

## Bond Market Survey (February 2025)

Survey period: From February 3 to February 7, 2025

Number of respondents<sup>1</sup>: 75

<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)		
	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents	
DI <sup>3</sup>	-20	-13	/	
Percentage	1. High	3	4	3
	2. Not very high	74	79	59
	3. Low	23	17	13

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

(Change from three months ago)		(%,%points)		
	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents	
DI	9	15	/	
Percentage	1. Has improved	12	16	12
	2. Hasn't really improved	85	83	62
	3. Has decreased	3	1	1

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

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

(Current situation)		(%,%points)		
	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents	
DI	-30	-24	/	
Percentage	1. Tight	4	3	2
	2. Not very tight	62	71	53
	3. Wide	34	27	20

(Change from three months ago)		(%,%points)		
	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents	
DI	3	8	/	
Percentage	1. Has tightened	7	9	7
	2. Hasn't really tightened	89	89	67
	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 board<sup>4</sup>

(Current situation)		(%,%points)		
	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents	
DI	-38	-26	/	
Percentage	1. Large	1	3	2
	2. Not very large	59	68	51
	3. Small	39	29	22

(Change from three months ago)		(%,%points)		
	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents	
DI	-4	8	/	
Percentage	1. Has increased	4	11	8
	2. Hasn't really increased	88	87	65
	3. Has decreased	8	3	2

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

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

(Current situation)		(%,%points)		
	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents	
DI	-10	-7	/	
Percentage	1. High	9	9	7
	2. Not very high	72	75	56
	3. Low	19	16	12

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

(Change from three months ago)		(%,%points)		
	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents	
DI	2	2	/	
Percentage	1. Has increased	11	9	7
	2. Hasn't really increased	80	84	63
	3. Has decreased	9	7	5

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

(Current situation)		(%,%points)		
	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents	
DI	-8	-9	/	
Percentage	1. Large	4	4	3
	2. Not very large	84	83	62
	3. Small	12	13	10

(Change from three months ago)		(%,%points)		
	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents	
DI	-4	-3	/	
Percentage	1. Has increased	7	4	3
	2. Hasn't really increased	82	89	67
	3. Has decreased	11	7	5

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

(Current situation)		(%,%points)		
	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents	
DI	-20	-20	/	
Percentage	1. Large	4	5	4
	2. Not very large	72	69	52
	3. Small	24	25	19

(Change from three months ago)		(%,%points)		
	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents	
DI	-4	2	/	
Percentage	1. Has increased	4	7	5
	2. Hasn't really increased	88	88	66
	3. Has decreased	8	5	4

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

(Current situation)

(%, %points)

	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents
DI	9	19	
Percentages	1. Yes	27	32
	2. Not really	55	55
	3. No	18	13
			24
			41
			10

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

(Current situation)

(%, %points)

	Nov. 2024 Survey	Feb. 2025 Survey	Number of respondents
DI	10	20	
Percentages	1. Yes	32	36
	2. Not really	47	47
	3. No	22	16
			27
			35
			12

## 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 : 73 >	End-Mar. 2025	End-Jun. 2025	End-Sep. 2025	End-Dec. 2025	End-Mar. 2026	End-Mar. 2027
Average	0.74	0.83	0.91	0.99	1.06	1.16
Third quartile (75th percentile)	0.80	0.90	1.00	1.06	1.20	1.30
Median	0.75	0.85	0.90	0.95	1.05	1.10
First quartile (25th percentile)	0.70	0.80	0.85	0.90	0.95	1.00

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 73 >	End-Mar. 2025	End-Jun. 2025	End-Sep. 2025	End-Dec. 2025	End-Mar. 2026	End-Mar. 2027
Average	0.93	1.01	1.08	1.15	1.21	1.32
Third quartile (75th percentile)	1.00	1.10	1.15	1.24	1.31	1.50
Median	0.95	1.00	1.10	1.11	1.20	1.30
First quartile (25th percentile)	0.90	0.95	1.00	1.05	1.10	1.10

