

## Bond Market Survey (August 2023)

Survey period: From August 1 to August 7, 2023

Number of respondents<sup>1</sup>: 70

<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)

		(%,%points)	
	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI <sup>3</sup>	-46	-40	/
Percentage	1. High	0	0
	2. Not very high	54	60
	3. Low	46	40

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

(Change from three months ago)

		(%,%points)	
	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI	14	15	/
Percentage	1. Has improved	23	21
	2. Hasn't really improved	69	73
	3. Has decreased	9	6

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

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

(Current situation)

		(%,%points)	
	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI	-43	-43	/
Percentage	1. Tight	1	1
	2. Not very tight	54	54
	3. Wide	44	44

(Change from three months ago)

		(%,%points)	
	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI	12	-10	/
Percentage	1. Has tightened	16	4
	2. Hasn't really tightened	80	81
	3. Has widened	4	14

##### 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)

		(%,%points)	
	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI	-45	-46	/
Percentage	1. Large	1	0
	2. Not very large	53	54
	3. Small	46	46

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

(Change from three months ago)

		(%,%points)	
	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI	-2	-5	/
Percentage	1. Has increased	9	9
	2. Hasn't really increased	80	77
	3. Has decreased	11	14

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

(Current situation)

		(%,%points)	
	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI	-27	-14	/
Percentage	1. High	4	7
	2. Not very high	64	71
	3. Low	31	21

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

(Change from three months ago)

		(%,%points)	
	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI	-9	5	/
Percentage	1. Has increased	4	14
	2. Hasn't really increased	83	77
	3. Has decreased	13	9

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

(Current situation)

		(%,%points)	
	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI	-30	-24	/
Percentage	1. Large	1	0
	2. Not very large	67	76
	3. Small	31	24

(Change from three months ago)

		(%,%points)	
	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI	-8	-6	/
Percentage	1. Has increased	1	3
	2. Hasn't really increased	90	89
	3. Has decreased	9	9

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

(Current situation)

		(%,%points)	
	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI	-22	-20	/
Percentage	1. Large	7	6
	2. Not very large	64	69
	3. Small	29	26

(Change from three months ago)

		(%,%points)	
	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI	-1	-6	/
Percentage	1. Has increased	6	3
	2. Hasn't really increased	87	89
	3. Has decreased	7	9

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

(Current situation) (%,%points)

	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI	-3	0	
Percentage			
1. Yes	24	26	18
2. Not really	49	49	34
3. No	27	26	18

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

(Current situation) (%,%points)

	May 2023 Survey	Aug. 2023 Survey	Number of respondents
DI	4	1	
Percentage			
1. Yes	26	26	18
2. Not really	52	49	34
3. No	22	25	17

## 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-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Jun. 2024	End-Mar. 2025	End-Mar. 2026
Average	0.02	0.04	0.06	0.11	0.17	0.22
Third quartile (75th percentile)	0.05	0.05	0.10	0.15	0.20	0.27
Median	0.00	0.03	0.05	0.10	0.10	0.15
First quartile (25th percentile)	0.00	0.00	0.00	0.05	0.05	0.10

(Newly issued 5-year JGB yield) (%)

< Number of respondents : 68 >	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Jun. 2024	End-Mar. 2025	End-Mar. 2026
Average	0.24	0.26	0.30	0.35	0.43	0.48
Third quartile (75th percentile)	0.30	0.30	0.35	0.40	0.50	0.60
Median	0.25	0.25	0.30	0.33	0.40	0.40
First quartile (25th percentile)	0.20	0.20	0.25	0.25	0.30	0.30

(Newly issued 10-year JGB yield) (%)

< Number of respondents : 69 >	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Jun. 2024	End-Mar. 2025	End-Mar. 2026
Average	0.70	0.73	0.76	0.82	0.90	0.96
Third quartile (75th percentile)	0.75	0.75	0.80	0.93	1.00	1.00
Median	0.70	0.72	0.75	0.80	0.86	0.95
First quartile (25th percentile)	0.65	0.70	0.70	0.75	0.75	0.80

(Newly issued 20-year JGB yield) (%)

< Number of respondents : 68 >	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Jun. 2024	End-Mar. 2025	End-Mar. 2026
Average	1.34	1.38	1.41	1.47	1.53	1.58
Third quartile (75th percentile)	1.40	1.45	1.50	1.60	1.70	1.79
Median	1.35	1.40	1.40	1.45	1.50	1.50
First quartile (25th percentile)	1.30	1.30	1.30	1.31	1.34	1.40

(Newly issued 30-year JGB yield) (%)

< Number of respondents : 67 >	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Jun. 2024	End-Mar. 2025	End-Mar. 2026
Average	1.61	1.65	1.66	1.72	1.78	1.83
Third quartile (75th percentile)	1.65	1.70	1.75	1.80	1.90	2.00
Median	1.60	1.65	1.65	1.70	1.80	1.80
First quartile (25th percentile)	1.55	1.57	1.55	1.60	1.60	1.65

(2) The probability distribution forecast<sup>6</sup> of the newly issued 10-year JGB yield at end-Mar. 2025 and end-Mar. 2026

(%)

	≤ ▲ 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. 2025 (67 respondents)	0.0	0.1	0.2	1.9	9.9	33.7	32.0	12.3	6.4	3.6
End-Mar. 2026 (66 respondents)	0.0	0.1	0.1	1.5	8.8	28.3	32.0	16.6	7.7	4.8

