

Bond Market Survey (May 2021)

Survey period: From May 6 to May 12, 2021

Number of respondents¹: 70

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. 2021 Survey	May 2021 Survey	Number of respondents
DI ³	-24	-27	/
Percentage			
1. High	4	3	2
2. Not very high	68	67	47
3. Low	28	30	21

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

(Change from three months ago)

	Feb. 2021 Survey	May 2021 Survey	Number of respondents
DI	0	-5	/
Percentage			
1. Has improved	6	4	3
2. Hasn't really improved	88	87	61
3. Has decreased	6	9	6

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Feb. 2021 Survey	May 2021 Survey	Number of respondents
DI	4	3	/
Percentage			
1. Tight	14	13	9
2. Not very tight	75	77	54
3. Wide	10	10	7

(Change from three months ago)

	Feb. 2021 Survey	May 2021 Survey	Number of respondents
DI	2	8	/
Percentage			
1. Has tightened	6	9	6
2. Hasn't really tightened	90	90	63
3. Has widened	4	1	1

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

(Current situation)

	Feb. 2021 Survey	May 2021 Survey	Number of respondents
DI	-20	-24	/
Percentage			
1. Large	3	3	2
2. Not very large	74	70	49
3. Small	23	27	19

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

(Change from three months ago)

	Feb. 2021 Survey	May 2021 Survey	Number of respondents
DI	-4	-9	/
Percentage			
1. Has increased	0	1	1
2. Hasn't really increased	96	89	62
3. Has decreased	4	10	7

c. The dealing frequency of your company⁵

(Current situation)

	Feb. 2021 Survey	May 2021 Survey	Number of respondents
DI	-18	-22	/
Percentage			
1. High	4	1	1
2. Not very high	74	76	53
3. Low	22	23	16

⁵ Answer dealing frequency with the same counterparty.

(Change from three months ago)

	Feb. 2021 Survey	May 2021 Survey	Number of respondents
DI	5	-15	/
Percentage			
1. Has increased	9	6	4
2. Hasn't really increased	87	73	51
3. Has decreased	4	21	15

d. The number of your dealing counterparties

(Current situation)

	Feb. 2021 Survey	May 2021 Survey	Number of respondents
DI	-15	-16	/
Percentage			
1. Large	7	4	3
2. Not very large	71	76	53
3. Small	22	20	14

(Change from three months ago)

	Feb. 2021 Survey	May 2021 Survey	Number of respondents
DI	0	-10	/
Percentage			
1. Has increased	3	1	1
2. Hasn't really increased	94	87	61
3. Has decreased	3	11	8

e. The lot size of your company

(Current situation)

	Feb. 2021 Survey	May 2021 Survey	Number of respondents
DI	-13	-13	/
Percentage			
1. Large	6	4	3
2. Not very large	75	79	55
3. Small	19	17	12

(Change from three months ago)

	Feb. 2021 Survey	May 2021 Survey	Number of respondents
DI	-1	-8	/
Percentage			
1. Has increased	3	1	1
2. Hasn't really increased	93	90	63
3. Has decreased	4	9	6

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

(Current situation)

	Feb. 2021 Survey	May 2021 Survey	Number of respondents
DI	38	37	
Percentage			
1. Yes	48	46	32
2. Not really	42	46	32
3. No	10	9	6

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

(Current situation)

	Feb. 2021 Survey	May 2021 Survey	Number of respondents
DI	36	39	
Percentage			
1. Yes	46	48	33
2. Not really	44	43	30
3. No	10	9	6

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 : 68 >	End-Jun. 2021	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Mar. 2023	End-Mar. 2024
Average	-0.13	-0.12	-0.12	-0.12	-0.11	-0.09
Third quartile (75th percentile)	-0.12	-0.12	-0.10	-0.10	-0.10	-0.09
Median	-0.13	-0.13	-0.12	-0.12	-0.10	-0.10
First quartile (25th percentile)	-0.15	-0.15	-0.14	-0.15	-0.13	-0.12

