

Bond Market Survey (May 2024)

Survey period: From May 1 to May 9, 2024

Number of respondents¹: 71¹ 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 viewpoint²² Answer these questions taking into account your answers to (2)a. to g. as a whole.

(Current situation)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI ³	-29	-24	
Percentage			
1. High	1	7	5
2. Not very high	69	62	44
3. Low	30	31	22

(Change from three months ago)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI	-5	7	
Percentage			
1. Has improved	3	15	11
2. Hasn't really improved	89	76	54
3. Has decreased	8	8	6

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

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI	-35	-29	
Percentage			
1. Tight	3	6	4
2. Not very tight	59	59	42
3. Wide	38	35	25

(Change from three months ago)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI	-9	3	
Percentage			
1. Has tightened	1	10	7
2. Hasn't really tightened	89	83	59
3. Has widened	10	7	5

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

(Current situation)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI	-41	-33	
Percentage			
1. Large	0	6	4
2. Not very large	59	55	39
3. Small	41	39	28

(Change from three months ago)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI	-10	-1	
Percentage			
1. Has increased	3	10	7
2. Hasn't really increased	85	79	56
3. Has decreased	13	11	8

⁴ "Thickness" of the trading board refers to the order quantity for each bid and ask price.c. The dealing frequency of your company⁵

(Current situation)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI	-24	-17	
Percentage			
1. High	4	8	6
2. Not very high	68	66	47
3. Low	28	25	18

(Change from three months ago)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI	-20	5	
Percentage			
1. Has increased	1	15	11
2. Hasn't really increased	77	75	53
3. Has decreased	21	10	7

⁵ Answer dealing frequency with the same counterparty.

d. The number of your dealing counterparties

(Current situation)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI	-32	-24	
Percentage			
1. Large	0	3	2
2. Not very large	68	70	50
3. Small	32	27	19

(Change from three months ago)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI	-18	7	
Percentage			
1. Has increased	0	14	10
2. Hasn't really increased	82	79	56
3. Has decreased	18	7	5

e. The lot size of your company

(Current situation)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI	-20	-22	
Percentage			
1. Large	4	6	4
2. Not very large	72	66	47
3. Small	24	28	20

(Change from three months ago)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI	-12	3	
Percentage			
1. Has increased	3	11	8
2. Hasn't really increased	82	80	57
3. Has decreased	15	8	6

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

(Current situation) (%,%points)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI	5	14	
Percentage			
1. Yes	23	32	23
2. Not really	59	49	35
3. No	18	18	13

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

(Current situation) (%,%points)

	Feb. 2024 Survey	May 2024 Survey	Number of respondents
DI	7	15	
Percentage			
1. Yes	27	34	24
2. Not really	53	47	33
3. No	20	19	13

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 : 69 >	End-Jun. 2024	End-Sep. 2024	End-Dec. 2024	End-Mar. 2025	End-Mar. 2026	End-Mar. 2027
Average	0.30	0.37	0.44	0.50	0.61	0.71
Third quartile (75th percentile)	0.30	0.40	0.50	0.60	0.73	0.89
Median	0.30	0.40	0.40	0.50	0.60	0.63
First quartile (25th percentile)	0.30	0.30	0.36	0.40	0.48	0.50

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

< Number of respondents : 69 >	End-Jun. 2024	End-Sep. 2024	End-Dec. 2024	End-Mar. 2025	End-Mar. 2026	End-Mar. 2027
Average	0.52	0.59	0.66	0.72	0.84	0.93
Third quartile (75th percentile)	0.55	0.60	0.70	0.85	0.98	1.10
Median	0.50	0.60	0.65	0.70	0.80	0.90
First quartile (25th percentile)	0.50	0.54	0.60	0.60	0.70	0.70

