

Bond Market Survey (August 2021)

Survey period: From August 2 to August 6, 2021

Number of respondents¹: 69

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 2021 Survey	Aug. 2021 Survey	Number of respondents
DI ³	-27	-27	/
Percentage			
1. High	3	3	2
2. Not very high	67	67	46
3. Low	30	30	21

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

(Change from three months ago)

	May 2021 Survey	Aug. 2021 Survey	Number of respondents
DI	-5	-9	/
Percentage			
1. Has improved	4	1	1
2. Hasn't really improved	87	88	61
3. Has decreased	9	10	7

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	May 2021 Survey	Aug. 2021 Survey	Number of respondents
DI	3	2	/
Percentage			
1. Tight	13	14	10
2. Not very tight	77	74	51
3. Wide	10	12	8

(Change from three months ago)

	May 2021 Survey	Aug. 2021 Survey	Number of respondents
DI	8	3	/
Percentage			
1. Has tightened	9	4	3
2. Hasn't really tightened	90	94	65
3. Has widened	1	1	1

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

(Current situation)

	May 2021 Survey	Aug. 2021 Survey	Number of respondents
DI	-24	-27	/
Percentage			
1. Large	3	3	2
2. Not very large	70	67	46
3. Small	27	30	21

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

(Change from three months ago)

	May 2021 Survey	Aug. 2021 Survey	Number of respondents
DI	-9	-8	/
Percentage			
1. Has increased	1	1	1
2. Hasn't really increased	89	90	62
3. Has decreased	10	9	6

c. The dealing frequency of your company⁵

(Current situation)

	May 2021 Survey	Aug. 2021 Survey	Number of respondents
DI	-22	-19	/
Percentage			
1. High	1	3	2
2. Not very high	76	75	52
3. Low	23	22	15

⁵ Answer dealing frequency with the same counterparty.

(Change from three months ago)

	May 2021 Survey	Aug. 2021 Survey	Number of respondents
DI	-15	-11	/
Percentage			
1. Has increased	6	3	2
2. Hasn't really increased	73	83	57
3. Has decreased	21	14	10

d. The number of your dealing counterparties

(Current situation)

	May 2021 Survey	Aug. 2021 Survey	Number of respondents
DI	-16	-13	/
Percentage			
1. Large	4	7	5
2. Not very large	76	72	50
3. Small	20	20	14

(Change from three months ago)

	May 2021 Survey	Aug. 2021 Survey	Number of respondents
DI	-10	-4	/
Percentage			
1. Has increased	1	3	2
2. Hasn't really increased	87	90	62
3. Has decreased	11	7	5

e. The lot size of your company

(Current situation)

	May 2021 Survey	Aug. 2021 Survey	Number of respondents
DI	-13	-13	/
Percentage			
1. Large	4	6	4
2. Not very large	79	75	52
3. Small	17	19	13

(Change from three months ago)

	May 2021 Survey	Aug. 2021 Survey	Number of respondents
DI	-8	1	/
Percentage			
1. Has increased	1	4	3
2. Hasn't really increased	90	93	64
3. Has decreased	9	3	2

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

(Current situation)

	May 2021 Survey	Aug. 2021 Survey	Number of respondents
DI	37	34	
Percentage			
1. Yes	46	40	27
2. Not really	46	54	37
3. No	9	6	4

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

(Current situation)

	May 2021 Survey	Aug. 2021 Survey	Number of respondents
DI	39	37	
Percentage			
1. Yes	48	43	29
2. Not really	43	51	35
3. No	9	6	4

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

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 67 >	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Jun. 2022	End-Mar. 2023	End-Mar. 2024
Average	-0.10	-0.09	-0.09	-0.08	-0.07	-0.05
Third quartile (75th percentile)	-0.10	-0.09	-0.07	-0.05	-0.05	-0.02
Median	-0.10	-0.10	-0.10	-0.10	-0.08	-0.05
First quartile (25th percentile)	-0.12	-0.10	-0.10	-0.10	-0.10	-0.10

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 68 >	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Jun. 2022	End-Mar. 2023	End-Mar. 2024
Average	0.04	0.07	0.08	0.09	0.12	0.16
Third quartile (75th percentile)	0.05	0.10	0.10	0.10	0.15	0.20
Median	0.05	0.05	0.08	0.10	0.10	0.15
First quartile (25th percentile)	0.02	0.05	0.05	0.05	0.10	0.10

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 67 >	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Jun. 2022	End-Mar. 2023	End-Mar. 2024
Average	0.42	0.45	0.47	0.49	0.53	0.59
Third quartile (75th percentile)	0.45	0.50	0.50	0.50	0.56	0.61
Median	0.40	0.45	0.45	0.50	0.50	0.55
First quartile (25th percentile)	0.40	0.41	0.43	0.45	0.49	0.50

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 65 >	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Jun. 2022	End-Mar. 2023	End-Mar. 2024
Average	0.66	0.69	0.71	0.73	0.77	0.83
Third quartile (75th percentile)	0.68	0.70	0.73	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	0.65	0.69	0.70	0.74

(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 (65 respondents)	0.2	1.7	17.6	69.9	8.0	1.2	0.7	0.4	0.2	0.1
End-Mar. 2024 (65 respondents)	0.2	1.5	14.9	65.8	13.8	2.2	0.8	0.4	0.2	0.1

