

Bond Market Survey (August 2017)

Survey period: From August 8 to August 17, 2017

Number of respondents¹: 44¹ 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 viewpoint²² Answer these questions taking into account your answers to (2)a. to g. as a whole.

(Current situation)

	May 2017 Survey	Aug. 2017 Survey	Number of respondents
DI ³	-45	-45	/
Percentage	1. High	0	0
	2. Not very high	55	24
	3. Low	45	20

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

(Change from three months ago)

	May 2017 Survey	Aug. 2017 Survey	Number of respondents
DI	-15	-16	/
Percentage	1. Has improved	5	0
	2. Hasn't really improved	75	37
	3. Has decreased	20	7

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	May 2017 Survey	Aug. 2017 Survey	Number of respondents
DI	-7	3	/
Percentage	1. Tight	18	10
	2. Not very tight	57	25
	3. Wide	25	9

(Change from three months ago)

	May 2017 Survey	Aug. 2017 Survey	Number of respondents
DI	11	14	/
Percentage	1. Has tightened	20	7
	2. Hasn't really tightened	70	36
	3. Has widened	9	1

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

(Current situation)

	May 2017 Survey	Aug. 2017 Survey	Number of respondents
DI	-41	-40	/
Percentage	1. Large	2	2
	2. Not very large	55	22
	3. Small	43	20

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

(Change from three months ago)

	May 2017 Survey	Aug. 2017 Survey	Number of respondents
DI	-7	-18	/
Percentage	1. Has increased	7	2
	2. Hasn't really increased	80	32
	3. Has decreased	14	10

c. The dealing frequency of your company⁵

(Change from three months ago)

	May 2017 Survey	Aug. 2017 Survey	Number of respondents
DI	-32	-32	/
Percentage	1. Has increased	2	0
	2. Hasn't really increased	64	30
	3. Has decreased	34	14

⁵ Answer dealing frequency with the same counterparty.

d. The number of your dealing counterparties

(Change from three months ago)

	May 2017 Survey	Aug. 2017 Survey	Number of respondents
DI	-20	-18	/
Percentage	1. Has increased	5	1
	2. Hasn't really increased	70	34
	3. Has decreased	25	9

e. The lot size of your company

(Change from three months ago)

	May 2017 Survey	Aug. 2017 Survey	Number of respondents
DI	-15	-14	/
Percentage	1. Has increased	5	1
	2. Hasn't really increased	75	36
	3. Has decreased	20	7

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

(Current situation)

	May 2017 Survey	Aug. 2017 Survey	Number of respondents
DI	18	18	
Percentage			
1. Yes	34	34	15
2. Not really	50	50	22
3. No	16	16	7

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

(Current situation)

	May 2017 Survey	Aug. 2017 Survey	Number of respondents
DI	12	14	
Percentage			
1. Yes	35	35	15
2. Not really	42	44	19
3. No	23	21	9

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 : 43 >	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Jun. 2018	End-Mar. 2019	End-Mar. 2020
Average	-0.13	-0.12	-0.12	-0.12	-0.09	-0.06
Third quartile (75th percentile)	-0.10	-0.10	-0.10	-0.10	-0.05	0.00
Median	-0.12	-0.11	-0.10	-0.10	-0.10	-0.05
First quartile (25th percentile)	-0.15	-0.15	-0.15	-0.15	-0.14	-0.12

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 43 >	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Jun. 2018	End-Mar. 2019	End-Mar. 2020
Average	-0.07	-0.07	-0.06	-0.06	0.00	0.05
Third quartile (75th percentile)	-0.05	-0.05	-0.05	-0.03	0.05	0.18
Median	-0.07	-0.05	-0.05	-0.05	-0.02	0.04
First quartile (25th percentile)	-0.10	-0.08	-0.10	-0.09	-0.06	-0.05

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 43 >	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Jun. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.06	0.07	0.08	0.09	0.17	0.26
Third quartile (75th percentile)	0.07	0.10	0.10	0.10	0.25	0.35
Median	0.05	0.07	0.08	0.10	0.15	0.23
First quartile (25th percentile)	0.05	0.05	0.05	0.06	0.10	0.10