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 68 >	End-Jun. 2021	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Mar. 2023	End-Mar. 2024
Average	-0.09	-0.09	-0.09	-0.08	-0.06	-0.04
Third quartile (75th percentile)	-0.10	-0.08	-0.07	-0.05	-0.05	0.00
Median	-0.10	-0.10	-0.10	-0.09	-0.06	-0.05
First quartile (25th percentile)	-0.10	-0.10	-0.10	-0.10	-0.10	-0.08

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 69 >	End-Jun. 2021	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Mar. 2023	End-Mar. 2024
Average	0.08	0.09	0.10	0.12	0.15	0.19
Third quartile (75th percentile)	0.10	0.10	0.12	0.15	0.20	0.20
Median	0.09	0.10	0.10	0.10	0.15	0.15
First quartile (25th percentile)	0.07	0.08	0.10	0.10	0.10	0.10

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 68 >	End-Jun. 2021	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Mar. 2023	End-Mar. 2024
Average	0.47	0.49	0.51	0.53	0.58	0.63
Third quartile (75th percentile)	0.50	0.50	0.55	0.55	0.60	0.70
Median	0.45	0.48	0.50	0.50	0.55	0.60
First quartile (25th percentile)	0.45	0.45	0.48	0.50	0.50	0.55

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 66 >	End-Jun. 2021	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Mar. 2023	End-Mar. 2024
Average	0.67	0.70	0.72	0.73	0.78	0.84
Third quartile (75th percentile)	0.70	0.72	0.75	0.75	0.80	0.90
Median	0.65	0.69	0.70	0.70	0.75	0.80
First quartile (25th percentile)	0.65	0.65	0.68	0.70	0.70	0.75

(2) The probability distribution forecast⁶ of the newly issued 10-year JGB yield at end-Mar. 2023 and end-Mar. 2024

	≤ ▲ 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. 2023 (67 respondents)	0.3	1.7	15.8	69.5	9.9	1.5	0.7	0.4	0.2	0.1
End-Mar. 2024 (67 respondents)	0.2	1.6	13.9	64.7	15.6	2.3	0.9	0.5	0.2	0.1

