

Bond Market Survey (February 2018)

Survey period: From February 5 to February 13, 2018

Number of respondents¹: 69

¹ 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 viewpoint²

² Answer these questions taking into account your answers to (2)a. to g. as a whole.

(Current situation)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI ³	-	-46	/
Percentage			
1. High	-	0	0
2. Not very high	-	54	37
3. Low	-	46	32

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

(Change from three months ago)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-	-8	/
Percentage			
1. Has improved	-	4	3
2. Hasn't really improved	-	84	58
3. Has decreased	-	12	8

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-	-3	/
Percentage			
1. Tight	-	14	10
2. Not very tight	-	68	47
3. Wide	-	17	12

(Change from three months ago)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-	4	/
Percentage			
1. Has tightened	-	4	3
2. Hasn't really tightened	-	96	66
3. Has widened	-	0	0

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

(Current situation)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-	-46	/
Percentage			
1. Large	-	3	2
2. Not very large	-	49	33
3. Small	-	49	33

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

(Change from three months ago)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-	-8	/
Percentage			
1. Has increased	-	4	3
2. Hasn't really increased	-	84	57
3. Has decreased	-	12	8

c. The dealing frequency of your company⁵

(Change from three months ago)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-	-19	/
Percentage			
1. Has increased	-	3	2
2. Hasn't really increased	-	75	52
3. Has decreased	-	22	15

⁵ Answer dealing frequency with the same counterparty.

d. The number of your dealing counterparties

(Change from three months ago)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-	-16	/
Percentage			
1. Has increased	-	3	2
2. Hasn't really increased	-	78	54
3. Has decreased	-	19	13

e. The lot size of your company

(Change from three months ago)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-	-13	/
Percentage			
1. Has increased	-	4	3
2. Hasn't really increased	-	78	54
3. Has decreased	-	17	12

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

(Current situation)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-	23	
Percentage			
1. Yes	-	36	25
2. Not really	-	51	35
3. No	-	13	9

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

(Current situation)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-	22	
Percentage			
1. Yes	-	38	26
2. Not really	-	46	31
3. No	-	16	11

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 : 65 >	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020
Average	-0.14	-0.13	-0.12	-0.11	-0.10	-0.03
Third quartile (75th percentile)	-0.13	-0.10	-0.10	-0.10	-0.05	0.00
Median	-0.15	-0.13	-0.12	-0.10	-0.10	-0.05
First quartile (25th percentile)	-0.15	-0.15	-0.15	-0.15	-0.15	-0.11

(Newly issued 5-year JGB yield)

(%)

<Number of respondents : 65 >	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020
Average	-0.09	-0.07	-0.06	-0.04	-0.02	0.08
Third quartile (75th percentile)	-0.07	-0.05	-0.05	0.00	0.05	0.10
Median	-0.10	-0.08	-0.05	-0.05	-0.05	0.05
First quartile (25th percentile)	-0.10	-0.10	-0.10	-0.08	-0.08	-0.05

(Newly issued 10-year JGB yield)

(%)

<Number of respondents : 67 >	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.07	0.08	0.11	0.14	0.16	0.29
Third quartile (75th percentile)	0.10	0.10	0.10	0.20	0.20	0.30
Median	0.07	0.10	0.10	0.10	0.10	0.25
First quartile (25th percentile)	0.05	0.07	0.08	0.10	0.10	0.15

(Newly issued 20-year JGB yield)

(%)

<Number of respondents : 65 >	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.60	0.63	0.68	0.71	0.75	0.90
Third quartile (75th percentile)	0.60	0.65	0.70	0.78	0.80	1.00
Median	0.60	0.60	0.65	0.70	0.70	0.85
First quartile (25th percentile)	0.59	0.60	0.60	0.60	0.64	0.70

(Newly issued 30-year JGB yield)

(%)

<Number of respondents : 64 >	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.83	0.87	0.92	0.95	0.99	1.16
Third quartile (75th percentile)	0.85	0.90	0.95	1.00	1.10	1.25
Median	0.81	0.85	0.90	0.90	0.95	1.10
First quartile (25th percentile)	0.80	0.81	0.85	0.85	0.85	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 (65 respondents)	0.2	15.4	75.1	7.8	1.2	0.2	0.0	0.0
End-Mar. 2020 (64 respondents)	0.0	10.6	66.6	17.8	3.6	1.2	0.1	0.0

