

Bond Market Survey (November 2015)

Survey period: From November 19 to November 27, 2015

Number of respondents¹: 39

¹ Eligible institutions for the Bank of Japan's outright purchases and sales of JGBs (voluntary basis)

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)

	Aug. 2015 Survey	Nov. 2015 Survey	Number of respondents
DI ³	▲5	▲13	
Percentage			
1. High	10	10	4
2. Not very high	74	67	26
3. Low	15	23	9

³ DI: Diffusion Index of "1" minus "3", %points

(Change from three months ago)

	Aug. 2015 Survey	Nov. 2015 Survey	Number of respondents
DI	▲8	▲15	
Percentage			
1. Has improved	5	3	1
2. Hasn't really improved	82	79	31
3. Has decreased	13	18	7

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Aug. 2015 Survey	Nov. 2015 Survey	Number of respondents
DI	+18	+11	
Percentage			
1. Tight	28	26	10
2. Not very tight	62	59	23
3. Wide	10	15	6

(Change from three months ago)

	Aug. 2015 Survey	Nov. 2015 Survey	Number of respondents
DI	+10	+0	
Percentage			
1. Has tightened	15	5	2
2. Hasn't really tightened	79	90	35
3. Has widened	5	5	2

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

(Current situation)

	Aug. 2015 Survey	Nov. 2015 Survey	Number of respondents
DI	▲16	▲13	
Percentage			
1. Large	10	10	4
2. Not very large	64	67	26
3. Small	26	23	9

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

(Change from three months ago)

	Aug. 2015 Survey	Nov. 2015 Survey	Number of respondents
DI	▲10	▲18	
Percentage			
1. Has increased	8	0	0
2. Hasn't really increased	74	82	32
3. Has decreased	18	18	7

c. The dealing frequency of your company⁵

(Change from three months ago)

	Aug. 2015 Survey	Nov. 2015 Survey	Number of respondents
DI	▲33	▲30	
Percentage			
1. Has increased	3	8	3
2. Hasn't really increased	62	54	21
3. Has decreased	36	38	15

⁵ Answer dealing frequency with the same counterparty.

d. The number of your dealing counterparties

(Change from three months ago)

	Aug. 2015 Survey	Nov. 2015 Survey	Number of respondents
DI	▲21	▲21	
Percentage			
1. Has increased	0	5	2
2. Hasn't really increased	79	69	27
3. Has decreased	21	26	10

e. The lot sizes of your company

(Change from three months ago)

	Aug. 2015 Survey	Nov. 2015 Survey	Number of respondents
DI	▲15	▲20	
Percentage			
1. Has increased	3	3	1
2. Hasn't really increased	79	74	29
3. Has decreased	18	23	9

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

(Current situation)

	Aug. 2015 Survey	Nov. 2015 Survey	Number of respondents
DI	+51	+36	
Percentage			
1. Yes	56	46	18
2. Not really	38	44	17
3. No	5	10	4

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

(Current situation)

	Aug. 2015 Survey	Nov. 2015 Survey	Number of respondents
DI	+36	+26	
Percentage			
1. Yes	49	44	17
2. Not really	38	38	15
3. No	13	18	7

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)

	End-Dec. 2015	End-Mar. 2016	End-Jun. 2016	End-Sep. 2016	End-Mar. 2017	End-Mar. 2018
<Number of respondents: 39>						
Average	0.00	0.01	0.02	0.03	0.06	0.13
Third quartile (75th percentile)	0.00	0.02	0.05	0.05	0.10	0.15
Median	0.00	0.00	0.00	0.01	0.05	0.10
First quartile (25th percentile)	0.00	0.00	0.00	0.00	0.01	0.10

(Newly issued 5-year JGB yield)

	End-Dec. 2015	End-Mar. 2016	End-Jun. 2016	End-Sep. 2016	End-Mar. 2017	End-Mar. 2018
<Number of respondents: 39>						
Average	0.05	0.07	0.09	0.13	0.17	0.30
Third quartile (75th percentile)	0.05	0.09	0.15	0.16	0.23	0.40
Median	0.05	0.05	0.10	0.10	0.20	0.30
First quartile (25th percentile)	0.05	0.05	0.05	0.06	0.09	0.15

(Newly issued 10-year JGB yield)

	End-Dec. 2015	End-Mar. 2016	End-Jun. 2016	End-Sep. 2016	End-Mar. 2017	End-Mar. 2018
<Number of respondents: 39>						
Average	0.33	0.35	0.39	0.44	0.52	0.74
Third quartile (75th percentile)	0.35	0.40	0.45	0.50	0.60	0.98
Median	0.30	0.31	0.40	0.40	0.50	0.70
First quartile (25th percentile)	0.30	0.30	0.30	0.35	0.40	0.60

(Newly issued 20-year JGB yield)

	End-Dec. 2015	End-Mar. 2016	End-Jun. 2016	End-Sep. 2016	End-Mar. 2017	End-Mar. 2018
<Number of respondents: 37>						
Average	1.08	1.09	1.14	1.20	1.30	1.52
Third quartile (75th percentile)	1.10	1.15	1.21	1.30	1.40	1.75
Median	1.10	1.10	1.15	1.20	1.30	1.50
First quartile (25th percentile)	1.05	1.00	1.05	1.10	1.15	1.35

(Newly issued 30-year JGB yield)

	End-Dec. 2015	End-Mar. 2016	End-Jun. 2016	End-Sep. 2016	End-Mar. 2017	End-Mar. 2018
<Number of respondents: 37>						
Average	1.38	1.39	1.43	1.48	1.57	1.80
Third quartile (75th percentile)	1.40	1.45	1.50	1.57	1.70	2.00
Median	1.40	1.40	1.45	1.50	1.60	1.80
First quartile (25th percentile)	1.35	1.35	1.35	1.40	1.45	1.65

(2) The probability distribution forecast⁶ of the newly issued 10-year JGB yield at end-Mar. 2017 and end-Mar. 2018

	≤0.50%	0.51~1.00%	1.01~1.50%	1.51~2.00%	2.01~2.50%	2.51~3.00%	3.01%≤
End-Mar. 2017 (39 respondents)	45.6	39.3	11.4	2.5	0.7	0.3	0.1
End-Mar. 2018 (38 respondents)	23.0	44.9	22.6	6.7	2.0	0.5	0.2

⁶ Arithmetic average

Note: The next survey's publication date is March 1, 2016.

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