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 74 >	End-Mar. 2025	End-Jun. 2025	End-Sep. 2025	End-Dec. 2025	End-Mar. 2026	End-Mar. 2027
Average	1.27	1.34	1.40	1.46	1.51	1.61
Third quartile (75th percentile)	1.30	1.40	1.49	1.50	1.60	1.80
Median	1.25	1.35	1.40	1.45	1.50	1.50
First quartile (25th percentile)	1.20	1.30	1.35	1.40	1.40	1.40

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 73 >	End-Mar. 2025	End-Jun. 2025	End-Sep. 2025	End-Dec. 2025	End-Mar. 2026	End-Mar. 2027
Average	1.97	2.03	2.07	2.11	2.14	2.20
Third quartile (75th percentile)	2.00	2.10	2.15	2.20	2.20	2.30
Median	2.00	2.00	2.05	2.10	2.10	2.20
First quartile (25th percentile)	1.95	2.00	2.00	2.04	2.05	2.10

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 72 >	End-Mar. 2025	End-Jun. 2025	End-Sep. 2025	End-Dec. 2025	End-Mar. 2026	End-Mar. 2027
Average	2.31	2.35	2.39	2.41	2.44	2.46
Third quartile (75th percentile)	2.35	2.40	2.42	2.50	2.50	2.60
Median	2.30	2.35	2.40	2.40	2.42	2.50
First quartile (25th percentile)	2.30	2.30	2.35	2.35	2.35	2.35

(2) The probability distribution forecast<sup>6</sup> of the newly issued 10-year JGB yield at end-Mar. 2026 and end-Mar. 2027

(%)

	≤ 0.50%	0.51~0.75%	0.76~1.00%	1.01~1.25%	1.26~1.50%	1.51~1.75%	1.76~2.00%	2.01~2.25%	2.26~2.50%	2.51% ≤
End-Mar. 2026 (73 respondents)	0.2	0.9	4.0	16.3	35.3	26.7	12.0	3.6	0.7	0.3
End-Mar. 2027 (73 respondents)	0.4	1.2	3.8	13.5	28.7	23.3	15.7	8.9	3.5	1.0