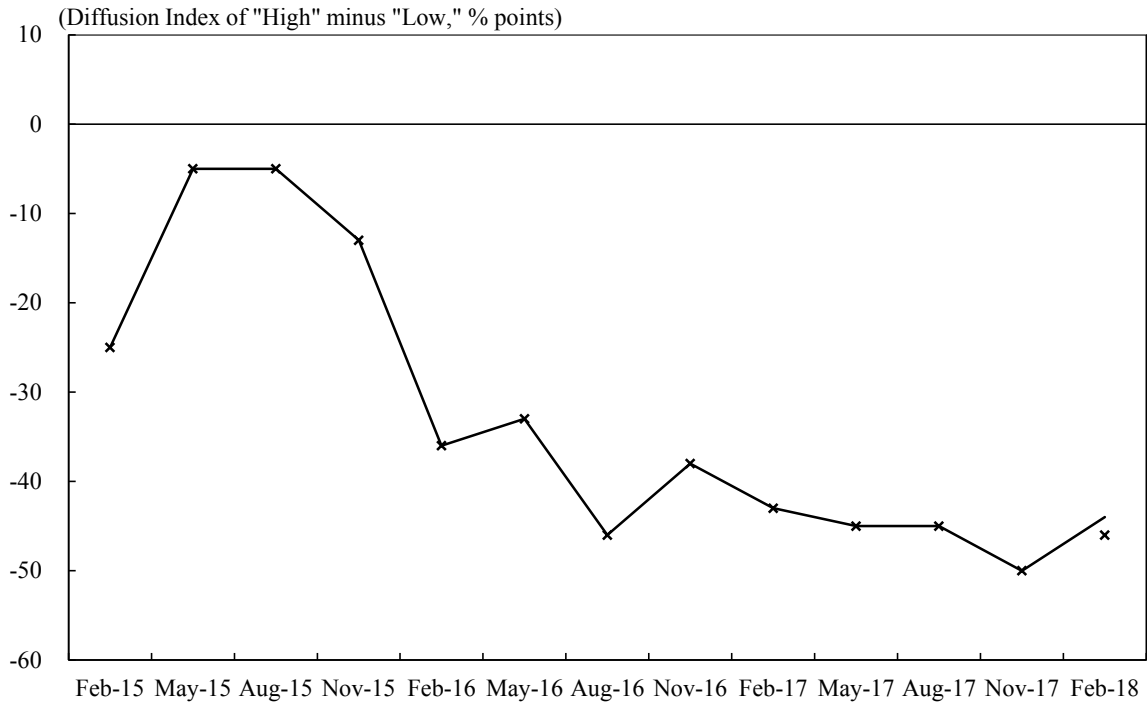
⁶ Arithmetic average

Note: The next survey's publication date is June 1, 2018

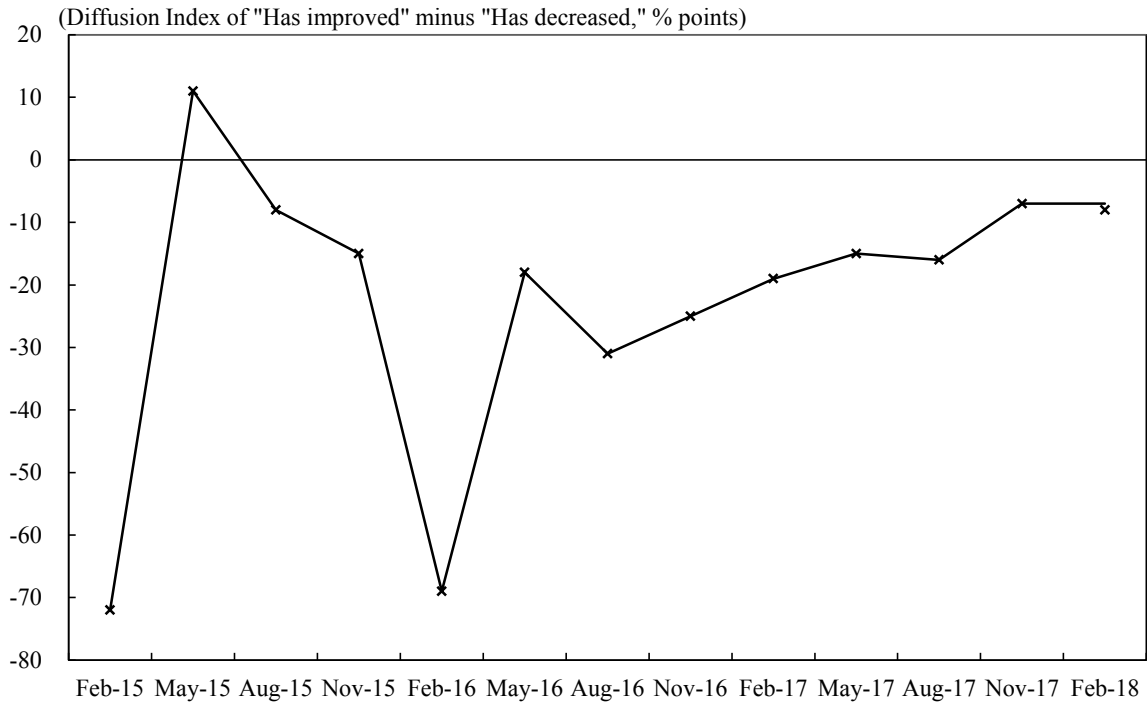
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Degree of Bond Market Functioning

Current situation



Change from three months ago



Note: 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 line indicates the reference data which are based on responses only from eligible institutions for the Bank's outright purchases and sales of JGBs.

