. 2022	End-Mar. 2023
Average	-0.16	-0.15	-0.14	-0.14	-0.12	-0.10
Third quartile (75th percentile)	-0.15	-0.14	-0.10	-0.10	-0.10	-0.07
Median	-0.15	-0.15	-0.15	-0.15	-0.11	-0.10
First quartile (25th percentile)	-0.17	-0.15	-0.15	-0.15	-0.15	-0.15

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 65 >	End-Jun. 2020	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Mar. 2022	End-Mar. 2023
Average	-0.12	-0.12	-0.10	-0.10	-0.08	-0.06
Third quartile (75th percentile)	-0.10	-0.10	-0.10	-0.09	-0.05	-0.05
Median	-0.12	-0.10	-0.10	-0.10	-0.10	-0.05
First quartile (25th percentile)	-0.15	-0.15	-0.12	-0.10	-0.10	-0.10

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 66 >	End-Jun. 2020	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Mar. 2022	End-Mar. 2023
Average	-0.02	0.00	0.01	0.02	0.06	0.10
Third quartile (75th percentile)	0.00	0.01	0.05	0.05	0.10	0.15
Median	0.00	0.00	0.00	0.00	0.05	0.07
First quartile (25th percentile)	-0.05	-0.02	0.00	0.00	0.00	0.01

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 65 >	End-Jun. 2020	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Mar. 2022	End-Mar. 2023
Average	0.33	0.35	0.38	0.39	0.45	0.50
Third quartile (75th percentile)	0.35	0.37	0.40	0.41	0.50	0.54
Median	0.35	0.35	0.35	0.35	0.40	0.45
First quartile (25th percentile)	0.30	0.30	0.35	0.35	0.35	0.40

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 63 >	End-Jun. 2020	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Mar. 2022	End-Mar. 2023
Average	0.46	0.49	0.52	0.53	0.59	0.66
Third quartile (75th percentile)	0.50	0.50	0.55	0.55	0.60	0.70
Median	0.45	0.47	0.50	0.50	0.55	0.60
First quartile (25th percentile)	0.45	0.45	0.45	0.45	0.50	0.55

(2) The probability distribution forecast⁶ of the newly issued 10-year JGB yield at end-Mar. 2022 and end-Mar. 2023

	≤ ▲ 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. 2022 (64 respondents)	0.4	5.6	41.4	44.8	5.1	1.5	0.7	0.3	0.2	0.1
End-Mar. 2023 (64 respondents)	0.4	4.8	34.1	48.0	9.1	2.1	0.9	0.3	0.3	0.1

