

**Bond Market Survey**  
**(November 2016)**

Survey period: From November 9 to November 16, 2016

Number of respondents<sup>1</sup>: 40

<sup>1</sup> 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 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)

	Aug. 2016 Survey	Nov. 2016 Survey	Number of respondents
DI <sup>3</sup>	-46	-38	
Percentage			
1. High	0	5	2
2. Not very high	54	53	21
3. Low	46	43	17

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

(Change from three months ago)

	Aug. 2016 Survey	Nov. 2016 Survey	Number of respondents
DI	-31	-25	
Percentage			
1. Has improved	0	10	4
2. Hasn't really improved	69	55	22
3. Has decreased	31	35	14

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Aug. 2016 Survey	Nov. 2016 Survey	Number of respondents
DI	-28	-5	
Percentage			
1. Tight	10	25	10
2. Not very tight	51	45	18
3. Wide	38	30	12

(Change from three months ago)

	Aug. 2016 Survey	Nov. 2016 Survey	Number of respondents
DI	-28	8	
Percentage			
1. Has tightened	0	28	11
2. Hasn't really tightened	72	53	21
3. Has widened	28	20	8

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)

	Aug. 2016 Survey	Nov. 2016 Survey	Number of respondents
DI	-56	-38	
Percentage			
1. Large	0	10	4
2. Not very large	44	43	17
3. Small	56	48	19

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

(Change from three months ago)

	Aug. 2016 Survey	Nov. 2016 Survey	Number of respondents
DI	-28	-30	
Percentage			
1. Has increased	3	13	5
2. Hasn't really increased	67	45	18
3. Has decreased	31	43	17

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

(Change from three months ago)

	Aug. 2016 Survey	Nov. 2016 Survey	Number of respondents
DI	-28	-35	
Percentage			
1. Has increased	5	3	1
2. Hasn't really increased	62	60	24
3. Has decreased	33	38	15

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

d. The number of your dealing counterparties

(Change from three months ago)

	Aug. 2016 Survey	Nov. 2016 Survey	Number of respondents
DI	-18	-25	
Percentage			
1. Has increased	3	3	1
2. Hasn't really increased	77	70	28
3. Has decreased	21	28	11

e. The lot size of your company

(Change from three months ago)

	Aug. 2016 Survey	Nov. 2016 Survey	Number of respondents
DI	-26	-15	
Percentage			
1. Has increased	0	3	1
2. Hasn't really increased	74	80	32
3. Has decreased	26	18	7

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

(Current situation)

	Aug. 2016 Survey	Nov. 2016 Survey	Number of respondents
DI	-3	17	
Percentage			
1. Yes	23	38	15
2. Not really	51	41	16
3. No	26	21	8

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

(Current situation)

	Aug. 2016 Survey	Nov. 2016 Survey	Number of respondents
DI	0	10	
Percentage			
1. Yes	23	36	14
2. Not really	54	38	15
3. No	23	26	10

## 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 : 40 >	End-Dec. 2016	End-Mar. 2017	End-Jun. 2017	End-Sep. 2017	End-Mar. 2018	End-Mar. 2019
Average	-0.22	-0.22	-0.22	-0.21	-0.20	-0.15
Third quartile (75th percentile)	-0.20	-0.20	-0.20	-0.20	-0.15	-0.09
Median	-0.23	-0.24	-0.20	-0.20	-0.20	-0.19
First quartile (25th percentile)	-0.25	-0.25	-0.25	-0.25	-0.25	-0.24

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 40 >	End-Dec. 2016	End-Mar. 2017	End-Jun. 2017	End-Sep. 2017	End-Mar. 2018	End-Mar. 2019
Average	-0.16	-0.17	-0.16	-0.16	-0.14	-0.08
Third quartile (75th percentile)	-0.15	-0.15	-0.13	-0.12	-0.10	0.00
Median	-0.15	-0.16	-0.15	-0.15	-0.14	-0.10
First quartile (25th percentile)	-0.20	-0.20	-0.20	-0.20	-0.20	-0.16

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 40 >	End-Dec. 2016	End-Mar. 2017	End-Jun. 2017	End-Sep. 2017	End-Mar. 2018	End-Mar. 2019
Average	-0.03	-0.04	-0.03	-0.02	0.01	0.10
Third quartile (75th percentile)	0.00	0.00	0.00	0.00	0.05	0.16
Median	-0.05	-0.05	-0.03	-0.01	0.00	0.04
First quartile (25th percentile)	-0.05	-0.05	-0.05	-0.05	-0.05	-0.05

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 38 >	End-Dec. 2016	End-Mar. 2017	End-Jun. 2017	End-Sep. 2017	End-Mar. 2018	End-Mar. 2019
Average	0.41	0.42	0.44	0.47	0.53	0.65
Third quartile (75th percentile)	0.45	0.45	0.50	0.50	0.60	0.80
Median	0.40	0.40	0.41	0.44	0.45	0.53
First quartile (25th percentile)	0.40	0.40	0.40	0.40	0.40	0.45

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 38 >	End-Dec. 2016	End-Mar. 2017	End-Jun. 2017	End-Sep. 2017	End-Mar. 2018	End-Mar. 2019
Average	0.53	0.54	0.57	0.60	0.67	0.82
Third quartile (75th percentile)	0.55	0.59	0.65	0.65	0.74	1.00
Median	0.50	0.55	0.55	0.55	0.60	0.70
First quartile (25th percentile)	0.50	0.50	0.50	0.50	0.50	0.56

(2) The probability distribution forecast<sup>6</sup> of the newly issued 10-year JGB yield at end-Mar. 2018 and end-Mar. 2019

(%)

	≧▲0.50%	▲0.49~0.00%	0.01~0.50%	0.51~1.00%	1.01~1.50%	1.51~2.00%	2.01~2.50%	2.51%≦
End-Mar. 2018 (40 respondents)	2.3	59.3	34.3	3.2	0.5	0.3	0.1	0.1
End-Mar. 2019 (39 respondents)	2.1	40.8	45.5	8.1	2.5	0.8	0.1	0.1

<sup>6</sup> Arithmetic average

Note: The next survey's publication date is March 1, 2017

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