

## Bond Market Survey (May 2023)

Survey period: From May 1 to May 10, 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)

		Feb. 2023 Survey		May 2023 Survey		Number of respondents
DI <sup>3</sup>		-64		-46		
Percentage	1. High	0		0		0
	2. Not very high	36		54		38
	3. Low	64		46		32

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

(Change from three months ago)

		Feb. 2023 Survey		May 2023 Survey		Number of respondents
DI		-55		14		
Percentage	1. Has improved	1		23		16
	2. Hasn't really improved	43		69		48
	3. Has decreased	56		9		6

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

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

(Current situation)

		Feb. 2023 Survey		May 2023 Survey		Number of respondents
DI		-57		-43		
Percentage	1. Tight	0		1		1
	2. Not very tight	43		54		38
	3. Wide	57		44		31

(Change from three months ago)

		Feb. 2023 Survey		May 2023 Survey		Number of respondents
DI		-50		12		
Percentage	1. Has tightened	0		16		11
	2. Hasn't really tightened	50		80		56
	3. Has widened	50		4		3

##### 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)

		Feb. 2023 Survey		May 2023 Survey		Number of respondents
DI		-58		-45		
Percentage	1. Large	1		1		1
	2. Not very large	40		53		37
	3. Small	59		46		32

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

(Change from three months ago)

		Feb. 2023 Survey		May 2023 Survey		Number of respondents
DI		-46		-2		
Percentage	1. Has increased	1		9		6
	2. Hasn't really increased	51		80		56
	3. Has decreased	47		11		8

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

(Current situation)

		Feb. 2023 Survey		May 2023 Survey		Number of respondents
DI		-32		-27		
Percentage	1. High	4		4		3
	2. Not very high	60		64		45
	3. Low	36		31		22

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

(Change from three months ago)

		Feb. 2023 Survey		May 2023 Survey		Number of respondents
DI		-26		-9		
Percentage	1. Has increased	3		4		3
	2. Hasn't really increased	69		83		58
	3. Has decreased	29		13		9

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

(Current situation)

		Feb. 2023 Survey		May 2023 Survey		Number of respondents
DI		-27		-30		
Percentage	1. Large	4		1		1
	2. Not very large	64		67		47
	3. Small	31		31		22

(Change from three months ago)

		Feb. 2023 Survey		May 2023 Survey		Number of respondents
DI		-17		-8		
Percentage	1. Has increased	6		1		1
	2. Hasn't really increased	71		90		63
	3. Has decreased	23		9		6

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

(Current situation)

		Feb. 2023 Survey		May 2023 Survey		Number of respondents
DI		-23		-22		
Percentage	1. Large	7		7		5
	2. Not very large	63		64		45
	3. Small	30		29		20

(Change from three months ago)

		Feb. 2023 Survey		May 2023 Survey		Number of respondents
DI		-20		-1		
Percentage	1. Has increased	4		6		4
	2. Hasn't really increased	71		87		61
	3. Has decreased	24		7		5

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

(Current situation) (%, %points)

	Feb. 2023 Survey	May 2023 Survey	Number of respondents
DI	-13	-3	
Percentage			
1. Yes	21	24	17
2. Not really	44	49	34
3. No	34	27	19

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

(Current situation) (%, %points)

	Feb. 2023 Survey	May 2023 Survey	Number of respondents
DI	-2	4	
Percentage			
1. Yes	26	26	18
2. Not really	46	52	36
3. No	28	22	15

## 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. 2023	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Mar. 2025	End-Mar. 2026
Average	-0.02	0.01	0.02	0.04	0.10	0.14
Third quartile (75th percentile)	0.00	0.00	0.05	0.09	0.11	0.15
Median	-0.03	0.00	0.00	0.00	0.05	0.05
First quartile (25th percentile)	-0.05	-0.02	0.00	0.00	0.00	0.00

