

Bond Market Survey (February 2021)

Survey period: From February 1 to February 5, 2021

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. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI ³	-25	-24	/
Percentage			
1. High	4	4	3
2. Not very high	67	68	47
3. Low	29	28	19

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

(Change from three months ago)

	Nov. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI	3	0	/
Percentage			
1. Has improved	3	6	4
2. Hasn't really improved	97	88	61
3. Has decreased	0	6	4

(2) Factors related to bond market functioning and liquidity

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

(Current situation)

	Nov. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI	5	4	/
Percentage			
1. Tight	16	14	10
2. Not very tight	73	75	52
3. Wide	11	10	7

(Change from three months ago)

	Nov. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI	14	2	/
Percentage			
1. Has tightened	14	6	4
2. Hasn't really tightened	86	90	62
3. Has widened	0	4	3

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

(Current situation)

	Nov. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI	-23	-20	/
Percentage			
1. Large	3	3	2
2. Not very large	71	74	51
3. Small	26	23	16

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

(Change from three months ago)

	Nov. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI	3	-4	/
Percentage			
1. Has increased	4	0	0
2. Hasn't really increased	94	96	66
3. Has decreased	1	4	3

c. The dealing frequency of your company⁵

(Current situation)

	Nov. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI	-22	-18	/
Percentage			
1. High	4	4	3
2. Not very high	70	74	51
3. Low	26	22	15

⁵ Answer dealing frequency with the same counterparty.

(Change from three months ago)

	Nov. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI	-4	5	/
Percentage			
1. Has increased	3	9	6
2. Hasn't really increased	90	87	60
3. Has decreased	7	4	3

d. The number of your dealing counterparties

(Current situation)

	Nov. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI	-18	-15	/
Percentage			
1. Large	6	7	5
2. Not very large	70	71	49
3. Small	24	22	15

(Change from three months ago)

	Nov. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI	-1	0	/
Percentage			
1. Has increased	3	3	2
2. Hasn't really increased	93	94	65
3. Has decreased	4	3	2

e. The lot size of your company

(Current situation)

	Nov. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI	-16	-13	/
Percentage			
1. Large	4	6	4
2. Not very large	76	75	52
3. Small	20	19	13

(Change from three months ago)

	Nov. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI	-2	-1	/
Percentage			
1. Has increased	1	3	2
2. Hasn't really increased	96	93	64
3. Has decreased	3	4	3

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

(Current situation)

	Nov. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI	43	38	
Percentage			
1. Yes	50	48	33
2. Not really	43	42	29
3. No	7	10	7

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

(Current situation)

	Nov. 2020 Survey	Feb. 2021 Survey	Number of respondents
DI	37	36	
Percentage			
1. Yes	46	46	31
2. Not really	45	44	30
3. No	9	10	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)

(%)

< Number of respondents : 67 >	End-Mar. 2021	End-Jun. 2021	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Mar. 2023
Average	-0.13	-0.13	-0.12	-0.12	-0.11	-0.10
Third quartile (75th percentile)	-0.12	-0.12	-0.11	-0.10	-0.10	-0.10
Median	-0.13	-0.13	-0.13	-0.12	-0.12	-0.10
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 : 67 >	End-Mar. 2021	End-Jun. 2021	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Mar. 2023
Average	-0.10	-0.10	-0.09	-0.09	-0.08	-0.06
Third quartile (75th percentile)	-0.10	-0.10	-0.10	-0.08	-0.06	-0.03
Median	-0.10	-0.10	-0.10	-0.10	-0.10	-0.05
First quartile (25th percentile)	-0.11	-0.10	-0.10	-0.10	-0.10	-0.10

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 68 >	End-Mar. 2021	End-Jun. 2021	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Mar. 2023
Average	0.06	0.06	0.07	0.09	0.10	0.14
Third quartile (75th percentile)	0.07	0.10	0.10	0.10	0.15	0.20
Median	0.05	0.05	0.07	0.10	0.10	0.12
First quartile (25th percentile)	0.05	0.05	0.05	0.05	0.05	0.10

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 67 >	End-Mar. 2021	End-Jun. 2021	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Mar. 2023
Average	0.47	0.49	0.51	0.52	0.54	0.61
Third quartile (75th percentile)	0.50	0.50	0.55	0.55	0.59	0.65
Median	0.46	0.49	0.50	0.50	0.55	0.60
First quartile (25th percentile)	0.45	0.45	0.45	0.49	0.50	0.50

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 66 >	End-Mar. 2021	End-Jun. 2021	End-Sep. 2021	End-Dec. 2021	End-Mar. 2022	End-Mar. 2023
Average	0.68	0.69	0.72	0.73	0.76	0.82
Third quartile (75th percentile)	0.70	0.70	0.75	0.75	0.80	0.90
Median	0.67	0.70	0.70	0.71	0.75	0.80
First quartile (25th percentile)	0.65	0.65	0.68	0.70	0.70	0.73

(2) The probability distribution forecast⁶ of the newly issued 10-year JGB yield at end-Mar. 2022 and end-Mar. 2023

	≤ ▲ 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. 2022 (67 respondents)	0.3	2.3	19.6	67.2	8.6	1.1	0.4	0.3	0.2	0.1
End-Mar. 2023 (66 respondents)	0.3	2.2	16.7	64.1	13.4	1.8	0.7	0.3	0.3	0.1