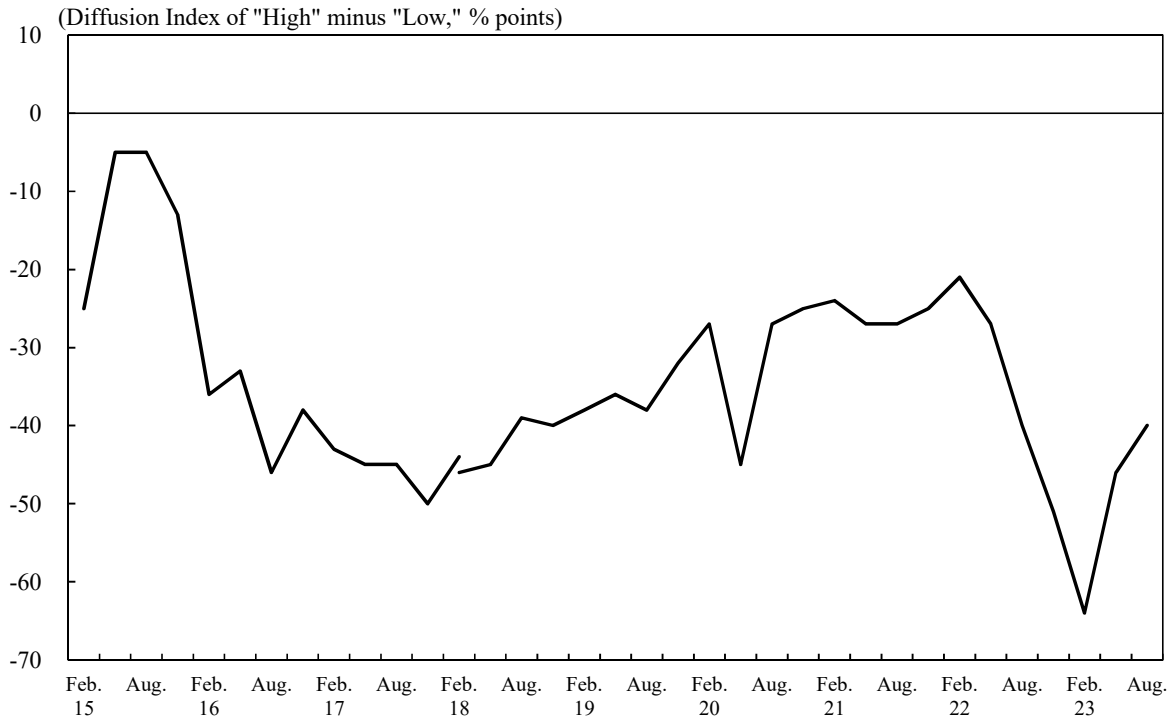
<sup>6</sup> Arithmetic average

Note: The next survey's publication date is December 1, 2023

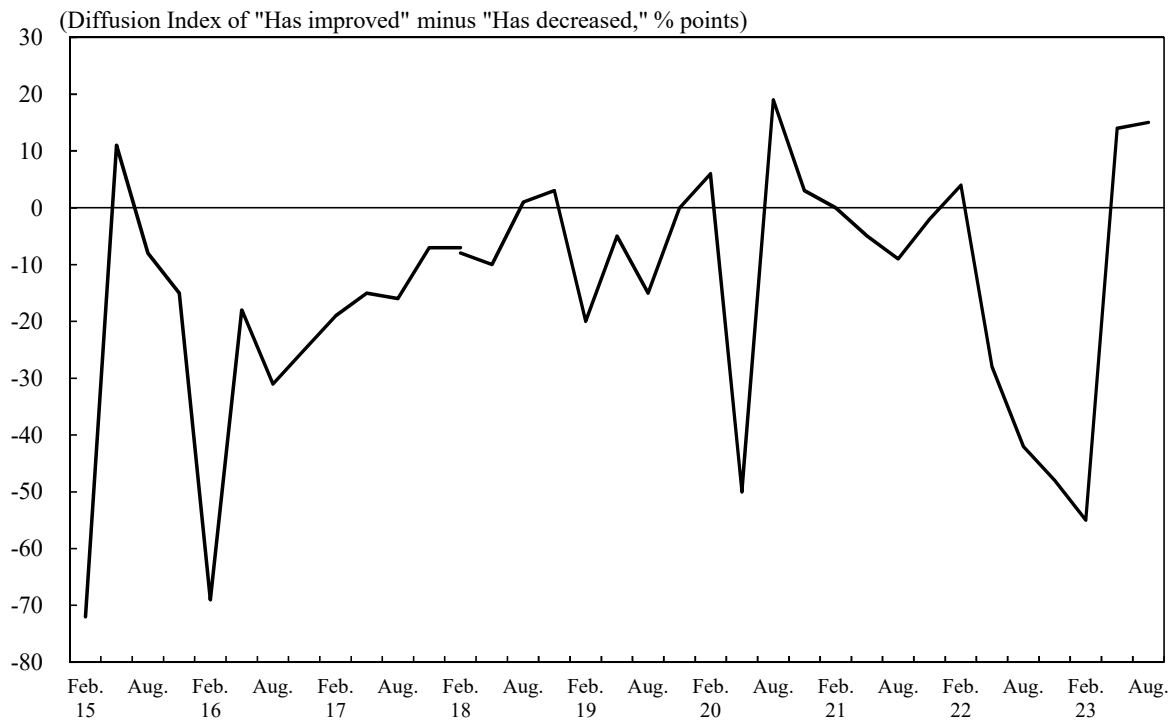
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# Degree of Bond Market Functioning

## Current situation



## Change from three months ago



Notes: 1. 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.

2. The survey is conducted in February, May, August, and November each year.