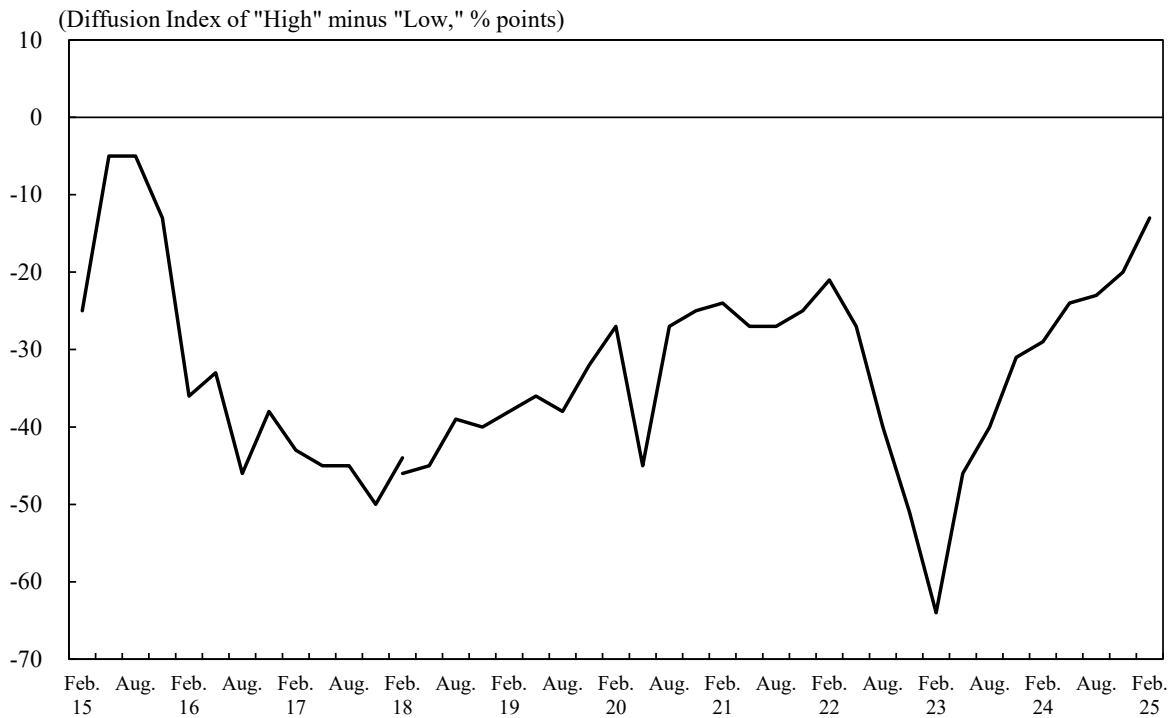
<sup>6</sup> Arithmetic average

Note: The next survey will be published in mid-May 2025.

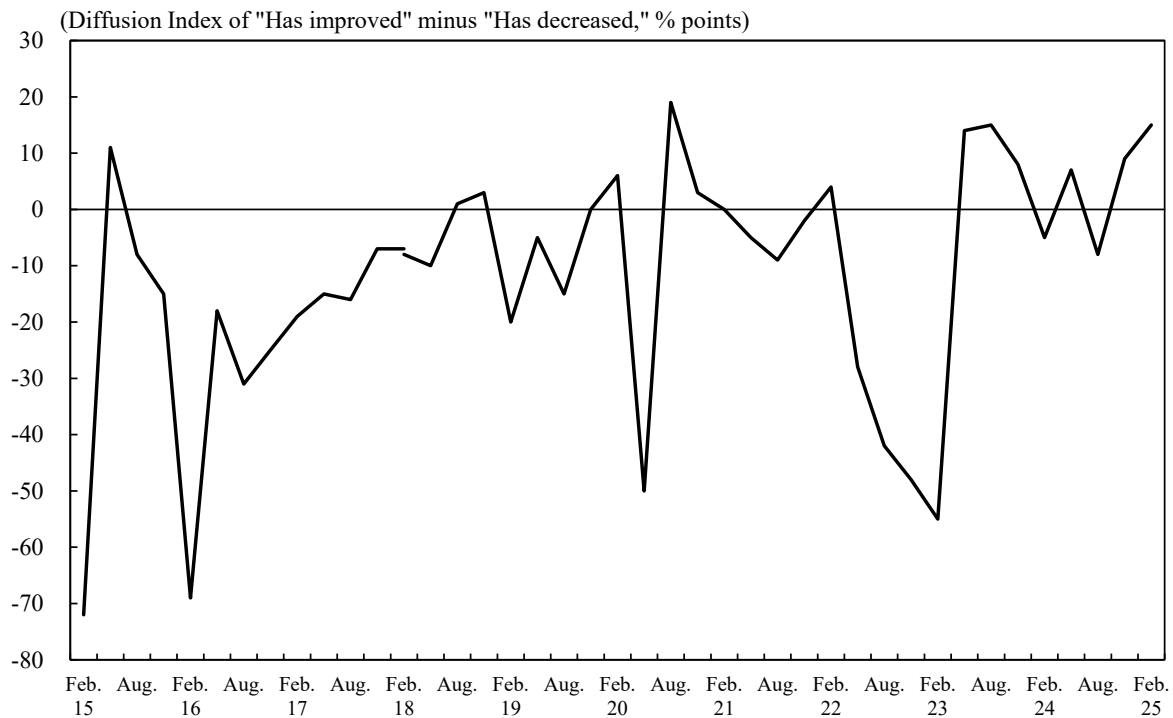
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# Degree of Bond Market Functioning

## 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.