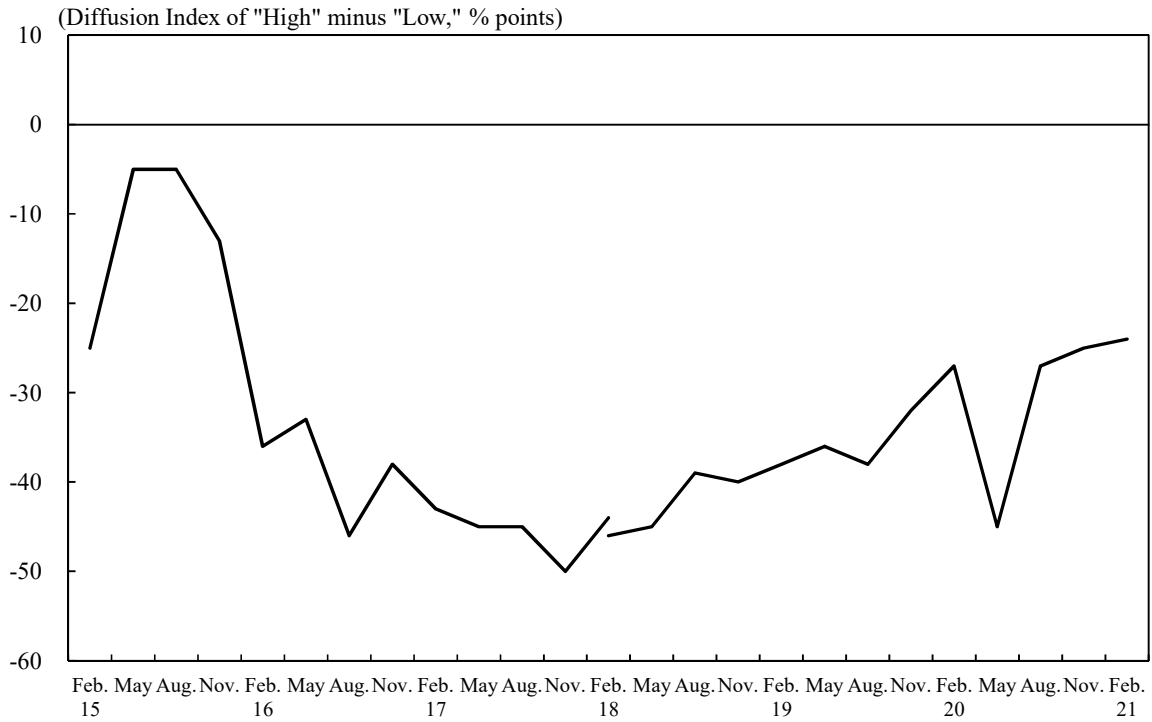
⁶ Arithmetic average

Note: The next survey's publication date is June 1, 2021

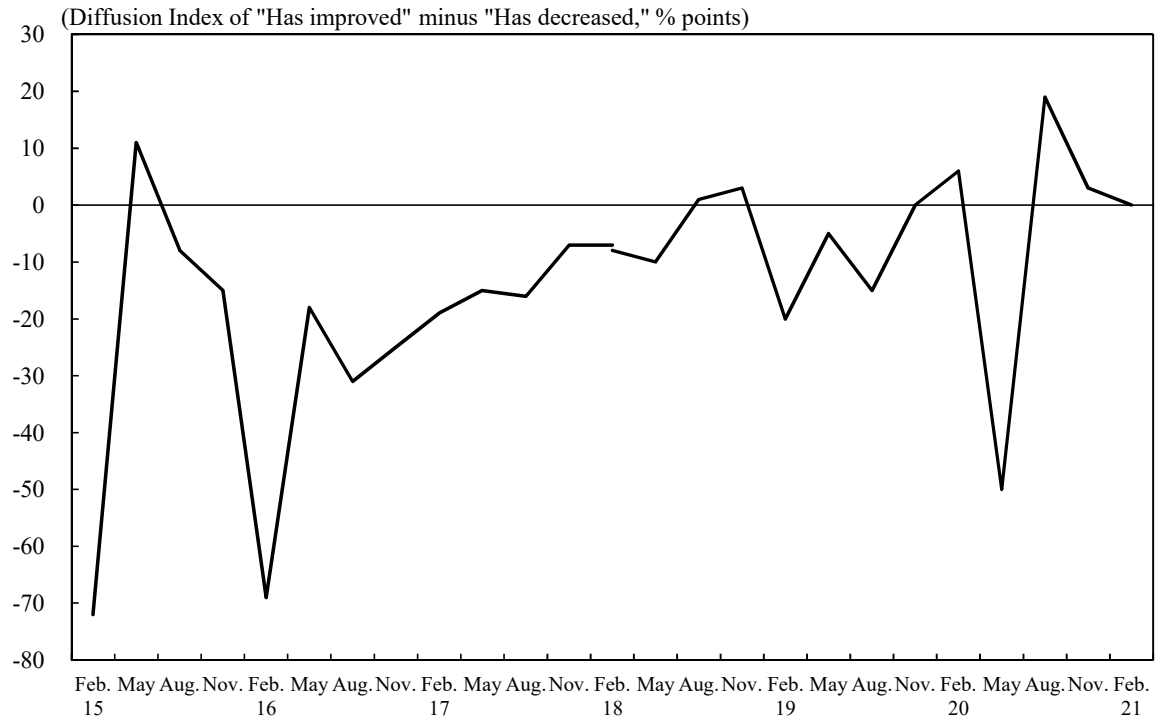
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Degree of Bond Market Functioning

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 reference data, which are based on responses only from eligible institutions for the Bank's outright purchases and sales of JGBs, are also indicated.