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

< Number of respondents : 68 >	End-Jun. 2023	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Mar. 2025	End-Mar. 2026
Average	0.17	0.23	0.25	0.27	0.34	0.38
Third quartile (75th percentile)	0.20	0.30	0.30	0.35	0.40	0.47
Median	0.15	0.20	0.25	0.27	0.30	0.30
First quartile (25th percentile)	0.12	0.15	0.20	0.20	0.20	0.24

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

< Number of respondents : 69 >	End-Jun. 2023	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Mar. 2025	End-Mar. 2026
Average	0.50	0.61	0.64	0.66	0.74	0.79
Third quartile (75th percentile)	0.50	0.75	0.75	0.75	0.80	0.90
Median	0.45	0.60	0.70	0.65	0.75	0.75
First quartile (25th percentile)	0.45	0.50	0.50	0.50	0.60	0.60

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

< Number of respondents : 68 >	End-Jun. 2023	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Mar. 2025	End-Mar. 2026
Average	1.16	1.25	1.29	1.31	1.38	1.43
Third quartile (75th percentile)	1.20	1.35	1.40	1.40	1.50	1.50
Median	1.10	1.20	1.30	1.30	1.40	1.40
First quartile (25th percentile)	1.06	1.10	1.20	1.20	1.20	1.24

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

< Number of respondents : 67 >	End-Jun. 2023	End-Sep. 2023	End-Dec. 2023	End-Mar. 2024	End-Mar. 2025	End-Mar. 2026
Average	1.39	1.48	1.52	1.52	1.60	1.64
Third quartile (75th percentile)	1.40	1.55	1.63	1.70	1.70	1.75
Median	1.32	1.45	1.50	1.50	1.60	1.60
First quartile (25th percentile)	1.30	1.33	1.40	1.40	1.40	1.45

(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	0.0	1.1	7.4	29.1	30.6	19.2	6.6	3.2	2.9
End-Mar. 2026 (66 respondents)	0.0	0.1	1.0	6.3	22.3	32.0	21.8	8.9	4.1	3.4