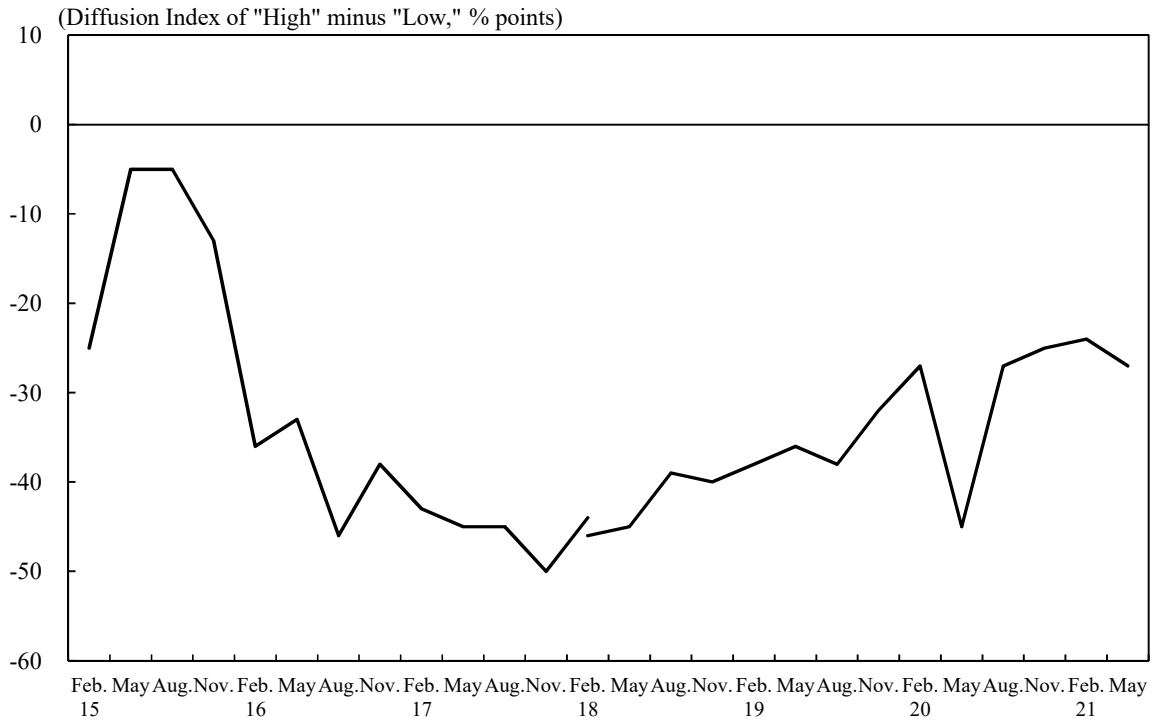
⁶ Arithmetic average

Note: The next survey's publication date is September 1, 2021

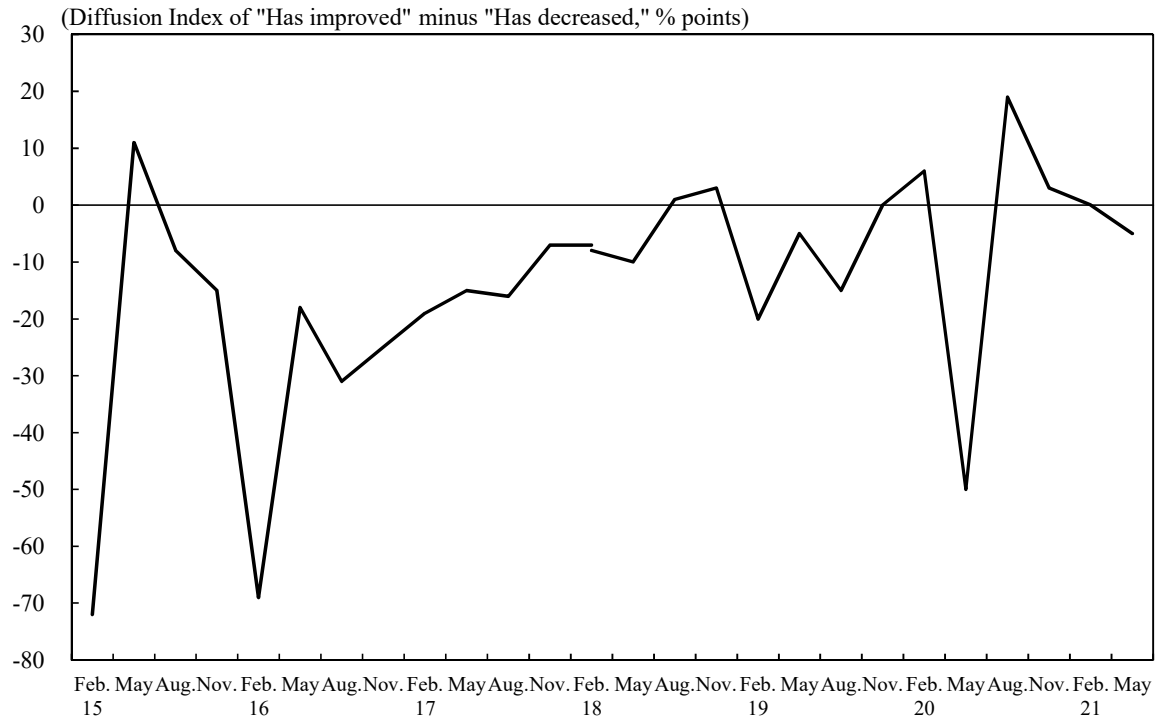
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Degree of Bond Market Functioning

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.