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

< Number of respondents : 70 >	End-Jun. 2024	End-Sep. 2024	End-Dec. 2024	End-Mar. 2025	End-Mar. 2026	End-Mar. 2027
Average	0.93	1.00	1.08	1.13	1.23	1.31
Third quartile (75th percentile)	0.95	1.05	1.20	1.20	1.36	1.50
Median	0.90	1.00	1.05	1.10	1.20	1.25
First quartile (25th percentile)	0.90	0.95	1.00	1.00	1.09	1.10

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

< Number of respondents : 69 >	End-Jun. 2024	End-Sep. 2024	End-Dec. 2024	End-Mar. 2025	End-Mar. 2026	End-Mar. 2027
Average	1.70	1.77	1.83	1.87	1.93	1.99
Third quartile (75th percentile)	1.71	1.85	1.90	1.95	2.00	2.10
Median	1.70	1.80	1.80	1.90	1.90	1.95
First quartile (25th percentile)	1.66	1.70	1.75	1.78	1.80	1.80

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

< Number of respondents : 68 >	End-Jun. 2024	End-Sep. 2024	End-Dec. 2024	End-Mar. 2025	End-Mar. 2026	End-Mar. 2027
Average	1.97	2.03	2.08	2.12	2.17	2.22
Third quartile (75th percentile)	2.00	2.10	2.15	2.20	2.25	2.34
Median	1.98	2.01	2.10	2.10	2.18	2.20
First quartile (25th percentile)	1.94	2.00	2.01	2.05	2.10	2.09

(2) The probability distribution forecast⁶ of the newly issued 10-year JGB yield at end-Mar. 2026 and end-Mar. 2027

	≤▲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. 2026 (68 respondents)	0.0	0.1	0.1	0.4	1.8	8.1	24.4	31.1	22.9	11.2
End-Mar. 2027 (68 respondents)	0.0	0.1	0.1	0.6	2.0	7.3	20.3	29.9	23.8	16.0