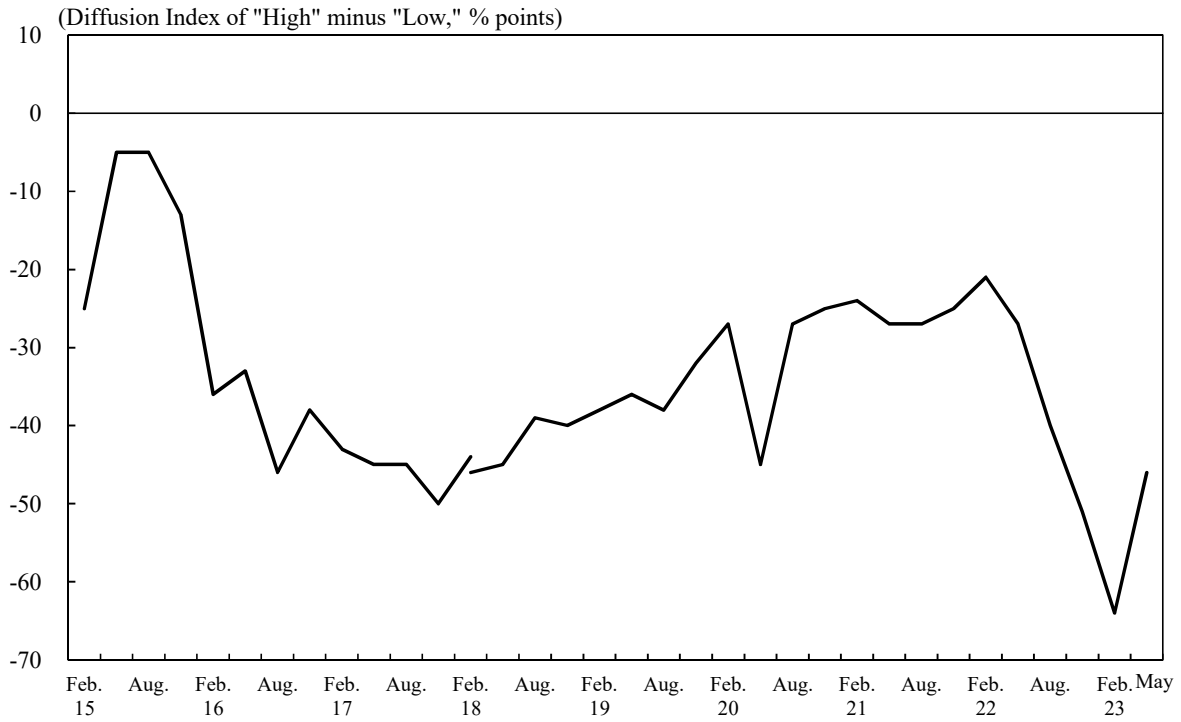
<sup>6</sup> Arithmetic average

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

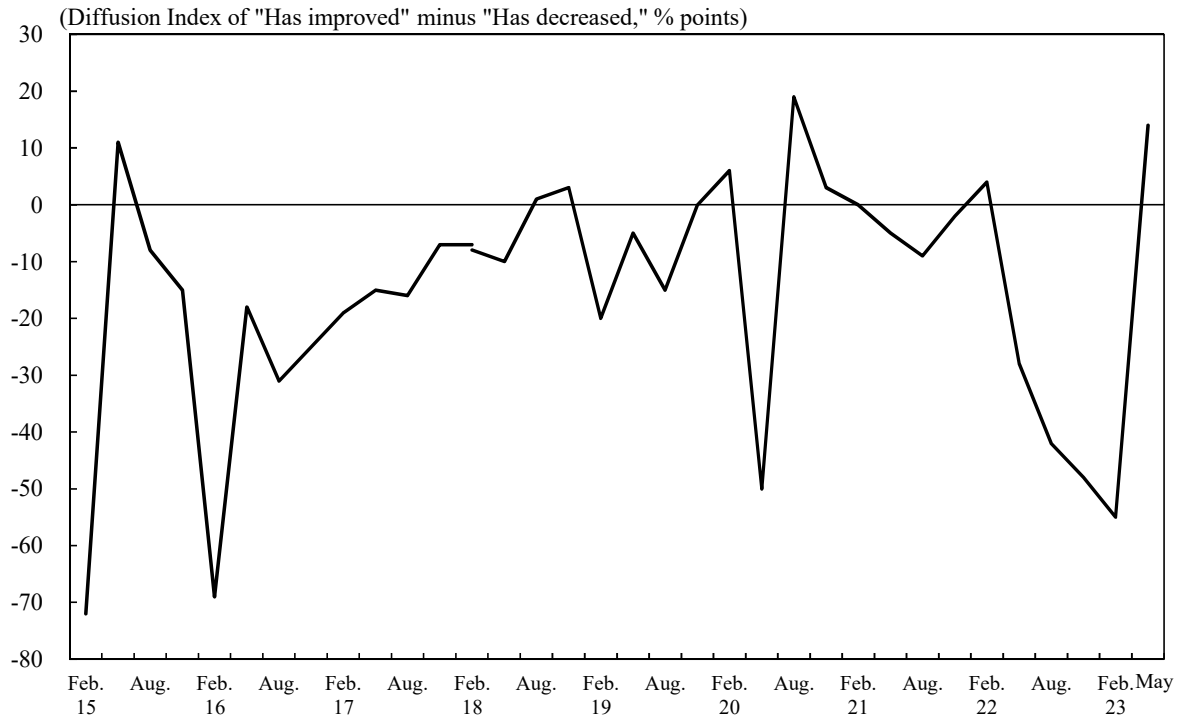
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# Degree of Bond Market Functioning

## 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.