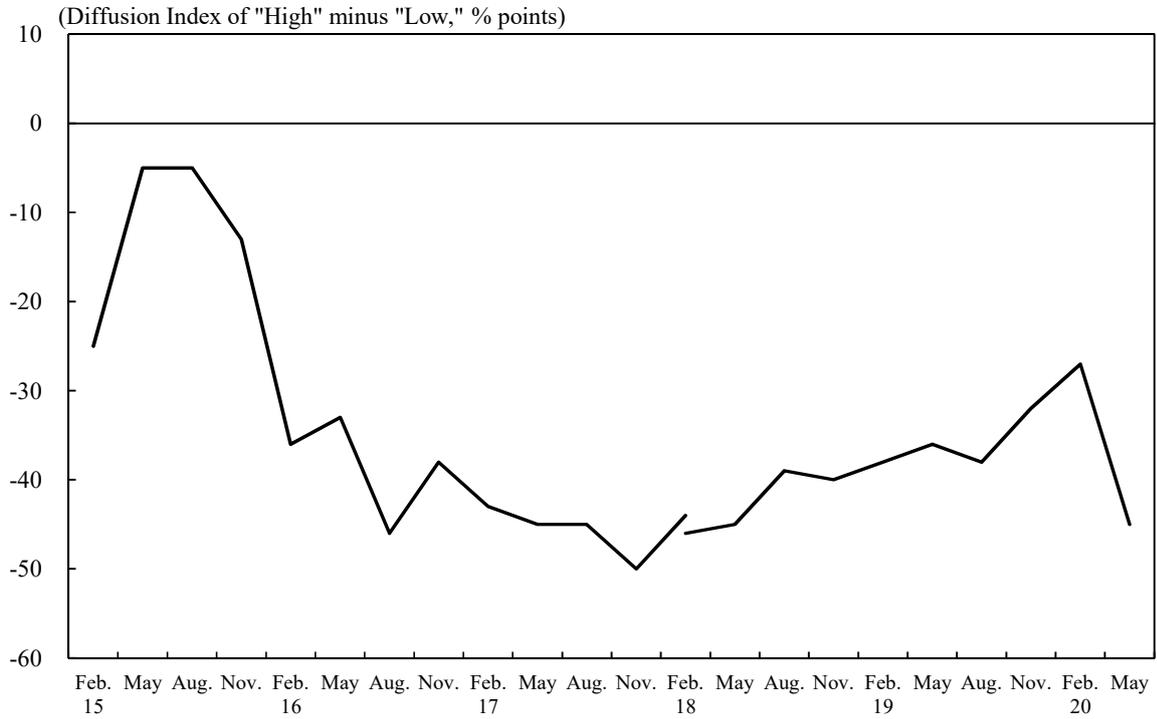
⁶ Arithmetic average

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

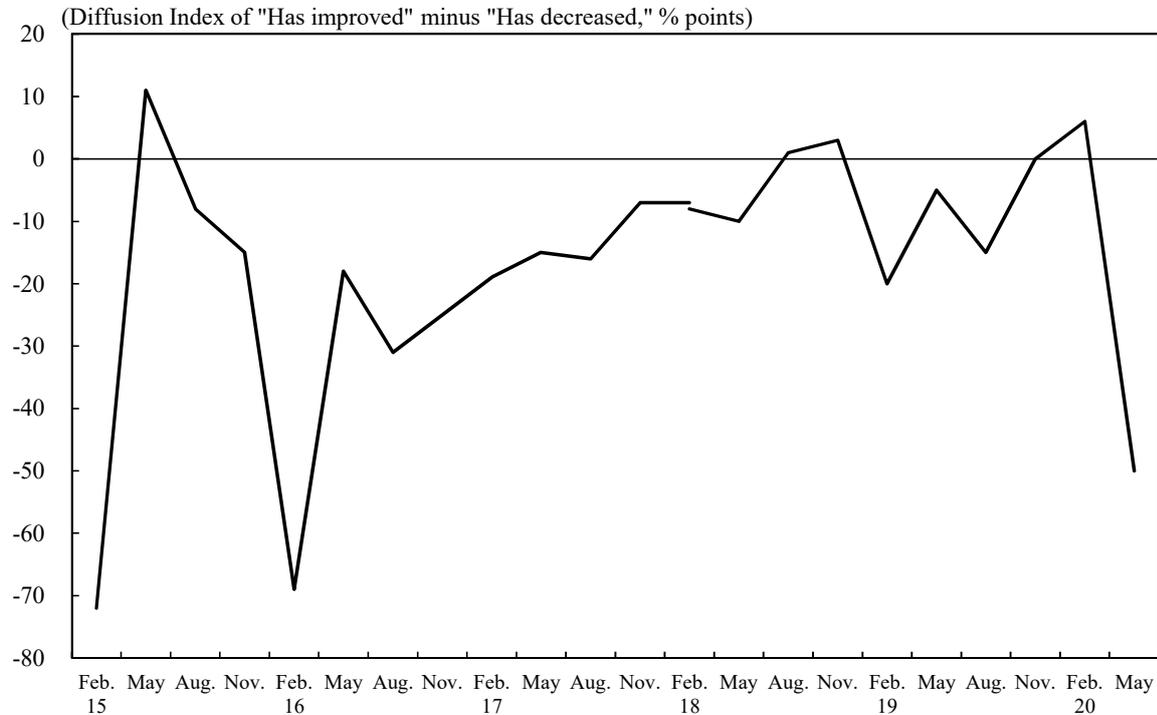
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Degree of Bond Market Functioning

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.