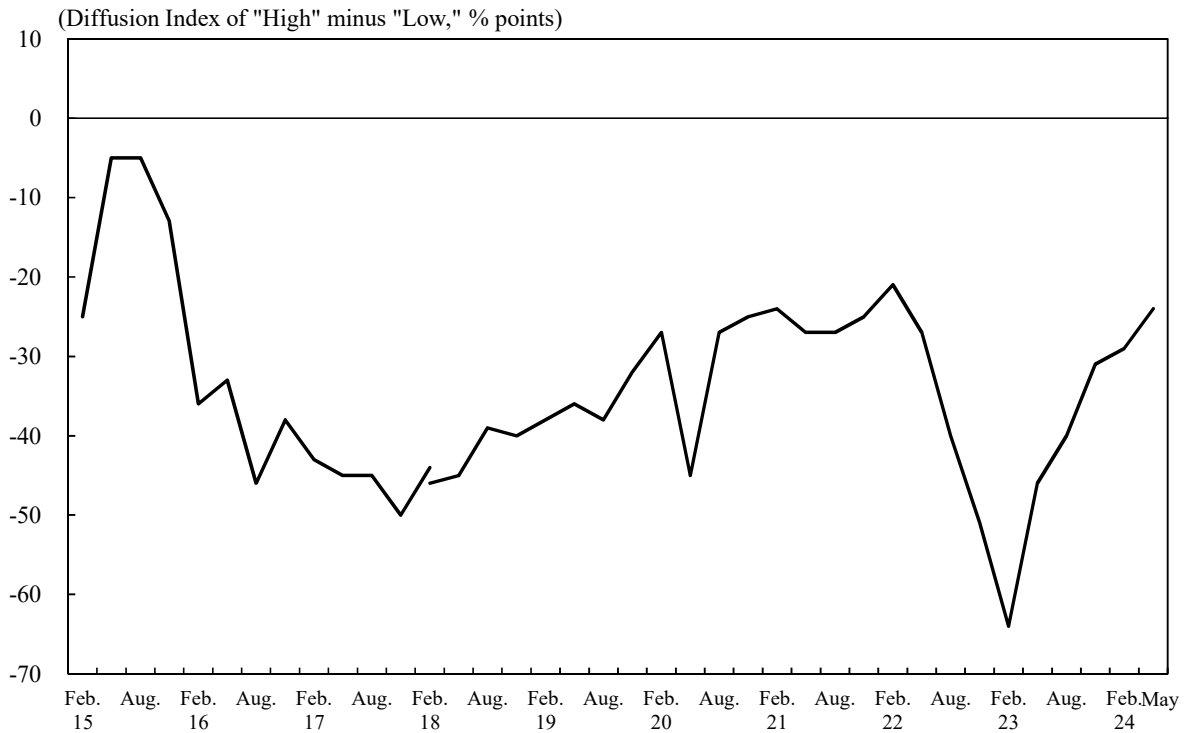
⁶Arithmetic average

Note: The next survey's publication date is September 2, 2024

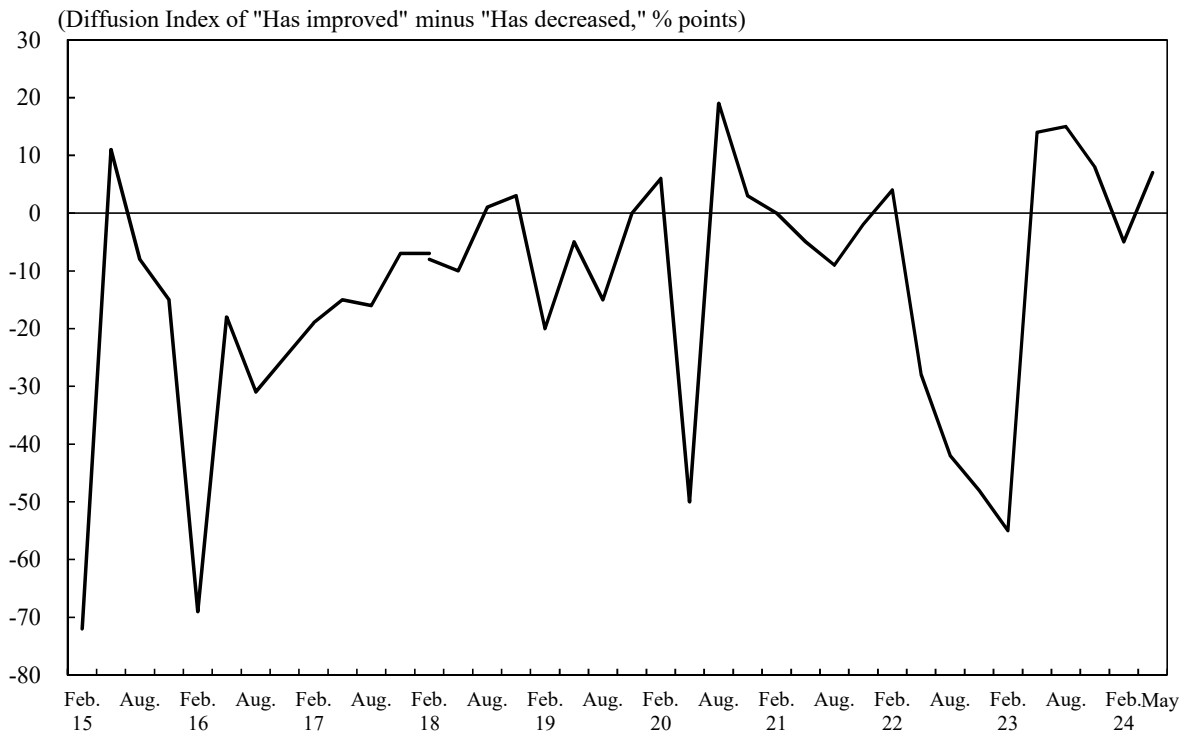
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Degree of Bond Market Functioning

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.