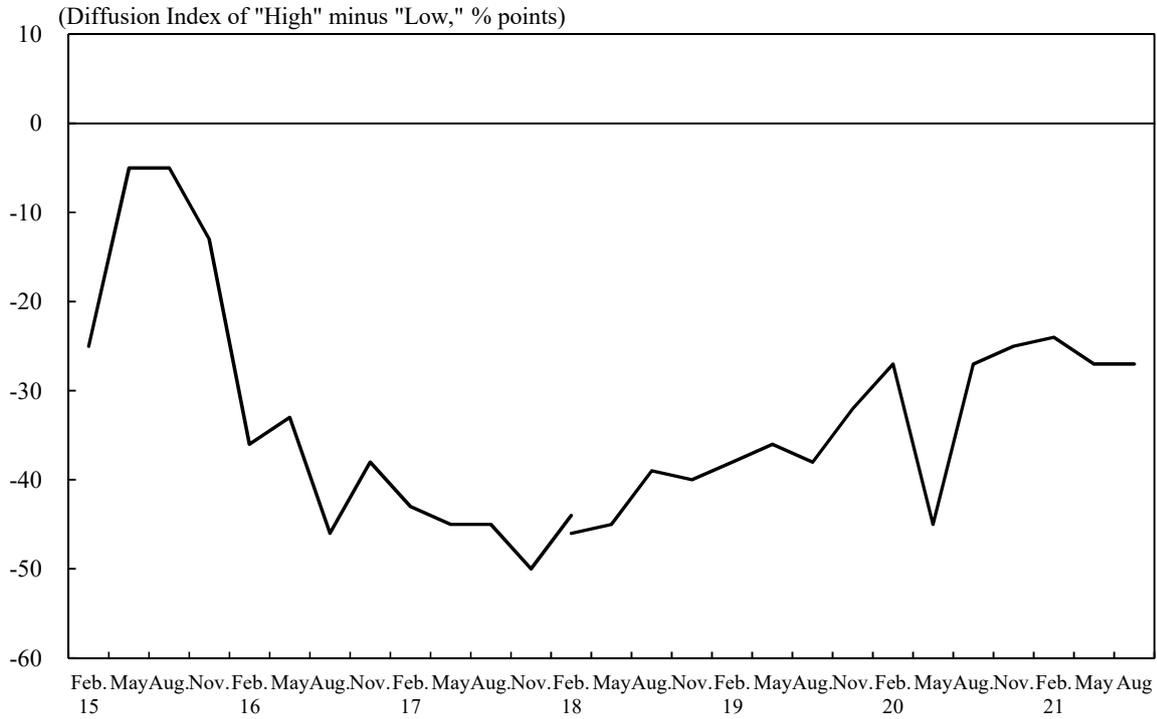
⁶ Arithmetic average

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

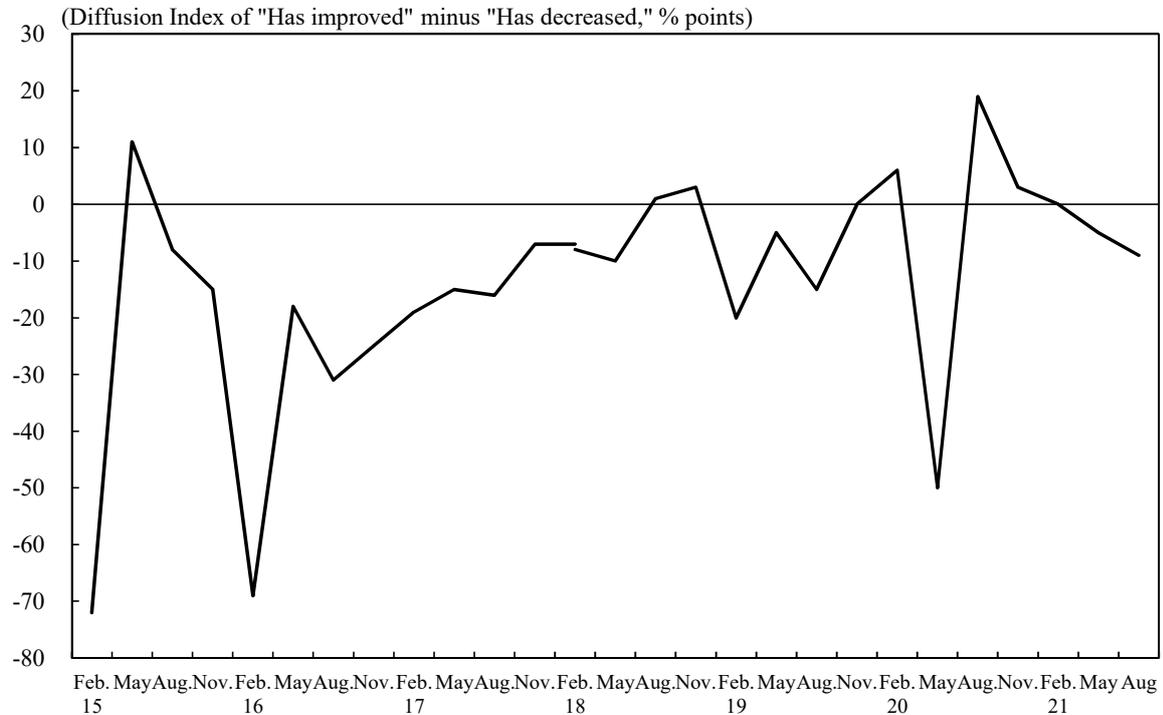
Inquiries: Market Infrastructure Group, Market Infrastructure Division, Financial Markets Department
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Degree of Bond Market Functioning

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.