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 41 >	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Jun. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.60	0.62	0.65	0.69	0.82	0.92
Third quartile (75th percentile)	0.60	0.65	0.70	0.76	1.00	1.01
Median	0.60	0.60	0.65	0.70	0.80	0.93
First quartile (25th percentile)	0.56	0.60	0.60	0.60	0.65	0.70

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 40 >	End-Sep. 2017	End-Dec. 2017	End-Mar. 2018	End-Jun. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.87	0.89	0.92	0.96	1.10	1.21
Third quartile (75th percentile)	0.90	0.94	1.00	1.01	1.20	1.30
Median	0.85	0.88	0.90	0.95	1.03	1.15
First quartile (25th percentile)	0.85	0.85	0.80	0.87	0.90	0.95

(2) The probability distribution forecast⁶ of the newly issued 10-year JGB yield at end-Mar. 2019 and end-Mar. 2020

(%)

	≤ ▲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. 2019 (42 respondents)	0.4	19.9	68.8	9.0	1.6	0.2	0.0	0.0
End-Mar. 2020 (41 respondents)	0.5	15.5	59.6	19.8	3.9	0.4	0.2	0.0

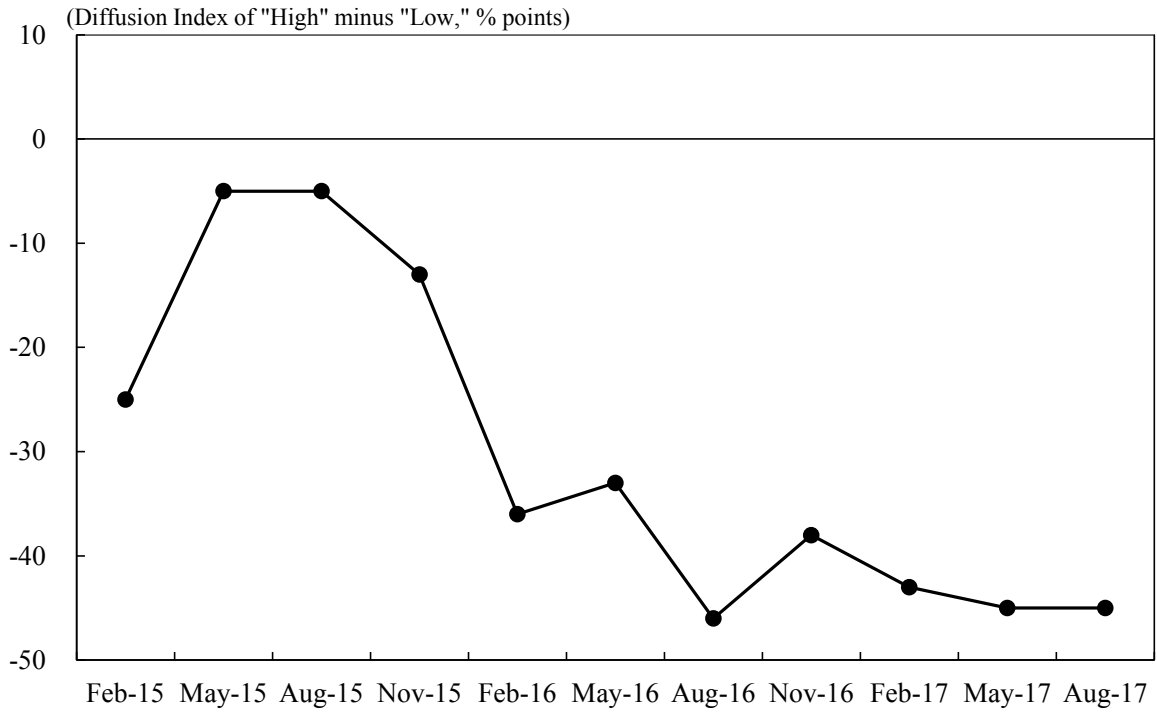
⁶ Arithmetic average

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

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Degree of Bond Market Functioning

Current situation



Change from three months ago