Bond Market Survey (Reference Data) (February 2018)

Survey period: From February 5 to February 13, 2018

Number of respondents¹: 45

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)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI ³	-50	-44	/
Percentage			
1. High	0	0	0
2. Not very high	50	56	25
3. Low	50	44	20

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

(Change from three months ago)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-7	-7	/
Percentage			
1. Has improved	0	2	1
2. Hasn't really improved	93	89	40
3. Has decreased	7	9	4

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-2	2	/
Percentage			
1. Tight	20	22	10
2. Not very tight	59	58	26
3. Wide	22	20	9

(Change from three months ago)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	0	2	/
Percentage			
1. Has tightened	0	2	1
2. Hasn't really tightened	100	98	44
3. Has widened	0	0	0

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

(Current situation)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-39	-40	/
Percentage			
1. Large	4	4	2
2. Not very large	52	51	23
3. Small	43	44	20

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

(Change from three months ago)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-7	-9	/
Percentage			
1. Has increased	4	2	1
2. Hasn't really increased	85	87	39
3. Has decreased	11	11	5

c. The dealing frequency of your company⁵

(Change from three months ago)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-24	-16	/
Percentage			
1. Has increased	2	4	2
2. Hasn't really increased	72	76	34
3. Has decreased	26	20	9

⁵ Answer dealing frequency with the same counterparty.

d. The number of your dealing counterparties

(Change from three months ago)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-11	-12	/
Percentage			
1. Has increased	4	4	2
2. Hasn't really increased	80	80	36
3. Has decreased	15	16	7

e. The lot size of your company

(Change from three months ago)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	-15	-9	/
Percentage			
1. Has increased	0	4	2
2. Hasn't really increased	85	82	37
3. Has decreased	15	13	6

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

(Current situation)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	24	22	
Percentage			
1. Yes	33	38	17
2. Not really	59	47	21
3. No	9	16	7

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

(Current situation)

	Nov. 2017 Survey	Feb. 2018 Survey	Number of respondents
DI	17	18	
Percentage			
1. Yes	33	36	16
2. Not really	51	45	20
3. No	16	18	8

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 : 44 >	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020
Average	-0.14	-0.13	-0.12	-0.11	-0.09	-0.02
Third quartile (75th percentile)	-0.13	-0.10	-0.10	-0.07	-0.05	0.00
Median	-0.15	-0.12	-0.12	-0.10	-0.10	-0.05
First quartile (25th percentile)	-0.15	-0.15	-0.15	-0.15	-0.15	-0.12

(Newly issued 5-year JGB yield)

(%)

<Number of respondents : 44 >	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020
Average	-0.08	-0.07	-0.05	-0.04	-0.01	0.10
Third quartile (75th percentile)	-0.06	-0.05	-0.04	0.00	0.05	0.10
Median	-0.09	-0.06	-0.05	-0.05	-0.05	0.05
First quartile (25th percentile)	-0.10	-0.10	-0.10	-0.08	-0.09	-0.05

(Newly issued 10-year JGB yield)

(%)

<Number of respondents : 44 >	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.07	0.09	0.11	0.14	0.17	0.31
Third quartile (75th percentile)	0.10	0.10	0.11	0.18	0.25	0.39
Median	0.07	0.10	0.10	0.10	0.10	0.23
First quartile (25th percentile)	0.05	0.08	0.09	0.10	0.10	0.11

(Newly issued 20-year JGB yield)

(%)

<Number of respondents : 42 >	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.60	0.63	0.68	0.71	0.76	0.93
Third quartile (75th percentile)	0.60	0.65	0.75	0.80	0.88	1.00
Median	0.60	0.60	0.65	0.70	0.75	0.88
First quartile (25th percentile)	0.58	0.60	0.60	0.60	0.60	0.69

(Newly issued 30-year JGB yield)

(%)

<Number of respondents : 41 >	End-Mar. 2018	End-Jun. 2018	End-Sep. 2018	End-Dec. 2018	End-Mar. 2019	End-Mar. 2020
Average	0.83	0.87	0.92	0.96	1.01	1.20
Third quartile (75th percentile)	0.85	0.90	0.95	1.00	1.10	1.33
Median	0.81	0.85	0.90	0.90	0.95	1.15
First quartile (25th percentile)	0.80	0.82	0.85	0.85	0.85	0.90

(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 (43 respondents)	0.3	16.9	71.9	9.0	1.4	0.4	0.0	0.0
End-Mar. 2020 (42 respondents)	0.0	11.7	62.1	20.0	4.5	1.4	0.2	0.0

⁶ Arithmetic average